Bali 2009
42nd Annual Meeting
Board of Governors
Asian Development Bank
2-5 May 2009

Summary of Proceedings
Introductory Note

The Forty-Second Annual Meeting of the Board of Governors of the Asian Development Bank was held in Bali, Indonesia from 4 to 5 May 2009.

This Summary of Proceedings of the Meeting is presented in accordance with the provisions of Section 9 of the Rules of Procedure of the Board of Governors.

ROBERT L.T. DAWSON
The Secretary
Asian Development Bank
July 2009
SCHEDULE OF MEETING*

Monday, 4 May
- 10:00 a.m. - Opening Event
  10:40 a.m. - Address by the Chair
  - Address by the President of ADB
  - Address by the Guest of Honor
  - 11:45 a.m. - Adjournment
  - 2:30 p.m. - Report of the Procedures Committee
    - Statements by Governors
  - 5:00 p.m. - Adjournment

Tuesday, 5 May
- 9:30 a.m. - Statements by Governors
- 11:30 a.m. - Adjournment
- 2:30 p.m. - Statements by Governors
  - Report of the Procedures Committee (Continuation)
  - Remarks by the Chair-Elect
  - Closing Remarks
- 4:30 p.m. - Closure

* Seminars and other activities will be held throughout the day from 2 May to 5 May.
PROVISIONS RELATING TO CONDUCT OF MEETING

Admission

1. Sessions of the Board of Governors of ADB will ordinarily be open to advisers of member delegations, accredited observers, guests, media, nongovernment organizations, the Meeting secretariat and ADB staff.

2. Meetings of the Procedures Committee shall be open to Governors who are members of the Committee and their advisers, and others as may be considered necessary by the Chair of the Committee.

Order of Speaking and Records

3. The Chair of the Board of Governors will establish the order of speaking at each session. Governors desiring to speak will generally be recognized in the established order of speaking.

4. To give all Governors the opportunity to speak in the limited time available, Governors are expected to keep their oral statements short. In cases where a longer statement is considered necessary, Governors may provide the Secretary with the full text for the record.

5. Messages or statements by observers may be brought to the attention of the Meeting by circulation through the Office of the Secretary.

6. The Secretary will keep a Summary Record of the Proceedings of the Meeting, which will be made available to members as soon as possible after the Meeting.

Procedures Committee

7. The Secretary will keep a record of the proceedings of the Procedures Committee. This record will be confidential and available only to the Chair and members of the Committee and the President of ADB.

8. The Report of the Procedures Committee shall be signed by the Chair of the Committee and the Reporting Member.

Public Information

9. The Chair of the Board of Governors and the President of ADB may communicate to the media such information concerning the proceedings of the Meeting as they may deem suitable.
AGENDA

1. Annual Report for 2008

   a. Ordinary Capital Resources
   b. Special Funds

3. Allocation of Net Income

4. Budget for 2009

5. Resources of ADB

6. Review of Rules and Regulations

7. Place and Date of Forty-Third Annual Meeting

8. Officers and Procedures Committee for 2009/2010
Opening Address at the 42nd ADB Annual Meeting of the Board of Governors

By
H.E. Dr. Susilo Bambang Yudhoyono
President of the Republic of Indonesia

4 May 2009
Bali, Indonesia

Bismillah Hirrahmanirrahim,
Assalamu'alaikum Wr. Wb.,

Your Excellency Mr. Josaia Bainimarama, Prime Minister of Fiji,
Your Excellency Mr. Nika Gilauri, Prime Minister of Georgia,
Your Excellency Mr. Feleti Sevele, Prime Minister of Tonga,
Honorable Mr. Kerai Mariur, Vice President of Palau,
President Haruhiko Kuroda,
Host Governor Dr. Sri Mulyani,
Distinguished Governors,
Excellencies,
Ladies and gentlemen,
Dear friends,

First of all, on behalf of the Government and people of Indonesia, I am pleased to extend a very warm welcome to all our distinguished friends here today at the ADB's 42nd Annual Meeting of the Board of Governors.

It is an honor for Indonesia to host this important meeting, and a great pleasure to have you in our country.

It just so happens that this meeting is being held in the midst of an exciting elections season in Indonesia. I hope from your brief visit here in Bali, you can see and feel the enthusiasm of my countrymen. This enthusiasm is the source of our vibrant energy to promote our nation building, democratic development and economic growth.

33 years have passed since Indonesia last hosted the annual meetings. The world economic landscape has changed dramatically over that time. As the last year has shown, the global economy today has layers of complexity.

It goes without saying that the world economy is facing the worst downturn since the great depression of the 1930's.

No country has been immune from its effects. The US, Europe and Japan and many others are currently in negative territory. Many more countries are destined to join them. Real economy everywhere has been hard hit. Millions around the world have been forced out of jobs. Exports have sharply declined. Stock markets have plummeted. Our efforts to reach Millennium Development Goals by 2015 are at risk. Poverty is worsening in many countries. Businesses are struggling. The extremely urgent climate change agenda could be affected.
And we are seeing capital flows from developing to developed economies of amounts never witnessed before.

If all this goes unchecked, down the road we could see social and political unrest in many countries.

We have no clear indication as to whether the worst is already behind us or whether there is more bad news around the corner. But we can all safely assume that 2009 will be a difficult year for all economies.

Against the backdrop of a global economic crisis whose depth and severity has surprised us all, this year's Meeting of the Board of Governors is one of the most important in the ADB's history. This year's Board of Governors' meeting has become very critical to ensure the ADB has the ability and flexibility to meet the current and future needs of its members.

What must come out of this meeting is the clear resolve that the ADB is ready and capable to take on this serious challenge. We must demonstrate that the global financial crisis has made the ADB MORE, not less, relevant.

It is important at this turning point of our global economy to acknowledge that we are indeed facing a new world. The economy of the future will be unlike the economy that is failing us. The economy of the future will be full of new challenges. We will need to adapt. We will need to innovate. We will need to be enterprising and to be bold. And I have every confidence that, if we work together, we WILL succeed.

Why do I say that? Because I always believe that there is opportunity in crisis. We in Indonesia know this only too well.

A decade ago, Indonesia was nearly paralyzed by a combination of financial, economic, social and political crises. Our economy contracted by some 13%. Millions were suddenly thrown into unemployment and poverty. The future looked bleak. But from that crisis we found positive energy to launch sweeping reforms that led to a better Indonesia today.

Several years ago, we also faced a series of serious ethnic and communal conflicts. Some analysts even spoke of the possibility of Indonesia becoming Balkanized, breaking into a fractured state. But with good will, persistence and plenty of soft power, we resolved these conflicts one by one, and we have reversed the trend of Balkanization. Today, Indonesia, more than ever, is united, coherent and peaceful!

Five years ago, we faced the deadly tsunami in Aceh, the worst natural disaster in modern history. Over 200,000 people perished in just several hours. It was Indonesia's darkest hour. But we wasted no time to rally the whole nation, and the whole world, to work together in solidarity. We oversaw the largest international peacetime Military Operation since the end of world war two. Billions of aid poured in. Tens of thousands of Indonesian and international volunteers worked side by side driven by a common humanity. As a result, Aceh has been rebuilt. And after three decades of internal conflict, the guns are now silent.

Shortly after, Indonesia, like many others, was struck by a different kind of tsunami - in the form of a skyrocketing fuel prices. As global oil prices kept climbing, we simply had to find a way to safeguard our budget. So my administration made the rational, but painful, decision
to drastically cut the subsidies and raise fuel prices. It was a very difficult decision, but one has to make tough decisions in a crisis.

And that tough decision has led to opportunity. As we face a different kind of financial crisis today, we at least have the resources in our budget that we would not have if we had continued the subsidies.

Not every crisis will lead to opportunity, of course. The world is full of examples of crises that lead to demise. Good crisis leaders are different from others. They have the uncanny ability to extract elements of opportunity from a world of pain. This is precisely what we must do with the present global financial crisis.

As with previous financial turmoil, the current crisis is forcing us to take stock, to reform, and to act swiftly. It is important that we use this opportunity to learn important lessons and develop sound policy options for the future, and to enact these policies in a timely fashion.

One of the most significant positive outcomes from this crisis has been the way the international community has rallied together, to deal with the immediate consequences. Thankfully, we are not seeing a retreat to protectionism and isolationism. As we know, they were the main reasons why the Great Depression lasted as long as it did. Going forward, we must ensure that we keep our economies open.

It is also encouraging that governments are proactively taking measures to stimulate their economies and are injecting liquidity into their financial systems. This has relieved the great pressure to all economies to adjust to the weak global demand.

Many countries are also seeking to address the issue of toxic assets in bank balance sheets. It is vital that all affected countries urgently find an approach to deal with toxic assets and follow this with capital injections returning to banks to a healthy balance sheet based on the principles of efficient and effective good governance. This would help to put banks in a position where they can start lending again, and in a responsible and properly regulated fashion.

These are ALL important steps in the right direction over the short term. But there is still the question of what the world should do to address the root causes of the crisis over the medium to longer term. On this point, I am pleased that there have already been some tentative but necessary steps towards resolving some of the fundamental issues.

In the G20 process, for instance, Indonesia co-chaired with France a working group that focused on the effectiveness of Multilateral Development Banks (MDBs), including the ADB. We also worked closely with Australia and South Africa who co-chaired a working group on IMF, to ensure its reform to correct its failures of the past.

Our working group looked at MDB mandates and governance arrangements, the adequacy of resources, and their ability to support counter-cyclical policies. As part of that process, I put the case at the London Leaders’ meeting that G20 members who are also represented on the ADB Board of Governors should provide strong support for a General Capital Increase (GCI) of 200% for the ADB, the first such increase since 1994.
I am delighted that the ADB governors have subsequently agreed to such an increase. The new funds are particularly timely in light of the capital outflows from developing to developed economies, and the associated liquidity shortages.

The increase will allow the ADB to play a central role in assisting members to advance counter-cyclical efforts and to support investments in areas that match the bank’s driving mandate to reduce poverty. All these efforts will improve the quality of life in the Asia-Pacific region.

In short, it will appropriately position the ADB to assist its members at this crucially important point in its history. It will be our shared responsibility to ensure that these additional funds are used wisely, and that they provide the necessary foundation to benefit future generations.

Excellencies, distinguished ladies and gentlemen,

Asia has been the motor of global growth for many years. And it will remain there for many more years to come.

Recent forecasts suggest that, despite the global slowdown, Asia will remain in positive territory and will be the world's fastest-growing region in the years 2009-2010. As mentioned by President Kuroda, the ADB estimates Asia-Pacific growth will be 3.4% in 2009 and 6.0% in 2010. These are promising numbers in this current global climate.

And why not? We are tigers and dragons, resilient and bold. For many years if not decades, the Asia Pacific region has been a symbol of hope and inspiration to many around the world.

During times of lean exports, we are emboldened by our domestic markets. Our governments believe in pro-active government, building where necessary, regulating when prudent. Our on-going structural reforms have become key pillars of our economic growth.

Here in Indonesia our prospects also look good. We are expected to record GDP growth in 2009 of 4% to 4.5%, and I would like to touch briefly on some of the reasons why.

Having learnt from the 1997/98 financial crisis, Indonesia understood early the need to be proactive and transparent, and to pursue actions that promote growth and that send a clear signal to the markets that the government confidently has the situation in hand.

Our programs are multi-fold.

We are offering tax incentives. We are boosting anti-poverty programs that absorb the unemployed. We also have an expansionary budget, with a stimulus package equal to 1.4 per cent of GDP. Our budget deficit will increase as a result, but at this point in time, economic stimulus is vital to our economy.

To ensure foreign exchange stability and confidence in the rupiah, my government has maintained healthy levels of foreign exchange reserves and we have negotiated a number of precautionary mechanisms. These include bilateral swap facilities such as the Chiang Mai Initiative, and also the recently announced multi-billion dollar bilateral currency swaps with China in local currency and with Japan.
In addition, we made sure there is trade financing to protect our trade flows. And specifically we provided a social safety net to cushion the impact of the crisis on the poorest of our poor.

To avoid financing gaps or funding pressure points, we have worked with key bilateral and multilateral partners, such as Australia, Japan, the World Bank and, of course, the Asian Development Bank, to put in place a multi-billion dollar Deferred Drawdown Options loan facility.

The Indonesian government is committed to maintaining prudent economic policy settings and to encouraging global, cooperative action. We will continue to focus on measures aimed at stimulating economic activity and we encourage all members to do likewise. Such activities will have positive flow-on benefits across borders.

We want to encourage this prudence, foresight, and cooperation around the world. If all of us were on the same page and behaved accordingly, our economies would only benefit. Again, we are all in this together.

I would also like to underline that it is absolutely vital for all of us to focus equally on our nation's social and political stability. This is why I have spared no effort to ensure that we deliver "growth with equity" in our economic policy. That is the best way to underpin our democratic transition with a strong foundation.

Indonesia in 2009 is a fundamentally different nation to the one that existed when the ADB was founded in 1966. Indeed, it has not been easy for Indonesia to transition into a stable and peaceful democracy. It has been backbreaking hard work, requiring commitment, vigilance, and a lot of optimism. While our democracy is still a work in progress, we have achieved much. When my Government, Insya Allah, ends its present term in October this year, we will be the first Government to have completed a full-term since 'reformasi' began in 1998.

That is significant because it means we have able to marry democracy with stability, not an easy thing among countries undergoing transition. And we expect this trend of democratic stability to continue, because that is what our people, and our partners, expect.

Excellencies, distinguished ladies and gentlemen,

For the last 42 years, the ADB has made life better for our communities in the Asia Pacific region. My administration strongly commends the ADB's achievements in this noble endeavor. We admire the devotion and professionalism that the ADB has shown over the years.

Over the time the ADB has been in existence our region has become increasingly important to the global economy. The size of our economies as a percentage of the world economy has continued to grow, and we are much more systemically important than at any point in the past. We also have the drive and determination to take the rest of the world with us on a positive growth trajectory at this critically important point in history.

The ADB can justifiably claim to have played a positive part in this success story. What we need the ADB to do now is to repeat this effort by playing a strategic and far-sighted role to help our members confront the current crisis and to be ready to face future crises.
The ADB indeed faces a great challenge in the coming months and years.

Will the ADB be able to help member countries return to positive growth? Can it help stop the bleeding of our economies? Can it promote national, regional and global solutions?

I look at all your faces, and I am confident that the ADB is up to the challenge.

Speaking of challenges, what a challenge it is for us to stay in this ballroom instead of escaping to the beautiful beaches outside! After all, we are in Bali, one of the world's most beloved tourist destinations, famous for its hospitality, colorful traditions, and gorgeous landscape.

Well, let me tell you that you are in great company here. Bali is popular for major international events, and many important decisions and agreements have been made here in these inspiring surroundings. The UNCCC, the largest United Nations conference ever convened, was also held here in Bali and after much drama at the last minute produced the historic Bali Roadmap. I trust that you too will make the history books with this meeting!

With those words, I wish you a successful Board of Governors annual meeting.

Finally, by saying Bismillahirrahmanirrahim, I formally declare the 42nd Annual Meeting of the ADB Board of Governors open!

Thank you.

Wassalamu'alaikum Wr.Wb.
Opening Address at the 2009 42nd ADB Annual Meeting

By
Dr. Sri Mulyani Indrawati
Chair, Board of Governors and Governor for Indonesia

4 May 2009
Bali, Indonesia

Your Excellency President Yudhoyono, President Kuroda, Distinguished Governors, Ladies and gentlemen

It is an honor to welcome you on this important occasion of the ADB Board of Governors’ 42nd Annual Meeting.

Indonesia, as a founding member of the ADB, is no stranger to hosting the annuals, having first had the privilege in Jakarta in 1976.

Back then the world was a significantly different place. The speed with which economic, financial, and social developments transferred from one part of the globe to another occurred relatively slowly. With the advent of the information and technology revolutions, today a negative market develop in one country can often be felt almost instantly in markets around the globe.

But something that 1976 and 2009 have in common is that the world economy was then, and is now, in crisis. What differs is the nature of the crisis.

In the mid 1970s the world experienced stagflation and a global oil crisis. Last year we had another energy shock, as well as a food security crisis, and today we are facing an economic slowdown that is rivaling the great depression. Added to this, over the past week we have seen the World Health Organization announce an alert for a possible flu pandemic.

Something that has not changed over the period in between Indonesia’s hosting of the Annual Meetings is the ADB’s steadfast commitment to assisting members to combat crisis and its readiness to develop new facilities to meet member country needs. In the seventies the ADB was quick to shift assistance to energy projects, last year the Bank offered food, energy, climate change and avian flu efforts, and this year the Bank has offered counter-cyclical assistance.

As the world’s second largest multilateral development bank, I would argue that the ADB’s commitment to the Asia-Pacific region has strengthened as the Bank has grown with the region.

Distinguished ladies and gentlemen, the ADB and the Asia-Pacific region clearly have some serious challenges that we need to confront head-on.

As we know, GDP growth in the major industrial countries is expected to contract further over 2009, and we are only expecting a mild global recovery next year. In such an environment, export-dependent Asian economies are challenged to take meaningful stimulus measures by focusing on strengthening domestic markets, while maintaining fiscal
sustainability and promoting activities that support regional and global trade. At this time, when credit is extremely tight, this will present some major challenges.

In line with its efforts to alleviate poverty and improve the region’s standard of living, the ADB has an unavoidable counter-cyclical role to perform in helping members to fight against economic decline and to help set them on a path for sustainable growth. I wish to register that Indonesia is encouraged by the ADB’s response so far, particularly its timely and responsive budget support to those countries among us in need.

2009 is unquestionably a landmark year for the ADB and the Bank’s role in development.

I am especially pleased that ADB shareholders were able to complete negotiations on the fifth general capital increase, and last week approved a tripling of the ADB’s capital resource base. This development is something Indonesia strongly supported, and actively lobbied for on the global stage. I congratulate President Kuroda and the ADB staff on the extensive preparations and effective presentation of the case for such an increase at this time.

In addition to regular lending, the expanded resource base will allow the ADB to bring forward counter-cyclical efforts such as investments in infrastructure, support for poverty alleviation measures and social safety net programs, and investments in climate change adaptation and mitigation measures. It will also provide the space to address crisis that emerge unexpectedly, such as the H1N1 flu.

In the face of substantial capital outflows from the region and the related liquidity shortages, the increase could not be better timed.

The general capital increase would not amount to much, however, if the mechanisms are not in place to ensure members can access funds through the introduction of new, flexible credit instruments and the acceleration of disbursements under existing instruments. In Indonesia’s view, to maximize its relevance in a complex and changing world, the ADB must continue its tradition of moving with the times to meet the contemporary needs of its members.

Indonesia would like to commend the ADB’s performance to date in its efforts to help address the negative effects of the economic crisis, and its efforts on climate change. Over the past year, we have seen a responsive Bank that has been ready and willing to offer products in line with member requirements.

Significant examples of well-targeted assistance include the Public Expenditure Support Facility and the Infrastructure Financing Facility. These innovative products will help members remain on track to meet development goals through this difficult time.

We should also be ready to act on H1N1 flu. The Bank and our region have considerable experience with SARS and the Avian flu, and we are well equipped to respond positively to this latest challenge.

I would also like to note that last year in Madrid, shareholders voted to replenish the Asian Development Fund with $11.3 billion to assist the poorest developing economies in our region. The ambitious program under ‘Asian Development Fund 10’ is now under implementation. As I understand, the fund will focus on financing operations in a number of sectors to help achieve MDG outcomes in eligible developing member countries.
Distinguished ladies and gentlemen

In addition to the challenges associated with the global economic crisis, our region must address a number of other issues that have long-term considerations. The need to address the unacceptable gap in critical infrastructure investment is one such challenge.

The lack of modern, efficient infrastructure across the region is a hindrance to both economic growth and poverty reduction. The private sector, for example, cannot thrive in the absence of adequate transportation, telecommunications, and public utility services. Nor can the poor participate in growth and its benefits without access to employment opportunities, health care and education.

The ADB’s role is a crucial one, not only in direct financing of infrastructure, but also in its ability to mobilize funds from the private sector and other development partners.

Another major challenge before us is climate change. I note and commend the leadership role that the ADB is taking on this important issue and in assisting its developing members to implement mitigation measures, such as clean energy production and use, and adaptation solutions.

I also note the ADB’s foresight in keeping the focus on climate change as one of the world’s most pressing global issues. Given our region’s size, diversity and growth potential, along with the tremendous needs for energy, environmentally sustainable development in Asia and the Pacific is essential not only for the region but for the world.

Addressing these challenges will require increased cooperation and stronger partnerships among nations — both regionally and globally. We are encouraged by the Bank’s continued focus on ensuring that its assistance supports sustainable growth and environmentally responsible activities. The ADB’s efforts and investments today are laying the foundations for the benefit of future generations.

In many parts of the Asia and Pacific region, countries are joining together to develop cross-border infrastructure, to increase intra regional trade, and to address commonly held challenges in a cooperative fashion. Areas of focus include environmental degradation, infectious diseases, and the provision of public goods. The ADB’s support for regional and sub-regional cooperation programs is essential to build progressively on our shared successes. At the same time, the ADB can help developing Asian countries integrate better into the global economy.

But in order to advance our efforts on all of these fronts, the ADB has to be an organization for our times. This requires the Bank to continue with internal reform efforts, including those reforms aimed at promoting improved governance and management systems that reflect a merit-based system and international best practice.

President Yudhoyono, President Kuroda, Distinguished Governors, ladies and gentlemen

As we strive to maintain our growth momentum through this period of global turmoil, let us not forget our long-term development goals. The ADB is our institution to help Asia-Pacific countries to reduce poverty, to alleviate hardship for their citizens, and to achieve Millennium Development Goals.
Let us ensure that the tripling of the Bank’s capital resource base is used as wisely as possible so that we leave a positive legacy for future generations. The Bank has 42 years of experience and 67 willing members to accomplish this goal. I am sure that together we will make a difference.

This year’s Annual Meetings will offer many opportunities for us to collectively and cooperatively advance our shared and critically important objectives.

In closing, I again offer a warm welcome on behalf of the Government of Indonesia, the organizing committee, and the citizens of Indonesia.

We are delighted that you and your colleagues have been able to travel to Bali, and we hope that you enjoy your stay here to the fullest, and that you experience all the charm and wonder that the Indonesian people, landscape and culture have to offer.

I wish each and every one of you a pleasant stay, and all of us a rewarding and fruitful meeting.

Thank you.
Crisis and Beyond: Shaping Asia's New Development Paradigm

Address by
Haruhiko Kuroda
President, Asian Development Bank

At the Opening of the 42nd Annual Meeting of the Board of the Governors

4 May 2009
Bali, Indonesia

I. Introduction

Excellencies, distinguished guests, ladies and gentlemen:

It is my great pleasure to join the Chair, the Honorable Sri Mulyani Indrawati, Minister of Finance of Indonesia, in welcoming you to the 42nd Annual Meeting of the Asian Development Bank. We are honored by the presence of His Excellency, Dr. H. Susilo Bambang Yudhoyono, President of Indonesia, at our meeting this morning.

I would like to extend our deepest appreciation to the Government of Indonesia for hosting our meeting in beautiful and historic Bali, and to the Balinese people for their warm and gracious hospitality. I am also pleased to welcome our many development partners, private sector participants, civil society, NGOs, and the media. And I thank all of you for joining us today.

As we meet today, two powerful and unfolding global issues threaten to set back our progress on poverty: the global economic crisis and the daunting challenge of climate change.

No country remains untouched by these phenomena. We need to recognize that our destiny is a shared destiny. We must pull together to survive; we must work together to thrive.

Despite the difficult global scenario, today marks a historic and momentous occasion for our region—and for our institution. The tripling of ADB's capital resource base, confirmed just days ago, is a resounding vote of confidence in this region's ability to overcome obstacles on the path to economic growth and poverty reduction. It will empower our strategies to address the development priorities of all borrowers—smaller as well as medium-sized to larger economies—in partnership with other development agencies and the private sector. And it will allow our response to the global financial and economic crisis to be swift and proactive, protecting Asia's poor and most vulnerable people.

For ADB, this increase is nothing short of transformative. It challenges us to be bolder, more innovative, and more responsive in our mission to reduce poverty and improve the lives of the poor. On behalf of all of us, I offer sincere thanks to our shareholders, and my personal commitment that we will rise to the challenge.
II. Responding to the Global Crisis

There is no doubt that the global downturn has hit Asian economies hard. Access to finance has tightened. And a sharp drop in export demand seriously affects the region's production networks, bringing factory closings, massive layoffs, disrupted supply chains, and reduced remittances.

As a result, growth in developing Asia and the Pacific is expected to plummet to 3.4% this year—the lowest since the Asian financial crisis and a significant drop from the record 9.5% growth in 2007.

Asian governments have acted quickly to shore up economies and protect their most vulnerable citizens. Fiscal stimulus is center stage, with a focus on infrastructure, small and medium-sized enterprises, rural economies, social safety nets, and tax reductions. Regionally, ASEAN+3 has moved to expand and multilateralize the Chiang Mai Initiative, and is working on a credit guarantee and investment mechanism to help strengthen financial stability.

ADB stands firmly behind these efforts. We have committed an additional $10 billion to supplement our assistance over 2009 and 2010 to member countries in need of extra support.

Up to $1 billion of this funding will support trade financing and is expected to generate up to $15 billion in much-needed trade assistance by the end of 2013. An expanded trade finance program is critical to fill the gaps left by a weak international financial sector to build public-private partnerships and to promote regional integration.

Subject to Board approval, we will also establish a fast-disbursing $3 billion Countercyclical Support Facility to meet urgent needs stemming from the crisis. The facility will support the expansion of domestic demand and production, strengthen social protection, and facilitate trade to protect against job losses in the region.

The poor and the vulnerable must remain our utmost concern. Under our current projections, 60 million more people in the region will remain trapped in poverty this year, to about 100 million next year—an alarming setback to our vision of an Asia and Pacific free of poverty. Had economic growth continued at precrisis levels, these individuals and families would have broken through the $1.25-a-day poverty line and begun to experience a better quality of life.

In low-income countries, we will increase our assistance to $3.4 billion this year by front-loading available Asian Development Fund (ADF) resources, including an additional $400 million from ADF liquidity. And we have initiated the Pacific crisis support program to provide integrated and comprehensive crisis assistance to small and fragile Pacific island economies.

During these difficult times, it is critical that governments maintain and increase public expenditure programs for financing education, health services, and public safety nets, especially for poor and vulnerable families. We cannot afford to lose the momentum in our efforts to achieve the Millennium Development Goals or to lose another generation to poor health and illiteracy.
III. Toward a New Development Paradigm

With strong national and regional efforts, and a mild recovery expected in the global economy next year, developing Asia and the Pacific should bounce back to about 6% growth in 2010.

These are positive signs. Therefore, this should not be a time of despair. Our region continues to grow, and will remain a touchstone of dynamism and hope, contributing substantially to global growth and poverty reduction.

While the challenges are huge, I believe the crisis is also an opportunity—an opportunity for our region and the world to fundamentally restructure our approach to development and bring about a more sustainable global balance; an opportunity for Asia to become not only a major source of goods and services but also a major destination.

Rebalancing Growth

With global imbalances now unwinding, Asia needs to adjust. The transfer of savings from one part of the world to another worked well when advanced economies could absorb production from developing economies. But the current state of the global economy suggests that era has passed. By rebalancing export-driven growth with a greater reliance on domestic demand and consumption, Asia can lead the way in charting a new, globally beneficial development course.

Asia's export-led growth has delivered enormous benefits and will continue to do so.

Protectionism—within the region or elsewhere—must be avoided at all costs. But let us also recognize that a stronger and more resilient regional economy, with multiple sources of growth, will also contribute to a stronger, more vibrant, and more resilient global economy.

To rebalance growth, developing Asian countries need to reinforce domestic demand and revitalize their domestic economies. They need to spend more on health, education, and social security to reduce household needs for precautionary savings. They need strategies to transfer more corporate savings to households to encourage greater consumer spending. And they also need the policies that promote small and medium-sized enterprises and service industries to better align domestic production with domestic demand. In designing our country-level operations, ADB will work closely with governments in the true spirit of partnership to find effective and concrete solutions.

Rebalancing also requires a stronger and more stable regional investment climate to channel savings into effective and efficient investment within the region. Over the past several years, ADB has worked with the Asian Bond Markets Initiative to enhance transparency, remove obstacles to investment, broaden the investor base, and improve related institutions.

To further strengthen the investment climate, Asia needs a seamless infrastructure, which includes physical assets and the enabling policies, regulations, and institutions. ADB’s infrastructure investments last year totaled more than $5 billion in transport and energy alone. But with financing needs estimated at $750 billion a year, much more needs to be done. Our Asian Infrastructure Financing Initiative, unveiled last year, is a step in that
direction. Later today, we will launch an important new book entitled Infrastructure for a Seamless Asia, focusing on major issues in regional infrastructure to the year 2020.

Greater exchange rate flexibility with the world's major currencies will ease the change in the region's production structure. In the current global economic environment, the exchange rates of economies with excess savings will tend to appreciate under more flexible management, encouraging greater consumption.

Concrete steps to promote regional trade will speed up the rebalancing process. A larger Asian market will allow for economies of scale, encourage greater specialization, and increase the scope for trade in finished goods. In these uncertain times, a push for more openness within the region will also keep the forces of protectionism at bay.

Ultimately, the correction of global imbalances requires a concerted global effort. All countries must take into account the spillover effects of their policies on the rest of the world. It is also important to create a financial architecture that gives developing countries a voice more commensurate with their share of world output and trade.

Climate Change: Investing in Low-Carbon Growth

As Asia assumes a larger role on the world stage, it must also assume its responsibility for other pressing global problems—like climate change. Simply put, we must ramp up our efforts to put the region on a path of low-carbon growth. At a time when investment is desperately needed to stimulate economies, we need to target those investments to clean energy to mitigate climate change.

This is not an option; it is an imperative. Access to energy is essential for growth, poverty alleviation, and achievement of the Millennium Development Goals. As developing Asia grows, its share of global carbon emissions could rise to more than 40% by 2030. Unless proactive steps are taken to make growth environmentally sustainable, the region will quickly become the main driver of climate change. Moreover, producing and using energy efficiently lowers costs for business and enhances economic competitiveness. Thus, it is not only the right thing to do; it is also the smart thing to do.

We cannot allow funding for climate change responses to be held captive to the economic downturn. Given the lifespan of energy infrastructure, our actions today will lock in the region's greenhouse gas emission patterns for the next several decades. Action is needed now—on both mitigation and adaptation—to ensure a safe and healthy world for future generations.

ADB has made climate change a top priority. Last year, we provided nearly $1.7 billion for projects with clean energy components, far exceeding our $1 billion target. Among others, our initiatives include wind power projects in the People's Republic of China and India, power transmission enhancement in Azerbaijan, green power development in Bhutan, and energy-efficient lighting for low-income households in the Philippines. With transport a major area of concern, we are supporting the improvement of energy-efficient mass transit systems in several Asian cities. And we support several initiatives that integrate forest protection and sustainable land use while capturing benefits from carbon sequestration. Several of our developing member countries have adopted national action plans on climate change, and we look forward to seeing more.
We also have a rapidly growing adaptation program to help our developing member countries cope with climate-related risks. Here in Indonesia, for instance, we are supporting a comprehensive, integrated water management program for the Citarum River Basin. Citarum is the most important river basin in the country—one on which over 20 million people depend for water supply and electricity. And it will be the first river basin in Indonesia with a comprehensive strategy for adapting to climate change.

Climate change also brings a higher risk of natural disasters. To supplement the Climate Change Fund established last year, we have created a $40 million Asia Pacific Disaster Response Fund. And we invite contributions from all our development partners.

The transfer of new, low-carbon technologies is a particular challenge in Asia, and we are committed to ease this process. We are actively pursuing the establishment of a low-carbon marketplace to bring together technology holders and users in our member countries to facilitate rapid technology diffusion.

There is much yet to do in the region. To deal with these complex issues, I am pleased to announce that I have established an advisory group of internationally recognized climate change experts to help us develop programs relevant to the region in the medium and long term.

But we must continue to stress that such a massive global challenge can only be addressed through a concerted, cooperative global effort. The clock is ticking and we must make every possible effort toward a successful conclusion to negotiations at Copenhagen in December of this year.

**IV. ADB as an Effective Development Partner**

Ladies and gentlemen, these are just a few of the challenges facing our region in the years ahead. With Strategy 2020, the replenished Asian Development Fund, a substantial capital increase and our ongoing commitment to institutional effectiveness, ADB is well positioned to play an expanded role in the region's future development. And we are committed to being fully accountable for the results of our efforts.

We have now adopted a new corporate results framework. And I am pleased to report that we have produced our first Development Effectiveness Review, which provides a baseline to measure future progress. To be fully effective, we must also consciously and actively blend knowledge with financing. We will focus on developing, capturing, and sharing knowledge in all our work, ensuring that ADB serves an intermediary role for both financing and knowledge.

We have also taken several steps to further improve human resource management and have adopted a detailed, time-bound action plan. We have taken steps as well to further strengthen the effectiveness of our Independent Evaluation Department. In the coming months we will upgrade our risk management capacity. And we will further align our private sector operations with country partnership strategies, emphasizing development effectiveness as key to all our operations.

One critically important ongoing initiative is the review and update of ADB’s social and environmental safeguard policies. We seek a broad consensus among our shareholders. And
I take this opportunity to assure you that there will be no dilution of our standards protecting the environment and the people affected by ADB projects.

V. Concluding Remarks

Ladies and gentlemen:

Our annual meeting is an opportune time to reaffirm our collective commitment to the people we serve—the poor of Asia and the Pacific. The results of our efforts are clearly visible. They can be seen in Bangladesh, where ADB projects are drawing women more fully into the development process and bringing new opportunities to lift themselves out of poverty. They can be seen in Afghanistan, where mobile telephones are improving the quality of health care, as well as access to finance, education, and other critical services; in Papua New Guinea, where poor villagers are improving their prospects by protecting their marine resources; and here in Indonesia, as part of the Coral Triangle Initiative to protect reefs and fisheries against the grave threat of climate change.

There are countless success stories across developing Asia and the Pacific. Our region still faces many challenges and must work hard to address the stark inequalities and hardships facing the poor. Yet it continues to be a region of great hope and tremendous opportunity. With the full confidence and support of our shareholders, ADB will work hand in hand with all partners to help the region through these difficult times, and help build a more vibrant, prosperous, sustainable, and inclusive society for Asia and the Pacific, and the world at large.

Thank you.
## Order of Speaking

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¹ Countries composed of Denmark, Finland, Norway, and Sweden. A joint statement was delivered by the Governor of Finland.

² Countries composed of Cook Islands, Fiji Islands, Kiribati, Marshall Islands, Federated States of Micronesia, Nauru, Republic of Palau, Papua New Guinea, Samoa, Solomon Islands, Democratic Republic of Timor-Leste, Tonga, Tuvalu and Vanuatu. A joint statement will be delivered by the Governor for Papua New Guinea.
It is my privilege and honor to address this forty-second Annual Meeting of the Board of Governors of the Asian Development Bank. I would like to take this opportunity to express my appreciation to the Government of Indonesia for hosting this event and for their warm hospitality.

I am pleased to provide a brief overview of recent developments in Afghanistan, and wish to make several points regarding ADB and donor support for the country, as well as ADB institutional developments.

Afghanistan has attained significant achievements in recent years in social, economic, and political development. Economically, Afghanistan is evolving from a state-controlled economy to one based upon market economic principles where the role of the state is to develop physical, human, and legal infrastructure that will drive private sector led growth. Based upon sound economic policies, we experienced several years of double-digit growth and single-digit inflation rate, but we will continue to face major challenges on our development path. Last year, our economy was impacted by factors outside our control. GDP growth for Afghan Fiscal Year 1387 (2008-2009) was estimated to have declined to around 3% in large part due to the impact of drought on the agriculture sector, and inflation was about 27% on average largely due to world prices for food and fuel. Based on IMF projections, our GDP growth will rebound to 9% this year following a recovery in agricultural output, and a downward inflationary trend has already begun.

Fiscal sustainability remains a major objective, although expenditure pressures are sizable, particularly in the security sector. With the guidance of our IMF Poverty Reduction and Growth Facility program, we exceeded our revenue target last year by 1.5 billion Afs and are firmly committed to improving our revenue performance as this is essential in our efforts to reduce our dependence on donor assistance. We are implementing a new income tax law, and have established a number of corrective measures, including the replacement of customs directors in many provinces, the appointment of inter-ministerial revenue committees, and the implementation of reforms aimed at reducing corruption coupled with capacity building at all levels.

Last year, we completed the Afghanistan National Development Strategy (ANDS), which is our Poverty Reduction Strategy Paper, and concluded a successful Paris donors’ conference where donors committed to helping us finance the ANDS implementation. Now under implementation, the ANDS is guiding our efforts to address the key development challenges, including making
progress towards the Millennium Development Goals. Progress in our development agenda requires continued strong support from donors, including the ADB. Despite significant achievements in infrastructure development, health, education and economic reforms, poverty remains extremely high and widespread. Afghanistan also faces a volatile security situation in some provinces, high levels of corruption, and a large illicit economy driven by poppy production.

We urge donors to fulfill the financial commitments made in Paris, to help address the remaining ANDS financing gap, and to implement the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action. In Accra, donors agreed to provide 50% of their resources through the core budget, thereby ensuring those resources are in line with our priorities and developing our internal capacity to manage resources and make the necessary trade-offs.

As our fourth largest donor, ADB has thus far approved over $1 billion in projects, and expects to do another $1.3 billion over the next five years. The Bank also provides us with multi-year commitments improving the predictability of public finances and our ability to plan. The recently-approved ADB Afghanistan Country Partnership Strategy for 2009-2013 includes substantial funding over the first two years ($285.37 million per year), but we hope will provide for similar amounts in subsequent years when our funding is more dependent upon the performance-based allocation system. As detailed in the Country Partnership Strategy, the ADB focus on infrastructure—roads, irrigation, power, and agriculture—remains fully consistent with our development priorities and will help us address the most urgent needs of Afghanistan. We also want to stress the importance of projects with regional significance such as energy, transit and transport. Regional cooperation is appropriately a focus in the ADB’s Strategy 2020. In addition, the ADB supports core capacity development efforts and is helping us to establish appropriate policy and regulatory environments in these sectors. These efforts, along with ADB’s broader support for private sector development and regional economic cooperation, provide the foundations for a viable private sector and encourage much-needed investment. The sustained commitment of ADB shareholders, management and staff to Afghanistan is crucial given the long-term nature of our development needs.

As a HIPC country with an ambitious development agenda, we strongly support the agreement on the ADB Fifth General Capital Increase, enabling the Bank to remain responsive to developing countries’ needs. While Afghanistan has been generally spared the impact of the global financial crisis, we recognize the impact it is having on other countries in the region. We commend the ADB for its responsiveness, and urge it to maintain focus on Afghanistan and other poorer developing countries.

In conclusion, I would like to thank President Kuroda and the ADB team working on Afghanistan. Your commitment to Afghanistan and our continued strong collaboration are critical for the country’s progress towards restructuring, rehabilitation, and poverty reduction.
ARMENIA

Nerses Yeritsyan, Governor

It is with great pleasure and honor that I speak for the Republic of Armenia at the 42nd Annual Meeting of the Board Governors of the Asian Development Bank (ADB). I would like to thank the organizers of this event and pass my greatest respect and admiration to the Indonesian people for their warm hospitality. I would also like to thank President Kuroda and his management team for responsiveness and commitment towards the crisis response and strategic goals of the ADB. It is a great pleasure working with the ADB team.

The ongoing global financial and economic crisis illustrates the important role of globally coordinated efforts towards crisis prevention and resolution. More needs to be done as the crisis continues further, and general capital increase of the ADB is a clear indication that we are all serious about translating the words into actions. This increase will ensure that ADB responds to the crisis in a timely manner while maintaining its focus on long term developmental challenges and goals. Armenia supported 200% general capital increase of the ADB and hopes that this capitalization would lead to larger portfolios for the developing countries.

The ADB should pay more attention to those developing countries that have been following sound economic policies, maintained low levels of debt and now face limited access to debt finance. The spreading of the global crisis to developing countries has proven that “decoupling” does not apply and that low and mid income countries face severe challenges as a result of contagion. Armenia is one of these countries that were caught in a crisis, which was not the fault of its policy makers.

In 2008 due to the global financial and economic crisis economic growth dropped from a decade long double digit growth to a single digit number of 6.8 percent. Our sound policies in the past and quick countercyclical response to the crisis despite limited resources helped us to maintain Armenia’s reputation as a low inflation country in the region. This again leaves more room for countercyclical measures. Nevertheless, GDP will contract in 2009 and poverty again became a threat, which requires mobilization of domestic resources and higher external financing.

Therefore, mitigating Armenia’s vulnerability to the current shocks is the first priority of the authorities, as the economy faces severe adjustment pressures from the fallout of the global economic crisis. Addressing vulnerabilities over the next couple of years is critically important in order to secure the economic and social fabric of the country. Implementing prudent counter-
cyclical macroeconomic policies and greater attention to managing economic and social risks is critical to exit the crisis stronger and position the economy to resume high rates of growth.

Addressing the short-term crisis vulnerabilities will be accompanied by measures to boost competitiveness and reduce the knowledge and technological gap between Armenia and the developed world. Our ambitious forward looking structural reforms will continue, as our pre-crisis strive to build a knowledge based economy is going to become an exit strategy for successful countries. Therefore, building state-of-art infrastructure for knowledge economy transforming the country into an e-society is a major success factor. Our guidance for the future remains the same: knowledge is the most valuable asset of the 21st century and we intend to become an important supplier of this asset.

Since Armenia’s membership to the ADB in September 2005 we have been able to cooperate in many areas and build up successful engagements. We are committed in high quality performance and, therefore, closely monitor the implementation of the projects with the ADB team to make sure that resources are channeled in the most effective and efficient way. Our experience with ADB leads us to believe that it will respond to the Country’s needs through well designed projects. The ADB does not hesitate to undertake larger initiatives and is an excellent partner in fostering regional projects. Our recent initiative with the ADB to build a North-South Corridor highway is an excellent example how international organizations could facilitate regional integration and secure peace and prosperity in the region.

Going forward we need to build a larger project portfolio in line with policy objectives above and with a major focus on high quality infrastructure. Armenia’s developmental needs could have easily build a one billion USD portfolio for 3-4 years that would include roads and the railway, broadband infrastructure, Yerevan city infrastructure, SME support, pension reform and renewable energy. Our approach is to use ADB financing as a catalyst in attracting the private sector for Public Private Partnership by creating a major momentum with early stage bold financial interventions. I sincerely hope that Armenia and ADB can significantly scale up their relationship, and make the Bank as one of the serious stakeholders in the countries ambitious reform program. Moreover, the ADB could also significantly help in addressing the implications of the global crisis, which turned to be severer than expected.

Finally, to my sincere believe knowledge is going to drive future development of our economies and ADB’s recognition of this important challenge for the developing countries should be commended. Today’s meeting is very important for sharing experiences with ADB and other member countries on this and other developmental issues, as we all strive to see our region without poverty.

In conclusion, I would again like to thank the ADB President, Mr. Kuroda, and his management team, as well as to stress our commitment to partnership. We are ready do our best to help to create a more prosperous, dynamic, and integrated region without poverty. We believe that the ADB serves as a gateway for new opportunities; it is a reliable long-term partner for its members, as they try to cope with the challenges of development.
Mr Chairman, Governors, Mr President, ladies and gentlemen,

On behalf of the Government of Australia, let me thank the Government of Indonesia for hosting this, the 42nd Annual Meeting of the Asian Development Bank (ADB).

President Kuroda, my congratulations on the recent agreement to undertake a significant increase in the ADB’s Ordinary Capital Resources. Mr President, credit must go to you for your persistence in explaining and justifying to shareholders the need for a general capital increase, and in demonstrating your commitment to a broadly based institutional reform agenda.

The recent G-20 initiatives to address the global recession, and reform and strengthen the global financial system, gave significant impetus to calls for a general capital increase for the ADB. G-20 processes played a major part in ensuring the necessary political support for the general capital increase.

At a time of downturn in global capital flows, G-20 Leaders are looking to the international financial institutions to play a key role in meeting the capital needs of the developing world. G-20 Leaders have announced their support for a substantial increase in lending of at least US$100 billion by the Multilateral Development Banks (MDBs), and to ensure that all MDBs have the appropriate capital.

The significant increase in the ADB’s financial resources will allow the Bank to respond decisively to the current economic challenges facing the Asia-Pacific region. In addition, it will strengthen the ADB’s ability to implement Strategy 2020, the Bank’s long-term strategic framework.

While it is true that the current economic challenges are global, it is also true that the impact of the current deterioration in global economic activity will be felt hardest by the world’s poor, of which two-thirds reside in the Asia-Pacific region.

The ADB has committed to provide an additional US$7 to US$8 billion of funding support to crisis-affected developing member countries in 2009–2010. Australia encourages the ADB to use its strengthened financial resources to move forward quickly in addressing the current economic challenges through the use of flexible, fast-disbursing and front-loaded instruments - ensuring that resources to fight the crisis are available to those most in need.
In recent years, the ADB has been successful in developing strategic partnerships with a range of development partners - including Australia - and accessing greatly increased levels of co-finance. These have helped the ADB to leverage its impact far beyond the capacity of its own capital base. It is essential that these efforts are maintained and enhanced.

In addressing current and future development challenges facing our region, it is critical that we do not forget the lessons of the past, namely that macroeconomic stability and poverty reduction are intertwined. Only through continued efforts to promote sustainable inclusive growth and fostering open regional cooperation, will the Bank achieve its poverty reduction mandate in the short, medium and long-term.

The ADB and regional members need to continue to work together to strengthen the capacity of regional economies to effectively deal with future economic crises, including through deeper regional integration in finance and trade. There is the need for further work to deepen regional (local currency) bond markets to ensure that developing member countries have a reliable source of finance to pursue their development objectives.

While member countries have now committed to provide the ADB with the financial resources to assist address the impacts of the global financial crisis and to implement Strategy 2020, these resources alone will not ensure effective development outcomes.

Ensuring that the ADB exercises its responsibilities in the best interests of those it is mandated to help through continual improvements in transparency, participation, evaluation and responsiveness is essential. The ADB is to be commended for its strong rankings in these aspects in the recent One World Trust’s 2008 Global Accountability Report.

Australia is pleased with the progress that the ADB has made in developing its results based reporting system. We note that this reporting system is still in its infancy and no doubt will need to be refined over time. We expect the Bank to strive for, and even set, world best practice.

Furthermore, while recognising there may be costs associated with the devolution of responsibility to resident missions, Australia encourages the ADB to do more in this area. Greater participation by local governments and communities is essential to the long-term ability of the Bank to achieve its poverty reduction mandate.

Australia is also pleased with the ADB’s progress in enhancing the independence of the Independent Evaluation Department and the progress that it has made on human resource reforms. Ensuring that the ADB has a highly skilled and motivated workforce is critical to the Bank’s effectiveness. Australia encourages the ADB to continue to make progress in this area.

In particular, ADB should build on the initiatives it has already taken in relation to senior staff positions and ensure that all staff and management are subject to selection processes that are open, transparent and competitive, and that place merit above geographic representation.

G-20 Leaders have called for further reforms to enhance the governance arrangements of the international financial institutions. Australia encourages the ADB to engage fully in these processes.

Thank you.
AUSTRIA  
Marcus Heinz, Alternate Governor

Mr. Chairman, Mr. President,  
Distinguished Governors,  
Ladies and Gentlemen,

It is an honour and a pleasure to speak to you at this Annual Meeting of the Asian Development Bank (ADB) on behalf of Austria. Please allow me to first thank the Indonesian government for organising this meeting and receiving us with such a warm and hospitable welcome on the beautiful island of Bali.

General Capital Increase, global financial and economic crisis

We have gathered here today to hold the 42nd Annual Meeting of the Board of Governors and we have every reason to congratulate the ADB. It just concluded the biggest General Capital Increase (GCI) of its history. I want to express my sincere gratitude to ADB’s staff and Management for the rapid conclusion of this process.

The timing could not have been conceived any better as we are facing unprecedented challenges. The current financial and economic crisis is starting to turn into a human and development calamity. The positive trend in poverty reduction is broken. Millions of people in the export-dependent countries of Asia are in danger of being thrown back into poverty. It is in difficult times like these that we require development banks to realise their full potential and to respond quickly to their developing member countries’ needs. When financial flows to Asia and the Pacific region dry up, the ADB should be in a position to set timely and adequate counter-cyclical measures. It should co-operate closely with other international financial institutions and strive to mobilise additional funds through co-financing activities. With the General Capital Increase we, the shareholders, show our trust in ADB. We expect it to help overcome the crisis and to keep intact the vision contained in Strategy 2020: An Asia and Pacific Region Free of Poverty.

Institutional development and reforms

The General Capital Increase brings with it a higher level of responsibility for the efficient and effective use of these additional funds. In this context it is of vital importance to further strengthen ADB’s commitment to Results-Based Management and the Paris Declaration on
Aid Effectiveness. ADB can achieve its goal of poverty reduction through inclusive and sustainable growth only if funds are managed effectively and responsibly.

In its aspiration for efficiency ADB also has to ensure that it hires only the best staff and that members of Management at all levels are appointed based solely on merit. Austria therefore wants to underline once more the urgency of keeping ADB’s human resource strategy on track.

Private sector development and operations

Strategy 2020 stipulates the goal of conducting 50% of ADB’s activities in private sector development and private sector operations. This expansion underlines the importance of developing a clear poverty reduction focus in private sector operations, with a particular emphasis on measuring development impact and enhancing risk management capabilities. We strongly urge ADB’s Management to continue with these efforts and make the necessary internal resources available.

For ADB to remain an institution accountable to all stakeholders, it must have a coherent, comprehensive and streamlined safeguard policy which is implemented carefully and monitored with vigilance. This can only be ensured by providing support in terms of sufficient staffing and appropriate incentives. The implementation of safeguard policies is not to be seen as a short-term cost but as a long-term gain, helping to deliver sustainable results.

Climate change and water sector

In the past years, Austria has paid great attention to ADB’s climate change and water policies. As a result of the capital increase, ADB is in the fortunate position to dispose of sufficient funds to make financing available for these capital-intensive sectors. In view of the pressing climate change related problems, it is of utmost importance to invest in capacity building and new technologies in this field. As regards the water sector we welcome ADB’s increased efforts in providing water and sanitation to the poor. ADB’s Water Financing Programme addresses the lack of access to basic sanitation and clean drinking water directly.

Last but not least, we should remind ourselves that any action the global community takes to tackle the crisis will have repercussions on the poor in developing countries. The poor should profit and not suffer from this kind of leverage. In times of crisis it is therefore important to prevent social and economic gains achieved in recent years from being put in jeopardy. Hence, we urge ADB to assist its developing member countries in any possible way to implement social measures – even if they do not belong to ADB’s core strategy. Extraordinary times call for extraordinary measures and they can provide an opportunity for ADB to prove its flexibility in adjusting to its clients’ needs.

Let me conclude by thanking you, President Kuroda, the Bank’s Management and staff as well as our Constituency office for the excellent work of last year. I can assure you of Austria’s support in ADB’s future endeavours.
Mr. Chairman, Governors, Ladies and Gentleman,

On behalf of the delegation of Azerbaijan, I would like to express my deep gratitude to our host, the Government of Indonesia for the warm welcome and excellent organizational arrangements for the Annual Meeting of the ADB Board of Governors. I am privileged to attend this Annual Meeting marking Bank’s 42 years of activities. We highly praise ADB’s remarkable contributions to the economies of the region with a record high loan portfolio of USD 10.5 billion for the past 2008 year.

The year of 2008 was marked with drastic changes in global financial markets. On the heels of food, commodity and oil price shocks in the first half of the year, the global financial crisis broadened and deepened, feeding uncertainty across financial markets in the second half. These changes, though originating from US subprime mortgage market, left no country as a foreigner, including those of the Asian region. Lower global demand, one of the worst consequences of the current crisis, had a significant negative impact on overall trade volumes and led to shrinking of export oriented industries. Almost all of the countries faced with liquidity and current account problems, which resulted in a substantial decline in foreign exchange reserves. Confronted with enormous pressures, some countries were forced to devalue their currencies. All these negative consequences are challenges that we need to tackle and work collectively to overcome. This places a huge responsibility and emphasis on the side of the Bank and other international development organizations to coordinate and facilitate the measures and activities needed to be taken.

In this regard, the quick response by the Bank, allocating over USD 4 billion of additional resources to support the efforts of its developing member countries to deal with the crisis is commendable. Moreover, the launching of the long-term strategic framework 2008-2020 (Strategy 2020) which will be responding to the fundamental changes in the region is very remarkable and pleasing. The steps outlined in the Strategy 2020 with a clear focus on poverty reduction through inclusive growth and regional integration can be considered as fundamental pillars in overcoming the negative consequences of the current financial crisis. Rising emphasis on the development of the private sector is respectable and highly supported. Adoption of the Results Framework as part of the Strategy 2020 for monitoring development effectiveness, and promoting continuing operational and institutional improvement, we believe, is a signal of the importance devoted to performance management and culture of results throughout the Bank. Additional efforts in providing liquidity and easier access to financial resources for the
governments of developing countries, in my opinion, would be very much welcome considering the current situation governing the global financial markets. In this regard, the government of Azerbaijan fully supports the initiative to increase the subscribed capital of the Bank as we believe these resources will help minimize the negative impact of the crisis on our economies as well as alleviate poverty in the region.

Mr. Chairman, Azerbaijan is very pleased with the level of cooperation with the Bank, and aims at strengthening it further. I am delighted to note in this regard the approval of an additional three loans on highway development and power generation projects totaling more than USD 400 million throughout 2008.

Despite all unfavorable conditions brought by the global financial crisis, Azerbaijan has been able to record approximately 11% (10.8% exactly) growth in real GDP for the past year 2008. It is especially pleasing to announce a real growth of around 16% (15.7% exactly) in the non-oil sector of the economy, as diversification of the economy and non-oil sector development are the primary long-term objectives of the government. The fast pace of economic growth coupled with social development oriented policies enabled the government to reduce the poverty level from 49% in 2003 to 13.2% in 2008. In addition, Azerbaijan was recognized as one of the world’s top reformers in streamlining business regulation in 2008, with seven out of ten areas measured by the World Bank’s Doing Business index showing improvement, including introduction of a one-stop shop for business start-up and a unified property registry, and a greater protection for minority shareholders.

The economy of Azerbaijan, however, is still facing some challenges that are common to every transitional economy. We are keen to further develop the partnership with ADB, cooperating closer in implementing our reform agenda to overcome those challenges. We are particularly interested in ADB’s technical assistance in the field of institutional strengthening and capacity building. Infrastructure development, specifically electric power distribution, water supply and sanitation, irrigation and road development will continue to be the focus of our cooperation with ADB in the future. Moreover, with the adoption of the Strategy 2020, which clearly puts a remarkable emphasis on private sector development, we truly hope and believe that the Bank will increase its participation and assistance programs directed at private sector companies.

Priorities of Azerbaijan – ADB cooperation shall be reflected in a new Country Partnership Strategy that the Bank needs to develop and adopt for Azerbaijan. This will enable ADB to harmonize its project processing with the Government’s priorities and project timetable. The Government of Azerbaijan is committed to closer cooperation with the Bank in the development of our economy and the region overall.

In conclusion, I would like to express our deep appreciation to President Kuroda, the Management and staff of ADB for their commitment and dedicated work in support of the fight against poverty in the region.
Dear Madame Chair,
Hon'ble Governors,
Esteemed President of ADB,
Excellencies,
Ladies and Gentlemen,

Good Afternoon

It is an honour and a privilege for me to address the 42nd Annual Meeting of the Board of Governors of the Asian Development Bank in this beautiful island of Bali. I would like to extend my thanks and appreciation, on behalf of my delegation and the newly elected Government of Bangladesh, to the Government of Indonesia for their warm hospitality, and the ADB Secretariat for the excellent arrangements made for this meeting.

I take this opportunity to express our sincere thanks to ADB for the continued support towards the socio-economic development of Bangladesh since it became a member of ADB in 1973. I record my warm admiration for President Haruhiko Kuroda for his able leadership. I also record my appreciation for his team, for the dedication and commitment in steering ADB towards achieving its core goal of eradicating poverty from Asia and the Pacific.

I have a very personal reason to feel overwhelmed while attending this meeting in the dream island of Bali. The last annual meeting of the ADB that I attended was in 1983 at Hawaii. I may also mention that I was there at Jakarta 33 years ago at the ADB annual meeting. I am elated to be back after a long absence. Meanwhile ADB has grown enormously both in its membership as well as in its volume and variety of operations. The global economy has also changed dramatically and the dominant players are quite different now. Many orthodoxies have given way to relaxed attitudes and new ideas. Also the integration of the global economy is at a different plateau. But what has not changed yet is that poverty still is a curse that just refuses to be alleviated. Human development, indeed, has come on the centre stage but investment still holds the key to growth. In 1972 Limits to Growth was only a warning, but now we confront the stark reality of climate change.
Mr. Chairman,

The global economy is now experiencing a major crisis, which many consider to be a deep and long depression like that of 1929-33. I spoke about the global crisis and the predicament of our region as well as of my country yesterday in the seminar organised by the ADB. Instead of repeating my understanding of the crisis and the way-out, I am just attaching that statement here. What we agreed on appears to be as follows:

First, we must tackle the crisis in a concerted manner
Second, We must cultivate an air of optimism in our future
Third, domestic demand must be maintained and accelerated, if possible.
Fourth, food and social security should be tackled as a priority
Fifth, employment and training programmes must be escalated
Sixth, infrastructure development must enjoy priority
Seventh, export industries must be saved from going under
Finally, restructuring of the financial system and its regulation must be carefully done.

Distinguished participants,

Addressing the challenges posed by the global economic slowdown, needs concerted efforts at the global and regional, as well as the country levels. ADB, being the Bank of the region, has a major role to play in Asia. In the past in handling the Asian financial crisis of 1997, ADB rose to the occasion and stood by its developing member countries and responded timely to their urgent needs. What we learn from the statement of President Kuroda is that ADB is prepared for helping its members in undertaking counter-cyclical measures. What I emphasized yesterday and want to stress again is that fast action by the IFIs, including ADB, must overcome the rigmarole of long and complex credit agreement procedures. We heard three inspiring and comforting statements at the inaugural session. The messages are about optimism and turning the crisis into an opportunity. If the Governments can invest in critical infrastructure and promising export industries and carry forward restructuring of the financial sectors they will be well poised for a growth thrust as the global economy picks up.

Ladies and Gentlemen,

We are happy to note that only recently ADB’s capital has been trebled allowing the institution to be of help to its member countries in a bigger way. Coming in the wake of the successful replenishment of ADF X this is good news for the borrowing countries and I express our gratitude to our development partners for their generous gesture. We appreciate ADB's increased allocation from profits to the ADF for meeting the growing demand of the member countries. We in Bangladesh are working with ADB on large infrastructure projects particularly in power, energy, bridges and transport and in social sectors and we expect intensified action. Presently we need budget support for cushioning the effects of the global crisis.

You are aware that Bangladesh is prone to natural calamities. Almost every year we are affected by various natural disasters like floods, cyclones, tidal surges and drought. We are also being threatened more by earthquakes. We welcome ADB’s initiative of establishing a disaster management facility. Following the past efforts, ADB is expected to undertake projects in Bangladesh aiming at disaster prevention and reducing the impact of natural calamities under this facility. We also expect that ADB will scale up its grant financing not only in the form of project preparatory TA, but also in the form of capacity building and other sectoral assistance.
Bangladesh is one of the worst victims of global climate change but we have been active in undertaking mitigation efforts in a sincere manner. We welcome ADB initiatives and shall be ready to receive and render all help.

In the 1980s we began to promote the private sector with a view to releasing the energy and interest of men in creative activities and gain advantage in economic well-being of the broad masses of the country. We maintained a public sector involvement in social sectors and infrastructure investments for the good of the common man. Only lately we have been attending to the process of promoting public private partnership in social and infrastructure sectors in a big way. We consider that with appropriate incentives we can expand public expenditure and its public service objective through this model of PPP. We expect ADB's assistance in the promotion of PPP. ADB is involved in the development of financial and capital markets in Bangladesh. We expect them to continue with these efforts including assistance on regulatory mechanisms and regimes for these sectors.

In this august gathering, we intend to renew our thrust on regional co-operation and also the need for early free trade in the region. We would like to compliment ADB on its projects of regional importance as well as urge them to do more in this regard.

Excellencies,

A new government assumed power in Bangladesh only in January this year. In a free, fair and peaceful election we won with a huge mandate for change – a change to good governance, to suppression of corruption, to empowerment of parliament, to mitigation of the impact of global depression and to eradication of poverty. We pledged to transform Bangladesh into a digital and a caring and prosperous country by the golden jubilee of our independent existence in 2021. The new government led by the Hon'ble Prime Minister Sheikh Hasina has a difficult task ahead as expectation has exploded in the country and good governance practices are in a shambles. With full dedication, high energy and the lofty spirit of public service we are working hard towards achieving our goal.

With subsidies and timely provision of inputs the new government succeeded in harvesting a bumper wheat crop and the harvest of Boro rice is likely to be similarly big. We are trying to design the employment programmes in such a way as to provide one job per family by the end of 2013. The social safety net we hope at some future date will turn into a national pension plan. We believe that for the welfare of its vast masses Bangladesh must give the highest emphasis to rural and agricultural development. The rural and agricultural development enterprise go hand in hand and its result is not simply higher agricultural production but development of a variety of rural production and services industry, where power supply, sanitation and healthcare, cottage and SMEs, water resource management, rural transportation and, of course, education and training all work together.

The Government is determined to continue economic and governance reforms for raising the productivity and efficiency of the economy. It is committed to eliminate corruption from the society and establish the rule of law as soon as possible. We have enacted important legislation for tackling corruption, access to information, prevention of money laundering and suppression of terrorism. To reflect the priorities and visions captured in its election manifesto, the Government is completing the revision of the PRSP-II, which was prepared by the caretaker government in October 2008. At the same time we consider digitization of government operations as a sure means of eliminating corruption and a definite measure for better and wider provision of welfare services to people.
Finally, Mr. Chairman, I would like to assure ADB of my Government's strong support and commitment to achieving the common goals of poverty reduction and inclusive development. We also hope that ADB will remain fully responsive in its support to us in meeting our development challenges and shared goals.

Thank you, Ladies and Gentlemen, for your kind attention.
Belgium
Franciscus Godts, Head of Delegation

Mrs. Chair of the Board of Governors, Mr. President, distinguished Governors, Ladies and Gentlemen,

I wish to thank the authorities and the people of Indonesia and of Bali for inviting us in this lovely island and for their warm hospitality extended to us.

The negotiations of GCI V have been completed successfully. The end result with a 200% increase is very satisfactory, although we still have the view that a paid-in portion of 4% was not the best option. However, we are satisfied because, even without the crisis, a capital increase was overdue, if we consider the size of the region and the challenges on the Bank’s agenda. We have no doubt that, in a context of performance allocation, the resources we made available for the member countries will be efficiently used.

Several major borrowing countries will have to face the reversal of the progress they made in reducing absolute poverty, while in fact this tremendous progress was achieved by a boom which was spectacular indeed but limited to some states and provinces. Those countries will now have to tackle the difficult issue of reconquering the lost ground, to consolidate and to allocate the economic growth and social progress throughout their territories. They will also have to enable people to move ahead on the social scale, or to use a European term, to set the social elevator in motion. We notice indeed that moving people from below to just above the poverty line might be the easiest and cheapest part of the job, since afterwards people get stuck at a kind of glass ceiling. Another challenge after achieving or being close to quantitative targets is now to improve the quality of the institutions and of the systems put in place. In education for example, better standards would enable workers to acquire better skills and to get better wages. They will also have to tackle burning issues of today such as the depletion of natural resources, food security, clean and renewable energies and climate change. We have all the reasons to consider that this GCI was necessary and we are confident that Strategy 2020 and the internal reforms under way will enable the Bank to help its member countries to be up to their task.

The recession triggered by the financial crisis and the discussions on the volume of assistance to provide to the more advanced economies of the region have led Management to submit a proposal to set up the Countercyclical Support Facility. When considering its purpose, the proposal is a hybrid between two measures targeting both governments with budget support and the private sector to help resume growth. We sincerely hope that the facility will mainly focus on the alleviation of the impact of the financial crisis on the most vulnerable layers of their
population. Quality, integrity, poverty alleviation and debt sustainability need to be of primary concern.

Nevertheless, we are concerned about the budget support aspect of the facility that is not fully consistent with the core mandate of a MDB and may overlap with IMF operations. On pricing we are not convinced that the correct rate is proposed, in view of the general credit crunch worldwide. We believe that a reasonable pricing should be set which better reflect the scarcity of resources. The purpose of the proposed facility is to provide liquidity to sustain growth in the region. We think that if we agree on the principle of such an intervention, 3 billion USD looks modest compared to the potential increase of resources of the IMF. Therefore a strong coordination with the IMF will be necessary and a clear distinction of the type of support has to be made.

It goes without saying that we are sensitive to the difficulties encountered by the ADF recipients in these difficult times. We welcome in this regard to provide 400 million USD from the prudential minimum liquidity. We can also endorse the proposals made by management to front-load the ADF 2009-2010 biennial allocation subject to the availability of commitment authority. The type of help needed, according to the justifications provided, means fast disbursing budget support at the expense of development projects aiming at the medium term. Together with the frontloading of the commitments of ADF-10 this might mean an exhaustion of the ADF-10 envelope and a shortening of the period covered by the replenishment which might trigger ADF-11 sooner than anticipated. ADF-11 would in any case coincide for the donors with the period where they have to reimburse the resources borrowed to fight the present crisis. This would affect their contributing capacity. In conclusion, the overall envelope on the medium term might not increase whatever the option chosen would be. Another option made possible since most of the ADF recipients were not heavily indebted would be to use more blending of OC and ADF resources where the project features allow for it.

With regard to the Bank’s institutional reforms, we do think that ADB is on the right track, however, we would like to highlight one particular aspect, namely risk management, one of our pet topics. We do think that the Bank has to speed up the process of setting up a comprehensive risk management framework, tackling sovereign and non sovereign credit risk, market risk, operational risk, treasury risk and reputational risk in a holistic manner. In this respect, ADB needs to further strengthen its risk management unit as well as the collaboration between its public and private sector operations. This is in line with the ADB business model, which rests on the preservation of the AAA rating. We would also like to draw the attention of Management to avoid a too heavy concentration on lending to the major OCR borrowers.

To conclude, Mr. Chairman, after a replenishment of ADF that set a record, the bank is now endowed with enough resources to pursue a meaningful job in the OCR recipients. Both demonstrate the trust of the member countries in the institution. However the recession arising from the financial crisis brings an additional challenge in this regard, mainly in the management of resources allocation. In the difficult times faced by the donor countries, the main answer has to be first creativity and innovation. The proposed countercyclical facility demonstrates that it is feasible to a certain extent and that we should trust the bank to come with further innovative solutions.

Thank you for your kind attention.
BHUTAN
Wangdi Norbu, Governor

Madam Chairperson, President Kuroda and Fellow Governors,

We are meeting here at a time when the world economy is undergoing a severe recession. The world economy is so closely integrated that we are all affected by it. It has rendered millions of people jobless in both developed and developing countries alike.

With respect to my own country, although it is a very small economy, and not closely integrated with the world market as others, we are also not spared. If the situation doesn’t improve, our tourism industry will suffer much more along with other sectors associated with it. Besides the fall in the foreign exchange earnings, the tourism slowdown will negatively impact our services sector, particularly the hotel, restaurants, transport, communications and also employment.

We hope that the joint efforts of the world economies will find a solution to end the recession as soon as possible. Should it persist over a longer period of time, small and vulnerable economies like Bhutan will have great difficulty in pursuing their development objectives.

Statistics show commendable achievements in our macro-economic performance over the past recent years. However, our economy is still fragile, and we have large development needs. Although we achieved good growth rates, we are still dependent on aid. Also, 21% of the population still live below the poverty line. We lack adequate infrastructure, and given our mountainous terrain, the cost per unit of infrastructure-building is enormous.

It is against this challenging backdrop that the new government has the responsibility of taking the country forward. It is a great responsibility of the first-ever democratically-elected government to nurture and lay strong foundations for democracy. The Government must ensure the trust and confidence of our people in democracy.

One of the main challenges faced by the new government is in mobilizing resources. Additional resources are required in order to meet the expectations of the people. The ability of the government to do this will be a critical test for democracy in our case. In this context, the
continued support and cooperation from our development partner is more crucial than ever before. We hope they will continue and remain engaged in their support to Bhutan.

Much as the developing countries are strenuously endeavouring to meet their development targets, new challenges keep on emerging. Bird-flu has already taken its toll, and the latest is the outbreak of the swine flu. Prevention measures and efforts to overcome such epidemics come at huge financial costs, and threaten to derail the development process. It is especially damaging to the small vulnerable economies like Bhutan. We hope that the solutions to deal with the problem can be found quickly.

Bhutan is cognizant of the importance of the role played by the G20 countries in the pursuit of economic recovery. We thank the G20 countries for pledging a vast amount of US$ 1.1 trillion to help meet the challenges thrown up by the financial crisis. We appreciate the ADB’s initiative in establishing the Countercyclical Support Fund. The pledge to provide an extra US $ 10 billion on top of the US $ 22 billion planned before the crisis is a most welcome initiative of the ADB. This will undoubtedly go a long way in ensuring the sustainability of our socio-economic development and poverty reduction efforts.

We are also grateful to the ADB for having provided to us an OCR loan in 2008 for the development of hydro-power project under the Clean Development Mechanism (CDM). This loan has facilitated and enabled us to undertake the pilot hydro-power development project. We are hopeful that many such joint venture projects would come through in the future.

We have one of the lowest greenhouse gas emissions and are committed to a development pathway that will maintain a clean and green environment. With low emissions and a commitment to maintain at least 60% of our land under forest cover, we have a net sequestration of greenhouse gases. We have conserved our forests that provide global benefits with great effort and costs, foregoing opportunities of economic benefits. Through this mechanism, we will be able to gain some rewards for our efforts in contributing to the world environment.

In light of the global economic crisis and the challenge of sustaining the growth momentum in the Asia and the Pacific region, Bhutan supported the move for a large increase in the general capital of ADB. Bhutan welcomes the conclusion of negotiations for the fifth general capital increase or GCI V of ADB. I would like to congratulate and applaud the ADB management, especially President Kuroda, on this achievement. With the financial crisis, the region will need all the additional financial input the ADB can provide. It is expected that GCI V will not only help the OCR borrowers, but also the Asian Development Fund (ADF) countries, through an increased contribution to the ADF from the OCR’s net income.

In this context, Bhutan would like to request ADF donors to also consider increasing their contribution to the ADF substantially. When the ADF negotiations were completed early last year, the global financial crisis was not foreseen. In order to sustain the development momentum, ADF countries will require much higher resources than was anticipated.
We are very happy with our relationship with the ADB. It has been responsive to our needs. The ADB, like our other development partners, has also recognized our success in the effective utilization of the resources. The flexibility and understanding shown by ADB has enabled us to achieve successful implementation of numerous projects and programmes. All of these supports have brought Bhutan closer to realizing the Millennium Development Goals.

Bhutan also welcomes the added thrust the ADB has placed on Regional Co-operation and trade facilitation. This will enable the ADB to take up more projects of regional importance to facilitate trade, investment and economic ventures in the region.

Conclusion

Madam Chairperson, Fellow Governors,

In concluding, I would like to thank and express our appreciation to the organizing team and the Government of Indonesia for the excellent arrangements and the warm hospitality extended to us.

I would also like to express our appreciation to the continued excellent performance of ADB under the leadership of President Kuroda. The Government and the people of Bhutan join me in wishing the Bank every success in its efforts to achieving our common overarching goal of poverty-free Asia and the Pacific.

Thank You.
Madame Chair, Mr. President, Fellow Governors,

I am very pleased to represent the Royal Government of Cambodia at the 42nd Annual Meeting of the ADB’s Board of Governors and would like to take this opportunity to express our deep thanks to the Government of Indonesia and the people of Bali for their warm hospitality extended to us while staying in this beautiful island. I would also like to express our sincere gratitude to the ADB’s management and staff for the excellent arrangements made for this important meeting.

We meet here today when the global economic crisis still continues to deepen and threatens to reverse the achievements in poverty reduction in DMCs. We all recognize that the impacts from a non-home-made financial crisis hit DMCs very hard. The financial crisis is turning into a human and development calamity. As a result, millions of people have been driven into absolute poverty and there will be severe consequences on people if the World Leaders fail to take collective and coordinated actions to cope with the impacts of the crisis. In this context, I believe that this meeting will be the most important gathering in the modern times for the ADB in the last more than 40 years.

The financial crisis has turned into a severe global economic crisis with global growth most likely to turn negative this year. We all face the greatest challenge with women and children from all countries affected adversely by the crisis. We are deeply concerned that there will be a disproportionate impact on poor and most vulnerable countries like Cambodia, which threatens to reverse the achievements made to date towards the MDGs. We all recognize that major failures in the financial sector and in financial regulation and supervision are the main causes of the crisis. We urge all countries to act collectively and shoulder the responsibility to mitigate the social impact of the crisis, most importantly, on the poorest and vulnerable countries. Not only the programs and policies should be put in place to arrest any decline in the MDGs but the commitment on additional resources be made available so that the targets set for the MDGs can be met in timely manner.

Mr. President, we welcome the Global Plan declared by G20 Summit recently which calls for (i) Restoring growth and jobs, (ii) Strengthening financial supervision and regulation, (iii) Strengthening global financial institutions, (iv) Resisting protectionism and promoting global trade and investment, and (v) Ensuring a fair and sustainable recovery for all. We urge the Leaders of G20 and the IFIs to act quickly and urgently to implement the measures which must
include programs to assist low-income countries to cope with the crisis impact. We welcome the strong leadership of the ADB in helping DMCs respond to the crisis as well as its legitimate role to honor the above commitments.

We are happy to note that additional resources will be made available through the IMF and the MDBs to ensure that capital continues to flow to the emerging market and developing countries to protect their economies and support world growth. In this respect, we are encouraged that agreement was reached to increase the ADB’s lending headroom which results from a 200% General Capital Increase (GCI). We congratulate President Kuroda, his staff, and the Board of Directors for the successful completion of negotiations on the GCI V. This will allow ADB to have adequate capital resources to appropriately increase the funding to mitigate the consequences of the crisis and respond to the long-term needs in the region.

Cambodia needs the increased ADF funds for assistance to the poor to improve their livelihood and avoid people sliding back into poverty. At the same time, we have to maintain our past impressive achievements in poverty reduction of more than 1% per annum. In this regard, we require not only more ADF funds, but also the design and introduction of new operational framework for quicker approval and disbursement of programs and projects on the ground. ADB must be more relevant and responsive to the need of the Asia and Pacific region. Therefore, we would welcome the ADB to look at an overall program or framework under which quick disbursing projects or programs can be formulated and implemented to meet the urgent needs of DMCs. While we appreciate the front-loading allocations of concessional resources within the first biennium of ADF X, it will not be sufficient and we suggest that a portion of the additional fund provided by G20 summit recently should be in the form of a grant or ADF resources.

Cambodia remains among the most vulnerable countries to the threat of irreversible climate change. Climate change management is as important as the finance and economic issue. There is a pressing need to support an appropriate national adaptation and mitigation strategy and plan and the funding of such a plan. We look forward to ADB’s assistance towards clean; innovative; resource efficient; low carbon technologies and infrastructures, including water resource management, agriculture and energy in the medium term. Additional resources, in the form of grant or ADF, must be mobilized to manage the adaptation of climate change.

There is a need to strengthen the relevance, effectiveness and legitimacy of the global financial institutions to help manage the crisis and prevent future crisis. We look forward to the real reform and modernization in the ADB to ensure that it can assist members effectively in the new challenges that we face today. In this regard, we would like to stress that greater voice must be given to the poor and vulnerable countries so that their needs and interests are not marginalized. We would also like to show our ownership and contribute to the changes and look forward to an inclusive process in this very important task ahead.

Cambodia strongly supports ADB’s role in promoting and facilitating regional cooperation and integration. We greatly appreciate the catalytic and leadership role that ADB has been playing in the GMS region. There is also a need for the Bank to expand and enhance intraregional cooperation through regional bodies, institutions and mechanisms such as ASEAN and ASEAN + 3. As part of the ASEAN + 3 process, we are proud of the agreement reached on CMIM that would help member countries with cushion against future global shocks.

Cambodia welcomes the assessment of the ADB’s business streamlining initiatives which covers selected business processes for country programming and strategy preparation, project processing, safeguard framework, project implementation supervision, and its internal
requirements. Cambodia expects that the revised procedures for program and project processing will require shorter time spent so that benefits from programs and projects will be quickly transferred to the vulnerable countries.

We welcome Japan's new initiative to support, in cooperation with MDBs, Asian countries to promptly respond to the financial crisis, and to strengthen growth potential and expand domestic demand.

We also welcome China's new initiative in joining efforts to tackle the financial crisis and promote cooperation among East Asian Nations.

Let me turn to the achievements of Cambodia in the last decade. As the result of clear vision and direction of Samdech Akak Moha Sena Padei Decho Hun Sen, Prime Minister of the Kingdom of Cambodia, despite some difficulties and attendant social pains, a number of positive developments have taken place in the country. These have been shown by at least two important indicators of stable economic growth and poverty reduction. Economic growth in the last decade was robust. For the last ten years, annual average GDP growth reached 9.5%. In 2005, real GDP growth reached the peak of 13.4%, and in 2006, 10.5%. In 2007 and 2008, the growth rates were at 10.2% and 6.8% respectively. In general, growth is driven by four pillars: agriculture, garment, tourism and construction. Poverty level for 1994-2004 had declined rapidly from 47% to 35%, and it has further declined to 30% in 2007.

Cambodia has tackled the crisis from two different angles – to address the financial and economic vulnerabilities while dealing with the social impacts on employment and income simultaneously. It has acted progressively in adjusting monetary and fiscal policies to stimulate growth while maintaining stability. To cope with the financial crisis, the Royal Government has released a series of targeted policy responses which, among others, consist of (i) expansionary fiscal policy measures which include budget rationalization and management and measures to mobilize and speed up the implementation of ODA financing; (ii) prudentially easing monetary policies and financial stability measures; (iii) sector supporting policies which focus on agriculture, garment and tourism; and (iv) other structural reform policies aimed at improving trade facilitations and investment climate, as well as social protection.

Excellencies, Ladies and Gentlemen, the above achievements could not exclude the efforts contributed by the ADB. In this respect, we wish to record our appreciation of the assistance Cambodia has received from the ADB. We continue to value ADB’s contribution as an effective partner and urge it to rise to the occasion and steer Asia and the Pacific Region out of this crisis.

In conclusion, we wish to once again thank the Board of Directors, Management and Staff of the ADB for their readiness to listen and respond to Cambodia's needs.
CANADA
Ken Sunquist, Head of Delegation

Introduction

Mr. Chairman, President Kuroda, distinguished Governors, Ladies, and Gentlemen:

Allow me to first thank the Government of Indonesia for graciously hosting this 42nd Annual Meeting of the ADB. Organizing a major event such as this requires a great deal of planning and would not be possible without the time, dedication, and hard work of many.

It is a particular pleasure to be in Bali, a place with its unique history and deep spiritual and cultural roots, in this largest Muslim nation in the world.

Our meeting this year takes place in the midst of a financial and economic crisis that is truly global in scale and reach, and that threatens development, poverty reduction, and economic progress. The effects of the crisis are being felt across Asia. Poor and vulnerable populations will be the most affected by this crisis. Asia’s hard won progress toward meeting the Millennium Development Goals is at risk. Canada will work with our partners across Asia to find common solutions to the crisis that will lead to paths to renewed prosperity. Our commitment to the region is also evident not only through our partnership with the ADB but to our enhanced efforts in ASEAN and APEC.

I would like to associate my remarks with those of my constituency colleagues – the Nordic countries, the Netherlands and Ireland.

The slowing of global trade has repercussions for all economies that rely on trade, foreign direct investment, and remittances for economic growth. For a healthy world economy, we need to remain open to trade and investment. We must continue to fight against protectionist measures that will create new barriers to trade and global growth.

In response to the crisis, Canada, like many of our partners, released a major stimulus package. As well, Canada unilaterally eliminated tariffs on a wide range of machinery and equipment. Canada is in a relatively fortunate position where our regulatory framework has maintained a robust financial sector which has not required intervention by the government.
G20

The recent G20 discussions highlighted the critical role of international financial institutions in dealing with the financial crisis and underscored the need to ensure their legitimacy and effectiveness for the future.

We congratulate President Kuroda for his bold leadership in drawing attention to the impact of the crisis in Asia. He has positioned the Bank as a leader in the international response to the needs of its borrowing member countries. At the G20 discussions, the Bank made a strong case for Asia and specifically for a substantial General Capital Increase (GCI) that will permit a strong and timely response. Canada’s support for this ambitious GCI reflects our understanding of the urgency of the situation and echoes our commitment in the G20 to provide the ADB with adequate resources to deal with the ongoing financial crisis, while continuing to implement its long-term strategic framework.

POVERTY REDUCTION

Poverty reduction is, and should remain, the core mandate of the Bank. I understand that the Bank proposes to frontload ADF resources and triple to 120 million USD the allocation of the Bank’s net income to the Fund. While the whole region is severely affected by the global financial crisis, Canada strongly supports the Bank’s plans to give special attention to the needs of low-income members whose poor and vulnerable citizens are hardest hit.

This has an important human face. Even in this crisis it is often women who bear the brunt of the burden. For example, they are losing their jobs in export-oriented garment factories all over Asia and the reduction of remittances is hurting female-headed households. I hope that the Bank’s commitment to gender-sensitive programming, as highlighted in Strategy 2020, will lead to appropriate responses.

REFORMS

The GCI increase will enable a significant and sustained increase in the Bank’s lending. With this higher volume of funding comes a renewed responsibility for effective delivery. Canada’s support for the GCI comes with a call to the Bank to intensify the reforms leading to a more modern and effective institution. While there has been solid progress in the reform agenda, further progress is essential.

I welcome President Kuroda’s recent initiatives on human resource management. An effective, poverty-reducing GCI to address poverty in Asia requires measures to improve the ability of the Bank to recruit, develop, and retain world-class ADB staff. I understand surveys of ADB staff indicate that they have serious concerns about transparency and merit-based opportunities. The Bank needs to address these shortcomings by building trust and empowering its staff. In this regard, we place particular importance on the development of a “people strategy” for the Bank.

On the Bank’s safeguard policy, Canada is pleased with the extensive consultations that the Bank has held with civil society to protect the environment, indigenous peoples, and those who will be involuntarily displaced by development programs. I urge you to continue this dialogue
with a view to developing safeguards that are both more efficient and do not weaken the protection given to the environment and vulnerable groups. I also hope you continue to share best practices with your member countries.

Strategy 2020 has identified private sector development as one of the five drivers of change. It is key to poverty reduction. The substantial expansion planned in the ADB portfolio will require private sector operations with a strong pro-poor, job creating impact. In many cases, this impact has been found to be modest. Moreover, often there have been weak linkages with the country partnership strategies. They need to make these linkages concrete and effective. We are encouraged by the formation of a Task Force in the Bank to look into these matters. Canada will be following closely the implementation of its recommendations.

We particularly urge the Bank, as it pursues its various programs, to focus its private sector operations as much as possible on the poorest and least developed member countries as this is where the development impact will be greatest.

**Conclusion**

I would especially like to highlight the Bank’s contribution to the reconstruction of Afghanistan. Canada values its partnership with the ADB in Afghanistan.

I would like to close by thanking ADB staff and management for their diligence in steering the work of the Bank’s members towards an immediate response to the financial crisis, while taking into account the needs of the poorest.
PEOPLE’S REPUBLIC OF CHINA
Xie Xuren, Governor

Mr. Chairman,
President Kuroda,
Ladies and gentlemen,

It is my great pleasure to attend the 42nd Annual Meeting of the Board of Governors of the Asian Development Bank (ADB) in the beautiful Bali Island. On behalf of the Chinese delegation, I would like to extend my gratitude to the Government of Indonesia for the hospitality and cordial arrangement for the participants.

Since the Madrid meeting, the international financial crisis has been spreading and the global financial markets have been afflicted by continuous fluctuations. Each economy in the world has been affected by the crisis to various degrees. Amid this unprecedented crisis, foreign trade in the Asia-Pacific Region is contracting, economic growth is prominently slowing down, and the numbers of the unemployed and the poor are increasing. In face of the severe situation and challenge, we should strengthen confidence and enhance cooperation to safeguard our economic and social stability and development.

Over the past year, the ADB has been steadily implementing the new Long-term Strategic Framework (LSF), and promoting reform and innovation of its operational policies. In order to help its developing members in this region address food crisis, financial turmoil and frequent natural disasters, the ADB has improved its lending instruments and expanded assistance scale. The ADB continues the waiver of loan charges. We would like to extend our appreciation to the ADB for its work in the past year.

Before this Annual Meeting, the ADB has successfully achieved large-scale General Capital Increase (GCI), which will not only increase the financial capacity for ADB’s future development, but also pose higher requirement on the ADB to make full use of the new capital, strengthen management and enhance assistance effectiveness. To this end, I would like to make the following suggestions.

First, strengthening efforts for financial rescue, and restoring rapid growth in this region. The most demanding task at present for the developing members in the region is to address the financial crisis. The ADB should expand the assistance scale, accelerate the disbursement process, meet the demand of the developing members on emergent liquidity in trade and investment, and support regional financial cooperation to promote stable growth in the region.
To enable our region to achieve the Millennium Development Goals (MDGs) by 2015, the ADB should be more flexible in implementing its LSF, and increase support to the developing members in agriculture, education, health and other sectors.

Second, improving assistance strategy and performance. The national conditions and development stages of the developing members in this region are different. So the ADB should improve its assistance strategy according to the specific requirements of the low-income and middle-income developing members. While increasing lending to transfer more financial resources, technology and knowledge to the recipient countries, the ADB should further streamline the operational procedure, reduce the operational cost, and deliver more quality services with low cost to its developing members.

Third, participating actively in the reform of the international financial institutions (IFIs) to promote development. To help the developing members, the ADB should first promote its own development through internal reform. It should take the GCI and LSF as an opportunity to promote its operational reform, strengthen internal governance and enhance institutional efficiency and operational effectiveness. All the members should take quick actions, show political sincerity, effectively increase voice and representation of the developing members in the ADB, and promote the development of a fair, just, inclusive and well-managed international financial order.

Ladies and gentlemen,

Over the past year, the People's Republic of China (PRC) and the ADB have maintained partnership for mutual benefits and win-win outcome. In the aftermath of the Wenchuan Earthquake, the ADB immediately rendered the Chinese government policy recommendations, technical assistance and loans, which have tremendously supported the PRC's disaster relief and post-disaster reconstruction. At the same time, the PRC has contributed financing to regional development within its due capacity, and carried out fruitful experiment on exchanging development experiences with the other ADB members. The Chinese government has supported relevant domestic financial institutions to develop cooperation in trade finance and co-financing with the ADB, thus helping the other regional developing members weather the financial storm and improve their infrastructure.

Ladies and gentlemen,

To cope with the international financial crisis, the Chinese government's basic approach is to expand domestic demand particularly consumer demand to promote economic growth. It has resolutely adopted the proactive fiscal policy and moderately easy monetary policy, and formulated a systemic and complete package plan to promote stable and relatively fast economic growth. These macroeconomic measures are paying off and positive signs have shown in the economy, better than anticipated. The GDP grew by 6.1% in the first quarter of this year, and the fixed asset investment and household consumption had large increase. Nevertheless, the PRC still faces daunting challenges such as a sharp decline in exports, overcapacity in some industries, slow recovery in industrial growth, drop of economic returns, reduction in fiscal revenue and severe pressure of employment. The Chinese government will continue to take timely and effective measures to maintain stable and relatively fast growth in light of the changes in the domestic and international economic situation.

Ladies and gentlemen,
Crisis not only poses challenges but also forces us to change. The PRC would like to work with the ADB and the other members to meet the challenges and create a bright future for the region.

Thank you.
FIJI ISLANDS
Josaia Voreqe Bainimarama, Governor

Introduction

It is my honor and pleasure to address the forty-second annual meeting of the Board of Governors of the Asian Development Bank (ADB).

On behalf of the Government of the Fiji Islands and its delegation, I join other governors in expressing our sincere gratitude to the Government of Indonesia and in particular, the people of Bali for their warm and generous hospitality and the excellent arrangements made for this meeting.

Political and Economic Developments

Let me begin by providing an update on the political and economic developments in the Fiji Islands.

Since its appointment in January 2007, the present Government has been resolute to move Fiji forward to sustainable peace, stability and prosperity.

During the period 2007 and 2008, we have made considerable progress, particularly in consolidating public finances. To restore stability, we had to implement some drastic measures to stabilize the financial sector particularly our foreign reserves. For the years 2007-2008, the average annual net deficit is expected to be below 2 percent of GDP while total debt position has improved.

Like everyone else, Fiji now has to contend with the unprecedented global financial crisis. Many developed countries are now in recession and likely to experience negative economic growth beyond 2009. World growth for 2009 is projected at 1.3 percent, its lowest rate since World War II.

Domestic Economic Performance and Outlook

In the domestic front, the impact of global economic conditions coupled with the extensive damage sustained by the flash floods early in the year has significantly affected key economic sectors, including major export earners such as tourism and agriculture. As a result of continued
poor export performance and high imports, foreign exchange reserves have been seriously strained. Our latest projection for economic growth for 2009 has been downgraded significantly to -0.3 percent for 2009.

Fiji has also been very badly affected by the rise in oil and food prices throughout 2007 and most of 2008. A gradual reduction and ceasing of preferential trade agreements have also weakened our economic prospects for the medium-term.

Our macroeconomic challenges are several. We have to lift growth sustainably, generate investment and employment opportunities. Our projected average growth of less than 2 percent for the medium-term is testimony that we will face numerous difficulties achieving these goals. At the same time, we need to protect our external financial stability, which has been severely affected by world economic conditions. While this is something well outside our control, it is a reality that we are not immune from the effects of the global financial meltdown.

Macroeconomic Policy Response

However, we have acted swiftly to the situation. In order to address the concern on growth, the Government is committed to implementing its capital programme for the year, in addition to meeting the rehabilitation demands, post-flood. Despite a credit ceiling, the Reserve Bank has made allowances for priority sector lending, as well as for export finance. The Bank also established a Flood Rehabilitation Facility to assist businesses recover from the effects of the floods.

To protect our Balance of Payments, we have recently tightened certain exchange controls. These polices will be reviewed on a regular basis. We have also devalued the Fiji dollar by 20 percent on 15 April, to strengthen demand for our exports and services (tourism) and allow domestic expenditure substitution to local goods. While this is expected to raise inflation, this is expected to subside in the next 12 months. We are also confident that Government’s National Exports Strategy and aggressive marketing of Fiji as a tourism destination will further assist our external position.

We are hopeful that the global economic recovery in 2010 will help us realize the 1.8 percent economic growth currently projected for next year.

Despite all these challenges, Government remains committed to address in a holistic way the political, social and economic constraints facing Fiji for over the past thirty years through the implementation of the Peoples Charter for Change, Peace and Progress. For the information of those who may not be aware, the People’s Charter process, as a national level inclusive and participatory undertaking, represents Fiji’s own way of addressing its deep rooted, complex and fundamental problems. The overarching objective of the People’s Charter is to rebuild Fiji into a non-racial, culturally vibrant and united, well-governed, truly democratic nation; a nation that seeks progress and prosperity through merit-based equality of opportunity and peace. Among the key pillars in the Peoples Charter is our quest for good and just governance; to grow the economy and to reduce poverty.

The Government is focused on carrying out a number of reforms with the view to modernize our governmental systems and with these we are looking to our development partners like the ADB to help us in both our structural and sectoral reforms through technical assistance and other forms of assistance available through the Bank.
Partnership between Fiji and ADB

Let me now turn to partnerships and cooperation between ADB and Fiji Islands.

At the outset, I would like to thank ADB for its past and ongoing assistance to the Fiji Islands. More specifically, I would like to express my Government’s appreciation to ADB for its continued commitment to Fiji evident in the recent approval of the supplementary loan of $36.1 million for the Third Fiji Road Upgrading Project. We thank the Bank for the continued Technical Assistance to support the reform efforts of the Government. The recent ones since we came in Government were TAs for the Renewable Power Sector Development Project; and for improving infrastructure Services. Two supplementary TAs to prepare the Economic Restructuring Program Loan and the Fourth Road Upgrading (Sector) Project were approved in 2008.

We agree and commend the Bank on its renewed focus and commitment to the region in its long-term strategic framework 2008-2020, Strategy 2020. ADB’s focus on the three pillars of inclusive growth, environmentally sustainable growth, and regional integration will, in our view, go a long way to address the new challenges facing the region while at the same time remain dedicated to its overarching goal of poverty reduction in the Asia Pacific region.

We remain confident the approval of the 200 percent General Capital Increase (GCI) will translate to increased assistance to all Developing Member Countries (DMCs) as the Bank transforms itself to increase its relevance and responsiveness to the DMCs needs as we move into the second decade of this millennium with new sets of development challenges. Fiji due to its classification in the Bank stands to benefit from the increased level of lending headroom of ADB, to address the many development challenges we are currently grappling with. We are confident that the Bank will also view favorable consideration Fiji’s request for emergency assistance for flood rehabilitation and reconstruction efforts.

We like to reassure the Bank of Fiji’s continuing commitment to honor its obligations and commitments as host country of the Bank’s South Pacific Sub-Regional Office ensure to effective and efficient delivery of Bank’s services to the PDMCs. May we also reassure the Bank that Fiji will continue to honor its loan obligations to ADB as we do to the rest of the world.

Partnership between Pacific Developing Member Countries (PDMCs) and ADB

Before concluding, we wish to thank the Bank for its renewed commitment to the Pacific. We commend the Bank and the Pacific Islands Forum Secretariat (PIFS) who have signed the first Memorandum of Understanding (MOU) for better coordinated development assistance to the Pacific. Moreover, we thank the Bank for listening to the plea of the PDMCs for increased presence in the Pacific with the recent opening of the ADB-World Bank joint field office in Tonga. We look forward to similar joint initiatives in the region in the near future. We also commend the expansion of the ADB’s private sector development initiatives in the region; with the remarkable growth in portfolio in 2008 of 63 private sector reform projects, up from 20 projects in 2007. We are similarly pleased with the Bank’s continued support to the regional development strategy, the Pacific Plan through the ADB’s Pacific Regional Operations Business Plan 2007-2011.

These are all commendable efforts and we firmly support the pledge in the joint statement of the
fourteen PDMCs and urge the Bank to do more for the Pacific DMCs in recognition of its set of unique needs vastly different from the needs of the larger DMCs. We trust that the Bank will view with positive consideration the needs of PDMCs and the mode of assistance best suited to mitigate the impact of the global financial and economic crisis.

Conclusion

Finally, we like to close in making our pledge to the Bank that we look forward to the ADB’s full re-engagement with Fiji at the earliest to support the Government in meeting its development goals and moving the country forward.

I wish ADB success in its future operations.
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FRANCE
Benoit Cœuré, Head of Delegation

Madam Chair of the Board of Governors,
President Kuroda,
Governors,
Ladies and Gentlemen,

First I would like to express my grateful thanks to the Indonesian authorities for their welcome, and to congratulate them for the excellent organisation of this forty-second Annual Meeting.

After the success of the tenth replenishment of the Asian Development Fund one year ago, the first six months of 2009 can be considered as a historic period for the Bank. Fifteen years after the last capital increase, the Asian Development Bank has again convinced its shareholders of the region’s considerable needs in its fight against poverty; of its capacity to contribute to this fight, and to manage efficiently the new resources entrusted to it by its shareholders. It should be emphasised that, in these difficult times, this required a major financial effort and a significant political commitment from the shareholders. The G20 summit, which gave the political impetus to this operation, has led to decisive progress in favour of developing economies, and France which co-chaired with Indonesia the working group on reforming the World Bank and development banks, is delighted by this result.

These new prospects for the Bank’s activity also entail new responsibilities. The demand for internal reforms is even stronger now than it was last year when the Asian Development Fund negotiations ended. Mr President, you have heard our concerns about human resources management and launched an Action Plan at the end of March. We are pleased with this step forward and will pay close attention to how the Action Plan is implemented over the coming year. There are, however, other areas where we would like to see continued progress, in particular concerning the strengthening of risk management within the Bank. At a time when non-sovereign operations are increasing, a move which we welcome, this is an essential aspect of Bank management upon which we must be extremely vigilant.

The General Capital Increase was necessary to ensure the future role of the Bank in favour of Asian economies. We are delighted that this has been achieved. The urgent task today is to protect the people of the region from the consequences of a crisis for which they bear no responsibility. I congratulate President Kuroda for his responsiveness in addressing the economic and financial crisis.
Like every other development bank, ADB will play an important counter cyclical role. The Bank has given first priority to poverty reduction and inclusive growth under its Long-Term Strategic Framework. It should continue to do so in its response to the crisis. Therefore, we fully support the proposals put forward to front-load the Asian Development Fund and to maximise the use of its liquidity reserve. Obviously, these resources must benefit first and foremost to the poorest countries. Beyond that, we will soon have to consider how to increase the contribution of ADB to the Asian Development Fund.

Besides ordinary resources, the Countercyclical Facility proposed by President Kuroda could play an important role in helping middle-income countries to cope with the crisis. The first priority for this facility is to ensure that development programs continue to be financed. Here again, ADB can set an example in articulating its new instrument with those of other international institutions, primarily the IMF, and in pricing it so that its use will remain exceptional. There is another area where France expects the Bank to set an example, namely in the fight against non cooperative behaviours in the field of fiscal and prudential policies, against money laundering as well as terrorism financing. This subject was emphatically brought to the forefront by the G20 Heads of States and Governments in London on 2nd of April, and we are counting on the Bank’s assistance to move forward on this matter.

Lastly, I wish to stress that the success of this capital increase will be measured by the Asian Development Bank's efficiency and by what it can achieve in terms of poverty reduction. In this regard, we believe it is vital to reinforce the results framework in order to take into account the new scale of ADB operations.

The practical results will also require ADB to quantitatively and qualitatively strengthen the material and human resources of its resident missions. This will also mean deepening partnerships with other bilateral institutions or funds. Agence Française de Développement is a longstanding partner of ADB, currently its third largest. France would like to see these ties to become even stronger. The range of fields for intellectual and operational cooperation is large and on the rise, thanks to the recent extension of AFD’s scope of operations towards new countries in South Asia. We hope that the cooperation between both institutions can become closer in areas as important as energy efficiency and renewable energies, water, urban transport and rural infrastructures.

* * *

The economic prospects for 2009 do not give much scope for optimism. ADB has reduced its 2009 growth forecasts for the region from 6.9% to 3.4%, and some borrowing countries could see an even greater slowdown. The cost of borrowing has increased. However, Asian countries are withstanding the crisis better than others due to their capacity to save, to their foreign exchange reserve levels, more limited exposure to toxic assets as well as their prudent macro-economic management. Indonesia, our host country today, is the best possible example in this regard. Thanks to the Bank's efforts to respond to the crisis, in particular to support trade, I hope that very soon we will be able to talk about the current crisis in the past tense. The Bank should continue its efforts to accelerate economic recovery from the crisis and, beyond that, as mentioned yesterday by President Kuroda, the achievement of the Millennium Development Goals, regional integration and the fight against climate change.

I thank you for your kind attention.
GEORGIA
Nika Gilauri, Head of Delegation

It is an honour to be at the 42nd Annual Meeting of the Board of Directors of the Asian Development Bank. Thanks to our Indonesian hosts for this warm hospitality and excellent organization of the event.

Annual meetings of the Asian Development Bank are invariably events of international significance. Yet, as we are all confronted to the global economic crisis, this annual meeting has a very different connotation.

The unprecedented efforts by governments worldwide seem to be helping to avert the worst. However, more needs to be done to pull the global economy out of the recession and to re-start growth.

Against this backdrop, the role, resources and programmatic outreach of the Asian Development Bank are to increase significantly. ADB’s national partnership strategies thus need to be front-loaded and enhanced.

For this purpose, longer-term infrastructure schemes need to be combined with more fast-track and flexible measures, such as budget support. This will ensure that governments continue provision of their core services and are able to implement fiscal stimuli measures.

Georgia fully supports the 200 percent General Capital Increase of the Bank. This is in line with the longer-term vision for ADB and its regional development role. It will also introduce greater flexibility in responding to needs of the developing members.

With the 200 percent GCI, we hope to directly benefit from a larger OCR base and to access larger ADF resource pool. We also hope to benefit from ADB’s enhanced capacity to finance private sector projects from OCR.

Supporting the GCI, we believe that we are reinforcing the right institution which has a clear vision and the intellectual capacity to implement it.

Georgia’s strong economic performance in the past years can be ascribed to a number of factors.
We took vigorous action to eradicate corruption and improve governance. Public service has gone through a thorough overhaul, with civil service reforms fostering accountability and efficiency. Our labour code reforms, deep deregulation, dramatically simplified licensing, extremely attractive tax and customs regimes, diversified energy supply and export made Georgia attractive for investment.

Cumulative net FDI as percent of GDP in 2004-2008 stood at 43%, while in the same period the real GDP grew annually by 8%. This year, the World Bank proclaimed Georgia as Europe and Central Asia’s top Doing Business reformer over the past five years.

As the small open economy Georgia’s growth has been to a large extent fuelled by the international mobility of capital. We are not sparing effort to counter the impact of the global economic downturn.

In Georgia’s case, this impact has been compounded by the Russian invasion into our country in August 2008. Russia’s continued military presence in Georgia’s two regions unilaterally violates the internationally agreed norms and principles of sovereignty and territorial integrity.

Yet this compounded impact has failed to convulse the key foundations of our economy. Reforms implemented in the past years have made us resilient. Today, the impact of the global crisis on Georgia is not as dramatic as in most countries of our region. We still have positive growth projections for 2009.

Looking ahead, the government agenda is as comprehensive as ever. It includes further lightening of the tax burden, removal of infrastructure bottlenecks, further trade liberalization and reduction of barriers to entry, provision of durable housing solutions to all internally displaced persons in Georgia, enhanced independence of the judiciary and greater media openness.

Implementation of this agenda in the current global macroeconomic context is to a large extent contingent upon support from the key international development partners.

We view the Asian Development Bank as the exceptionally important actor with the capacity and expertise to foster Georgia’s development. Our recent experience of working with the Bank has been very positive. We hope to continue along the same lines.

It is a true honour to be part of this distinguished gathering. We look forward to the successful completion of the annual meeting and to the timely and efficient implementation of its decisions.

Thank you.
GERMANY  
Karin Kortmann, Governor

Mr. Chairman,

Mr. President,

Fellow Governors,

Ladies and gentlemen,

I would like to thank the Indonesian government, President Kuroda and the ADB team for their excellent work in organizing this Annual Meeting.

We are all observing the impacts of the financial and economic crisis with great concern. While Asia's growth rates continue to be higher than population growth, we must not overlook the fact that the slower pace of economic development is robbing many people of their prospects of breaking free from poverty. Moreover, there is a risk that the crisis will undo the development progress already made.

Ladies and gentlemen,

The G-20 has lent significant momentum to the response to the crisis. Both our host country, Indonesia, and ADB have made major contributions in this regard. I would like to underline the following aspects:

- the strengthening of multilateral cooperation through an enhanced mandate for the international financial institutions;
- the commitment to the MDGs and to ODA targets; and
- the integration of a development perspective in global responses.

As a G-20 member, Germany has expressly acknowledged the key role that regional development banks play in the international financial architecture. I am pleased that a vast majority of Governors supported the decision in favor of a capital increase. I would like to congratulate President Kuroda and his entire team! Let me assure you that Germany will
subscribe the shares allocated to us as quickly as possible, so as to enable the Bank to increase its lending.

Ladies and gentlemen,

The crisis must not be an excuse for not meeting the commitments we have made on ODA and on fighting climate change. Germany will meet its development commitments. Just like World Bank President Zoellick suggested, Germany earmarked part of its economic stimulus program for developing countries.

Important G-20 decisions relate to financial market oversight and regulation. The financial market crisis has shown, not least, that the financial sector needs clear rules without any loopholes. The publication of a new list of uncooperative tax havens – which play a part in undermining the mobilization of domestic tax revenue – was overdue. Deregulation as a political strategy has become outdated – in the financial sector and, I would like to add, even beyond. Building on that, ADB can make significant contributions in its focal area of financial sector development through activities related to capacity building and to the development of regional, subregional and national financial markets, including the drafting of national regulations and the implementation of international regulations. Strong government institutions are also necessary if fair tax systems are to be established. Higher government revenue is vital to increasing government capacity for the provision of social services.

We also consider it important to resist protectionism, which would undoubtedly further deepen the global recession. This is why we are working for a positive outcome of the Doha Development Round.

With regard to climate change mitigation, issues of major importance are energy security, energy efficiency and sustainable energy supply. This is reflected in ADB’s Strategy 2020. The introduction of a low-carbon economy in Asia is vital to sustainable poverty reduction and economic development. The International Renewable Energy Agency (IRENA) set up in Bonn in early 2009 will provide significant support in this regard. We invite all ADB members to sign the Statute and to help make the Agency a success!

However, we also need to increase our development cooperation efforts in the area of adaptation to climate change. This, too, needs to be an integral element of a successful climate agreement in Copenhagen.

Ladies and gentlemen,

The painful experience of the Asian crisis more than ten years ago showed that it is, above all, the poorest who feel a crisis first and, unfortunately, longest. In this situation, more than ever before, Asia needs a strong ADB that is able to help its members effectively in pursuing countercyclical fiscal policies. Especially the goal of inclusive growth that has been laid down in Strategy 2020 is more relevant than ever before, because without such a goal we must fear growing social tensions and political instability. This means for ADB that it needs to do a good job in making this agenda operational and that it needs to present robust results. I would like to assure you that we will continue to be a close and reliable partner for the Bank in that effort.

Thank you very much for your attention.
I would like to thank the Government of Indonesia and the people of Bali for their warm hospitality in hosting this year’s Annual Meeting of the Asian Development Bank (ADB). I would also like to congratulate the successful conclusion of the fifth general capital increase (GCI V) which is timely and important to ADB to respond effectively to the global financial crisis.

In the midst of the current financial crisis, most of the advanced economies are now suffering deep recession. While the region’s financial systems seem to be largely unaffected by the first wave of the crisis, they are now overshadowed by the second wave. Specifically, the deleveraging process in the global financial market has already led to a reversal of capital flows to the region, causing abrupt fall in asset prices. The liquidity together with pricing strains is reducing private investment in the region, at a time when substantial funds are still needed to support the development requirements. This does not only pose a considerable threat to the long-term growth prospect but may also reverse the progress made towards the Millennium Development Goals over the past decade.

In response to this, G20 Leaders have committed to take firm and coordinated actions to help restore emerging and developing economies’ access to credit, and to resume private capital flows. Multilateral development banks in particular ADB have swiftly stepped up their counter cyclical assistance and to offset capital flight. In this regard, I welcome ADB’s recent measures including the increase and front-loading of financial assistance, and more flexible application of existing instruments to support investment and private sector operations in the region.

The provision of immediate and more financial assistance to developing economies in the region is definitely helpful in mitigating the impacts of the current crisis. However, these are essentially short-term responses. We need something more to lay the groundwork to maximize the long-term development and to sustain the economic growth of Asia. The crisis which involved massive failures in financial intermediation of advanced economies has highlighted the importance of efficient financial intermediation, or the disastrous consequences with the lack of it, and such lessons are relevant to all including Asia. In retrospect, should there be greater financial integration and more efficient intermediation of the huge savings of the Asian region, the region as a whole may have been better insulated from the spill-over effect of the global crisis. It may have been, in particular, more resilient against volatile international capital flows.
We definitely should not neglect the significant momentum that Asia has been gathering in regional financial integration over the past decade. Major economies in the region have made strong efforts to deregulate and deepen the financial markets and liberalise their capital accounts. Various initiatives including further development of domestic and regional bond markets, implementation of international financial standards, and establishment of regional liquidity support facility are being actively pursued. And I hope that the current crisis can provide impetus for the policy makers to accelerate their efforts on these fronts to help the region better withstand any significant external shock in future.

Being a multilateral development bank of strategic importance, there is no doubt that ADB has a significant role to play in promoting financial intermediation of the region. I am glad to see that ADB is providing valuable support to the Asian Bond Market Initiative (ABMI) under ASEAN+3 forum. A number of important projects such as the setting up of a credit guarantee and investment mechanism, and harmonisation of standards among domestic credit rating agencies, are under way. ADB has also carried out other initiatives to improve the efficiency of financial intermediation including long-term local currency financing for targeted sectors such as SMEs and the recent expansion of trade finance facilitation program to support international trade at this difficult time.

Asia and in particular the developing economies are facing unprecedented difficulties. ADB’s role in fighting poverty and fostering sustainable development of the region has never been more important. I certainly hope that ADB could continue the reforms to strengthen its operational and risk management capabilities, in order to better play its significant developmental role and to utilize efficiently the substantial increase in its resources. Hong Kong, China looks forward to contributing positively to the efforts of ADB in meeting the new challenges ahead.
INDIA
Ashok Chawla, Head of Delegation

Madame Chair, Mr. President, fellow Governors and friends,

Let me first thank our Indonesian hosts for organizing this Annual Meeting at Bali. Bali embodies our continuing relationship with Indonesia since the first century AD and I am delighted to be here today.

The Global Financial Crisis
We are gathered here at a defining moment. The global financial crisis, after its initial dramatic impact, is now threatening to rapidly convert itself into a worldwide recession. We in Asia, to a large extent, are a victim of excesses that were not of our making. Yet, paradoxically, Asia and the Pacific, where the majority of the world's poor live, runs the risk of suffering acutely.

India, like most developing member countries (DMCs) in Asia and the Pacific is responding to the crisis through a mix of expansionary monetary policies, aimed at managing liquidity stress, and fiscal stimulus packages, designed to boost demand. We are also trying to step up the pace of much-needed infrastructure investment. The challenge is in financing these projects. This is the context in which the DMCs such as India welcome the conclusion of negotiations for GCI V, or the Fifth General Capital Increase.

The Fifth General Capital Increase
For quite sometime now, India has been calling for a substantial GCI V for meeting the developmental needs of DMCs and the goals of ADB's Strategy 2020. While the needs are enormous, the overall tripling of the capital base of ADB will help ADB to not only enhance the long term availability of funds for meeting developmental needs and the goals of Strategy 2020, but also raise the short term availability of funds for DMCs to cope with problems arising out of the global financial crisis.

We can certainly feel gratified by the size of GCI V. However, this gratification needs to be tempered with the sober thought that GCI IV was in 1994 and GCI V is coming now after a long gap of 15 years. In order to remain relevant to the development needs of the region, it is essential that ADB’s resources continue to remain in step with the requirements. May I suggest that the ADB should carry out a periodic assessment of the need for funds and a GCI exercise at fixed time intervals of say 5 years, as is laid down in the Charter.

ADB Operations
Mr. President, let me now turn to some operational matters.

**Human Resources**
In the most rapidly growing region of the world, appropriate skills are also important to keep up with the rising expectation of DMCs about ADB staff-expertise. We would urge ADB to recruit the best. Only the very best can deliver the levels of performance that are required by ADB, given its enhanced role. India also calls for a major restructuring of the higher management of ADB to address the increased responsibilities that ADB will now shoulder.

**Public Private Partnerships**
The ongoing global crisis has accentuated the need and urgency of greater infrastructure development in the region. As I have stressed before, the management of the Financial Crisis will require very large public sector interventions in Infrastructure together with public private partnership (PPP) initiatives. Our experience has been that PPPs offer a number of advantages in terms of supplementing the scarce public resources, introducing specialized expertise and cost reducing technology, as well as bringing in efficiencies in operation and maintenance of infrastructure projects.

Allow me to point out though, that public-private partnerships may need more support than initially envisaged. In the current scenario, where private capital is scarce and investment appetite poor, ADB may even have to lend to the public sector in order to enable it to take on a higher proportion of the partnership. Although Strategy 2020 talks about raising the level of exposure to the private sector to 50 per cent, some flexibility may be required in its implementation.

**Safeguards**
In the negotiations for the GCI, ADB has committed itself to the review of its safeguards systems, which, in its present form, sometimes imposes onerous conditionalities, which, in turn, lead to high cost projects that are less competitive than other similar global investments. An accurate description of costs of transacting business with ADB is perhaps required in this context.

Mr. President, while updating the safeguards systems, I also suggest the use of country systems wherever feasible. We are aware that the draft of the new safeguards policy does take into account country systems, even when, in some cases, these systems are more rigorous than the one proposed by the ADB. I propose a one-time test of compatibility, followed by similar tests only when there is a change in the country systems which are considered detrimental to the displaced persons. This would lend a lot of ownership and credibility to ADB funded projects in the member countries and their constituents.

**Conclusion**
In conclusion, Mr. President, let me congratulate you and your staff for a year of remarkable achievement. During this year, not only has ADB achieved record levels of lending, but also been able to conclude negotiations for the GCI, which is a major achievement. ADB has also started a number of follow up actions to the Strategy 2020 such as the mainstreaming of the Multi-Tranche Financing Facility (MFF), preparation and implementation of the Results Framework among other initiatives.

But as newer challenges overtake us, and as ADB prepares for a quantum growth in its business operations, there would be need to tackle far greater tasks than it has ever done in its
history. As of now, only the preliminary step of structuring finances has been attempted. Despite its complexities, this was the easy part. The real task lies ahead of us.

I am sure that under your leadership, ADB will be able to achieve all that its DMCs expect of it.

Thank you Mr. President.
IRELAND
Richard O'Brien, Head of Delegation

I would like to begin by expressing the Government of Ireland’s deep appreciation to the Government of Indonesia, to President Kuroda and his staff and to the people of the beautiful island of Bali for the superb arrangements and warm hospitality they have extended to us all at this 42nd Annual Meeting.

When we met last year the region was in the throes of a crisis of food and fuel. As we gather this year the world has suffered an unprecedented economic and financial shock. The repercussions are being felt across the globe. Nowhere is immune. We have seen a precipitous decline in global aggregate demand and a substantial region-wide drop in exports and industrial production, all of which is having a disproportionate effect on the region’s poor. Weakening private capital flows, foreign direct investment and remittances have compounded the problem. The net effect is that the developing countries of Asia face a real threat of reversal to the progress achieved thus far towards reaching the Millennium Development Goals.

However, we are confident that they will have noted, as we have, that the Bank has been energetic in responding to the unfolding crisis by its approval of a historic level of loans in excess of USD$10 billion and by obtaining a substantial general capital increase. Mr. President, we commend and congratulate you and your staff for the speed and efficiency with which you have responded to the region’s huge investment and development needs.

Nonetheless, while it is clear that the increase in the Bank’s ordinary capital resources will enable it to respond to the growing demands of middle income countries across the region, we are especially encouraged by the determination we have heard at the meetings that the Bank must not lose sight of its poorest Asian and Pacific member countries. We join with others in urging the Bank to do all in its power to address the needs of these countries and to maintain its over-riding goal of poverty reduction. This is also a time for close co-ordination and co-operation between the Bank, the IFI’s and other development partners. In that regard, I want to warmly welcome the announcement by President Kuroda this morning of the establishment of an advisory group of internationally-recognized climate change experts which we are confident will make a significant contribution both towards putting the region on a path of low-carbon growth and a concerted cooperative global effort, vital to a successful outcome at Copenhagen in December.

I am conscious that I am echoing the views of others when I say that Ireland firmly believes that responding to the current crisis is not only a matter of increasing the volume of assistance...
available but also of using the appropriate mechanisms to deliver that assistance in a targeted and efficient manner. We want to be mindful of the relationship between our ability to lend and the capacity of regional client states to sustain and manage their borrowings.

The importance of the Bank’s internal reform agenda is critical. Much has been achieved and we have much on which to complement the Bank. But our work is a work in progress and much remains to be implemented in the Human Resources agenda and private sector operations. We encourage the Bank to maintain the momentum it has generated in this vital area.

The Bank’s commitment to update its safeguard policy is also a laudable initiative and I want to stress the importance that we attach to adequate environmental and social safeguards in the Bank’s operational framework.

Gender continues to be a priority for Ireland. We are keen to encourage gender mainstreaming across the range of the Bank’s operations and we welcome the timely decision of the Bank to recruit more country-based gender specialists.

We are all facing a difficult and challenging economic environment. Last year, Ireland was the sixth-largest aid donor in the world in per capita terms. Notwithstanding recent difficult adjustments to the Irish overseas aid program, this is likely to be maintained in 2009. Ireland remains very much engaged in overseas development, with a clear emphasis on hunger, food security and poverty alleviation. In January 2009, we announced that the eradication of hunger would become a cornerstone of our aid program, and the Irish Government appointed a Special Envoy for Hunger to advance the international response to the global food security crisis. We are keen to see the development of a new partnership that can put hunger at the top of the political and development agenda.

In conclusion, I would like to reaffirm Ireland’s commitment to the Bank and support for its activities. We recognise the many challenges facing the Bank both now and in the future in pursuing policies and implementing measures aimed at reducing poverty in Asia and the Pacific. Ireland looks forward to continuing to work closely with the Bank and its members to further this aim in the coming year.
On behalf of the Government of Italy, let me thank the Government of Indonesia for hosting the 42nd Annual Meeting of the Asian Development Bank (ADB) on the beautiful island of Bali. I would also like to thank Bank’s Management and Staff for the excellent organization of this event.

We meet in difficult times. This is the most severe financial and economic crisis in decades. The crisis is global and affects countries at all levels of development. Even the best-equipped economies are experiencing a contraction in economic activity and rising unemployment. Asia too is, and will be, deeply affected.

The crisis follows a period where most of the Asian economies recorded remarkable progress in both economic growth and poverty reduction. For a while, in some quarters, there was even the hope that the region could avoid the contagion. This hope vanished very soon.

In a region still plagued by widespread poverty, difficult times raise particular concerns for the most vulnerable, who suffer most from the crisis. Indeed recent advances in the fight against poverty and progress towards the Millennium Development Goals, which took years to achieve, risk being wiped out by the crisis in few months.

Economic data are likely to continue deteriorating in coming months. But the risk of a financial meltdown and economic collapse is no longer with us. We are encouraged by the tentative positive signals that are surfacing in some advanced and emerging economies. This is no reason for complacency. Yet, it is an indication that the unprecedented unity of the international response and the measures already adopted move in the right direction.

A response coordinated at the global level is necessary to restore confidence and resume growth and stability. The International Financial Institutions are a central part of the global response to the crisis. Italy supported the recent call on Multilateral Development Banks for a substantial increase in lending to help emerging and developing countries to face the sharp reduction in global growth and the drying up of private capital flows.
Against this background, I want to join the previous Governors in congratulating President Kuroda for the successful General Capital Increase. Italy forcefully and unfailingly supported this decision that allows the Bank to fully play its part in the crisis response. It substantially strengthens the capacity of the Bank to be a key driver of the development of Asia for next years.

The increase in the volume of operations following the Capital Increase will also have a positive impact on the net income of the Bank. This will in turn allow an increasing transfer of net-income resources to the Asian Development Fund to provide more munitions to the fight against poverty. Italy supports this approach and I trust that both the President and several other shareholders agree with the priority that this view assigns to the needs of the poorest countries.

In these testing times, strengthening the solidarity within the region is more important than ever. We hope therefore that other member countries join the efforts of existing donors in helping the poorest countries of Asia through the ADF.

The pressing needs of the crisis demand a sharp focus on efficiency, building on the progress made on evaluation and governance. We really need to make sure that the Bank’s resources are put to the best possible use. This requires a close coordination with the other IFIs. In particular, a close coordination with the IMF is necessary for the fast disbursement of loans through the newly proposed Countercyclical Support Facility.

The urgency of the response to the crisis, however, should not distract the Bank from its medium- and long-term development goals, which must remain the overarching objective of the ADB as embodied in the Bank’s Strategy 2020.

The continued focus on development requires, particularly in the poorest countries, a special emphasis on the social and infrastructure sector. Given the economic geography of Asia, development effectiveness also requires a greater diversification of the Bank’s operations by country.

A clearer division of labor between the IFIs is also necessary. The comparative advantages of each institution have to be evaluated with regards their field of activity and the features of its borrowing member countries. These benchmarks are relevant both to steer current lending activity and to assess the resources that are strategically required by each institution to fulfill its mandate. The latter in turn has to be constantly reviewed and exactly specified, so as to avoid overlaps, duplications, and costly redundancy.

Italy is fully aware that these objectives are not easy. Indeed, these challenges would seem daunting if the Bank could not rely on your passionate leadership, Mr. President, and on the technical excellence of its staff.

Thank you.
1. Introduction

Mr. Chairman, Mr. President, distinguished Governors, ladies and gentlemen,

It is my pleasure to address the Forty-Second Annual Meeting of the Asian Development Bank (ADB). I would also like to express my sincere gratitude, on behalf of the Government of Japan, to the Government of Indonesia and to the people of Bali for their wonderful hospitality.

I particularly welcome the holding of the annual meeting this year in Indonesia, a country with which Japan maintains very close relations.

2. Current conditions of the financial crisis and response

(Financial crisis and Asian economy)
The world economy is now faced with the worst crisis since the Great Depression. The financial crisis caused by the meltdown of the subprime loan market in the U.S. which has triggered a credit crunch all over the world spread by the globalized financial system. It has further spilled over to the real economy in other countries through a stagnation of trade, a reduction in consumption and a decline in employment, rapidly casting a shadow over the global economy.

The Asian region is no exception. Asia has been the “growth center” of the world economy. Asia and the Pacific region achieved economic growth of over 8% annually during the five years since 2003, reaching a record high of 9.5% in 2007. During this period, high economic growth enabled Asian developing countries to make steady progress toward achieving poverty reduction goals and other MDGs. While the direct impacts of the financial crisis remained moderate, Asian economies were not immune from the effects of the deteriorating real economy. The growth rate plunged to 6.3% in 2008, and is now expected to take a further dive to 3.4% in 2009. The crisis is now having definite impacts on the economies in the region.

(Japan’s Policy Package)
In order to cope with the global deterioration of the real economy, it is essential to prop up aggregate demand of the world economy through the fiscal and monetary measures of the world’s major economies. Japan has been implementing economic policy packages totaling 75 trillion Yen (approx. $750 billion), including 12 trillion Yen (approx. $120 billion) of fiscal stimulus since last October. In addition to this, Japan has announced a new “policy package to address
the Economic Crisis” totaling 57 trillion Yen (approx. $570 billion), including 15 trillion Yen (approx. $150 billion) of fiscal stimulus, which is equivalent to 3% of its nominal GDP.

Private capital flows which had been driving economic growth in the developing countries sharply declined from their peak of around $1 trillion in 2007, and are now projected to turn negative in 2009. We must assist the developing countries to mitigate the negative impacts of this precipitous drop in capital flows. Japan has introduced various assistance measures for developing countries since last year. In an effort to enhance confidence in the financial systems of developing countries, Japan led the way in lending to the IMF with a pledge of $100 billion. It further pledged $5 billion in support for environmental investment in developing countries for the next two years as well as $22 billion over the same time period to support trade finance, primarily for the Asian region. Japan further pledged to scale up its ODA to the Asian region to 2 trillion Yen (approx. $20 billion) from 1.5 trillion Yen announced at the Davos Forum this January. ADB’s recent increase of its Trade Finance Facilitation Program to $1 billion was quite timely, and we welcome that a related MOU for trade finance support will be signed shortly between ADB and JBIC.

In addition, as stability in Asian market is critically important for the region, Japan will continue its own bilateral assistance to Asian countries. We will offer swap arrangements to provide Yen in case of financial crises separate from the Multilateralised Chiang Mai Initiative (CMIM). The total amount of such Yen swap arrangements will be up to 60 billion US dollar equivalent. Combined with the contributions to the CMIM, Japan will provide in total about $100 billion of liquidity support through swap arrangements. Also, in order to maintain capital flows to Asian developing countries that are temporarily unable to raise funds through international bond issuance due to disruptions at the markets, we have decided to provide guarantees of up to 500 billion Yen, by JBIC (Japan Bank for International Cooperation) on yen denominated bonds, or Samurai bonds, issued in Japanese markets by such developing countries.

(ADB’s Crisis response)
ADB is expected to play an increasingly important role as the only regional development bank in Asia and Pacific region. ADB must take all possible measures to address the crisis, capitalizing on its accumulated wealth of knowledge on economies in the region and development policies.

Mitigating the negative impact of the acute downturn in capital inflows and the drying up of liquidity should be the most urgent and highest priority issue for ADB. Private capital flows into Asian developing countries, peaked at over $300 billion in 2007, fell below $100 billion in 2008, and are projected to turn negative in 2009. ADB should play a leading role to cushion the impacts of such a brutal reversal in capital flows, and I welcome the timely expansion of ADB’s Trade Finance Facilitation Program.

ADB’s crisis response should be tailored to the specific needs of its member countries identified through policy dialogues. In addition to quick-disbursement and front-loading of its lending, ADB should also diversify its lending instruments with increasing flexibility.

(GCI)
As developing countries in the region are likely to experience further difficulties from the spillover effects of the crisis, it becomes all the more important for ADB to fully meet the increasing capital needs of these countries. In this respect, we welcome the successful conclusion of the fifth General Capital Increase (GCI V), which increases ADB’s capital by 200%.
This capital increase of ADB, agreed for the first time in fifteen years since the last general capital increase in 1994, reflects the strong expectations of the member countries towards ADB to assist in overcoming the current difficulties. I would like to express my respect to President Kuroda and the senior management of ADB who worked exceptionally hard to lead us to this agreement since the initiation of the formal consideration of a capital increase at the last annual meeting, and expect them to use the resources efficiently to meet the expectations of the region.

First of all, ADB should dedicate all its energy to assisting emergency crisis response measures by effectively utilizing the financial resources provided by GCI-5. Considering the sheer size of the prospective private capital outflow from Asian developing countries, it is encouraging that President Kuroda has announced that ADB is going to increase its operations by $10 billion in the next two to three years. And I welcome the new initiative presented by President Kuroda at this annual meeting to quickly provide countercyclical support to respond to the crisis. We expect that ADB will proactively mitigate the adverse effects of the contraction in the private capital flows, and continue to play an active role in responding fully to the demands in the region to support private sector activities that are the driving force of economic growth.

(Japan’s response to vulnerable groups)
As the adverse effects of the crisis are expected to spill over into the real economy and expand their reach to the Asian region, it will be the socially vulnerable poor who will be hit hardest. Asia is home to more than 600 million people in absolute poverty. According to the Asian Development Outlook 2009 published by ADB, with the slow growth in the region due to the current crisis, more than 60 million people in 2009 and close to 100 million people in 2010 would remain trapped in absolute poverty.

To protect human lives, livelihood and dignity, it is critical to promote a comprehensive human security approach, which not only protects individuals and communities, but also enhances people’s ability to cope with crises through capacity development. To avoid wiping out the progress in poverty reduction achieved over the years, it is critical for ADB to protect the poor from further hardships by strengthening its efforts in supporting such activities that will directly benefit them, and also to implement all possible measures, including the front-loading of crisis response lending and the full utilization of resources under the Asian Development Fund (ADF).

Japan established the Japan Fund for Poverty Reduction (JFPR) in 2000 as a trust fund managed by ADB, in response to the devastating impact of the Asian financial crisis on vulnerable groups. Since then, JFPR has accumulated ample experience and expertise by providing direct support to the most vulnerable segment of the population in Asian developing countries. In order to support the vulnerable ride through the crisis, Japan is going to provide $100 million over the next 3 years to provide technical assistances and implement small-scale projects to directly support the poor, making use of the accumulated experience and knowledge of JFPR.

3. Long term Issues for ADB
The crisis that we face today is the most serious one since the Great Depression, and will undoubtedly be difficult to overcome. We nevertheless firmly believe that the crisis will subside in the not too distant future, with the cooperation within the region and the leading role played by ADB. Once the crisis is behind us, ADB should continue to vigorously pursue the achievement of the long-term vision of the Strategy 2020, towards the realization of “Asia and Pacific Free of Poverty”, making full use of the resources made available by the GCI-V.
As a part of its long-term effort, ADB should assist the regional member countries in rebalancing their economic structures, so that they can achieve long and sustainable economic growth supported by more balanced internal and external demand. As concrete policy measures taken by individual countries vary depending on their specific circumstances, ADB needs to tailor its assistance accordingly. For some countries it will be assisting the strengthening of social safety nets to enhance consumption, and for others it will be supporting investments in infrastructure to improve the investment climate. ADB should promptly initiate policy dialogues with its member countries to identify ways in which these countries can establish economic structures resilient to fluctuations in external demand, and how ADB can assist them. In addition, we expect ADB to continue its proactive participation in the activities for strengthening regional financial cooperation and integration such as the Chiang Mai Initiative.

4. Conclusion

Mr. Chairman, Mr. President, distinguished Governors, ladies and gentlemen,

The resurgence of Asia will undoubtedly be the key for the recovery of the global economy from the current crisis.

Under the strong leadership of President Kuroda, ADB now has clear guidance provided by the long-term strategy approved last year, a strong institutional foundation firmed up by its organizational reforms, and together with the augmented resources provided by the capital increase, the ADB has an extremely important role to play.

I strongly hope that the Asian region will have recovered from the financial crisis by the next annual meeting, and resumed firm progress towards economic growth and poverty reduction.

Thank you very much for your attention.
KAZAKHSTAN  
Bakhyt T. Sultanov, Governor

First of all, I would like to welcome all the participants at the Annual Meeting on behalf of the Republic of Kazakhstan, and express my gratitude to the Government of Indonesia for its hospitality and to the Asian Development Bank (ADB) for organizing this event.

Kazakhstan attaches importance to its cooperation with ADB at all times. ADB contributes to Kazakhstan in the areas of agriculture, water management, infrastructure, and the private sector. We are thankful to the management of ADB for the great contribution to and support of the Board of Foreign Investors, which aims to facilitate our Government policy to improve the investment climate of Kazakhstan. ADB supports the modernization of Kazakhstan’s economy and the realization of important social projects. ADB plays an important financial role in ensuring stable international economic development, and has significant influence regionally and globally. We place a high value on ADB’s support of the economic diversification of Kazakhstan and its response to the reality of the socioeconomic policy of our country.

The role of ADB as a regional integrator in Central Asia is also important, and the Central Asia Regional Economic Cooperation (CAREC) Program implemented by ADB is a practical example. Being not only Governor for Kazakhstan, but also the national focal point of the CAREC Program, I would like to say that today CAREC is undergoing an important transition towards the fulfillment of strategic tasks as planned in Kazakhstan as well as in the whole CAREC region.

Kazakhstan extends appreciation to ADB for its participation in the realization of the large-scale project in the CAREC framework on the construction of the Western Europe–Western China transport corridor. The development of this international corridor provides an impetus for the creation of socioeconomic infrastructure along this road, and will increase the attractiveness to foreign and national investors.

Kazakhstan, like other countries, is faced with the difficulties of the economic and financial crisis. Despite this, we are in a sustainable stage of development. The Government of Kazakhstan remains committed to developing the social sphere and supporting vulnerable groups in the country. Against the backdrop of a global financial crisis, the Government and Central Bank of Kazakhstan developed the “Joint Development Plan” for economic and financial system stabilization. The aim of this plan is to mitigate the negative effects of the global crisis on the socioeconomic situation in Kazakhstan, and to secure the foundation for further sustainable
economic growth. Through the program on maintenance of economic stability in our country (including the finance sector) the following joint stock companies were founded: the National Prosperity Fund, the High-Stress Assets Fund, and the Samruk-Kazyna with 100% Government ownership.

With the aim of exchanging work experience on overcoming the economic crisis, reviving output growth, rehabilitating the financial center, and forming a new economic model, the third Astana Economic Forum will be held on 5–7 July 2010 in Astana. The theme will be “Crisis Lessons and the Post-Crisis Model of Economic Development in Conditions of Globalization.” Taking into account the important role world integration processes play in development and the questions to be considered at the third Astana Economic Forum, we gladly invite you to participate.

I would like to turn your attention to the development of Almaty city as the main financial center of the Central Asian region. We are particularly interested in development cooperation between ADB and the Regional Financial Center of Almaty. The Regional Financial Center should create a conducive environment and opportunities for finance organizations to provide loans, insurance, and financing facilities for big regional business projects.

Being the southern capital of Kazakhstan, Almaty is also developing as a cultural center of our country, where different international and regional events take place. Thus, the Winter Asian Games—Aziada—will be held there in 2011.

In this regard, on behalf of the Republic of Kazakhstan, we would like to propose, and hope you will support this, that one of the next ADB annual meetings be held in Almaty, Kazakhstan.

In conclusion, I would like to join my colleagues, the other Governors, in expressing deep gratitude to the President of ADB, Mr. Haruhiko Kuroda, to ADB staff, and to members of the Board of Directors for their fruitful work during the past year. I would like to wish you all the best for the future and to assure you of the support of the Republic of Kazakhstan in the coming years.
Dear Governors, Members of the Board of Directors of the Bank and participants of the Meeting!

I have the honor, on behalf of the Government of the Kyrgyz Republic, to greet all participants of the 42nd Meeting of Board of Governors of the Asian Development Bank.

Allow me to express gratitude to the Asian Development Bank and personally to the President of ADB Mr. Haruhiko Kuroda, and to the Government of Indonesia for such warm hospitality and excellent organization of this high event.

Considering an extensive experience of the Asian Development Bank in the development of the countries of our region, it is necessary, to specifically note a significant role of the Bank in social and economic development of the Kyrgyz Republic. That first of all is directed on assistance in addressing the priority tasks of the Government of the Kyrgyz Republic by carrying out of an active policy of resolving the most important issues, by successful implementation of projects on development of transport infrastructure, agriculture, education and so on.

I would like to mention, that activity of the Asian Development Bank in the Kyrgyz Republic is based on Joint Strategy of Assistance to our country for 2007-2010, the priorities of which run in close connection with the Strategy of the Country Development for 2009-2011, that consider specific needs of the Kyrgyz Republic. They are directed on introduction of new financial instruments allowing to extensively involve free financial resources within the country; support of infrastructure and modernization of economy; preparing and providing the economy with qualified specialists; improvement of fiscal policy; social reforms; and development of regions.

Considering a geographically favorable position of the country, the policy of the Government of the Kyrgyz Republic is directed more on expansion and deepening of regional cooperation. The Government supports all regional initiatives of the Asian Development Bank, and gives a special attention to the program of the Central Asian Regional Economic Cooperation, where the Kyrgyz Republic is and will be an active member. This program will allow the Kyrgyz Republic to become an economic corridor between the North and the South, the West and the East of the Central Asian region. Through CAREC the Kyrgyz Republic hopes for the further development of trade relations with neighboring countries, for development of an electric energy potential with connection to the power market of the foreign countries.
In addition to all aforesaid, the Government of the Kyrgyz Republic strenuously works on preservation of diligence in the field of investment into infrastructure, that will lead to multiplicative effect by creation of cluster systems of accompanying businesses. Thereupon, the Kyrgyz Republic is intended to do real steps in direction of development of real sector of economy. Now the Government of the Kyrgyz Republic actively works over introduction of the system of public-private partnership that will be directed on creation of effective mechanism of cooperation between the state and the commercial companies in realizations of projects on development of infrastructure.

Today the world has faced global financial and economic crisis. This crisis phenomena exceeds all expectations. Today's crisis is often compared with the Great depression of the end of the 20-s and the beginning of 30-s of the last century. There are undoubtedly certain similarities, however there are also basic differences. During the times of globalization of the world economy, today’s crisis has touched everyone, all the countries without exception and irrespective of political and economic systems.

From the beginning of 2008 in the Kyrgyz Republic there started a slowdown of economic growth rate, owing to influence of the world financial crisis, accompanied by deficiency of liquidity all over the world, reduction of industrial outputs, mass lay-offs and sharp reduction of the forecasted rates of growth of world economy.

Global economic shocks became a period of test for the strength of economic policy of the Kyrgyz Republic which despite that, has shown sustainability, efficiency and resoluteness towards negative influence of the world financial and economic crisis.

To minimize the adverse effect of the world financial crisis on economy of the Kyrgyz Republic, the Government of the Kyrgyz Republic is implementing the Action Plan on Minimization of the Consequences of the World Financial Crisis and Preservation of the Rate of Economic Growth. Priority of resolution of problems defined along with the Strategy of development of the country by the year of 2011, will allow to provide macroeconomic stability, to keep positive rates of growth of economy with emphasis on real sector development of economy and mobilization of investments, stability of banking system and state finance, as well as, to provide necessary social protection of needy population and to stop the growth of poverty.

The increase in spendings on innovations, education and public health services, and increase of efficiency of these spheres is foreseen.

Creation of favorable investment climate is a key priority of economic policy of the Kyrgyz Republic. The Government of the Kyrgyz Republic during the years of independence made enough efforts for perfection of investment climate, by working out of mechanisms on overcoming of barriers of interfering investments inflow, reductions of level of the state intervention in economy, adoption of the effective law on foreign investments that provides foreign investors with "national regime" of conducting investment activity. Within the limits of efforts of the Government of the Kyrgyz Republic towards improvement of investment climate and business environment, we are working closely with investors. Among the Government’s achievement over the last years is improvement of indicators under the World Bank’s "Doing Business" project, by having started a wide program of investment reforms. The reforms were conducted in the areas of: starting new business, getting permissive documents in construction sphere, protecting of investors, international trade and access to lending, that consequently brought to the reforms in systems of legal regulation of investment and entrepreneurial activity. By the results of these reforms, the Kyrgyz Republic occupied the third place among reformer
countries of the world. In a rating of countries, Kyrgyzstan has risen from the 99th place to the 68th having left behind 31 country.

In conclusion, I would like to join my colleagues in other countries and to express our deep gratitude to the President of ADB Mr. Haruhiko Kuroda, to the Executive Director Mr. Ceppie Sumadilaga and to all employees of the Bank for their persistent work over the last year. I would like to wish you good health and all the success.
As I have worked as an Executive Director at the ADB for 5 years, I am truly honored to deliver a speech at this Annual Meeting.

I would like to take this opportunity to commend the efforts of President Kuroda and the ADB staff for the regional development.

I would also like to extend my appreciation to the Indonesian Government for excellently organizing this meeting here in Bali, the ‘Island of the Gods’.

Ladies and gentlemen,

Recently, the global economy has been showing both glimmers of hope and the possibility of a prolonged recession. Against this backdrop, ADB members, which have led economic growth over the world for several decades, are now suffering from the global economic crisis.

To overcome this unprecedented crisis, the Republic of Korea and other G20 members agreed at the London Summit in April to expand fiscal spending by 5 trillion dollars by 2010, to strengthen financial regulations, to reject protectionism of any form, and to reform international financial institutions.

To develop such agreements into more tangible outcomes, ADB members must also take an active role in getting the regional economy out of the recession through enhanced economic and financial coordination.

Distinguished guests,

The ADB has made diversified efforts to overcome the current crisis in the region.

In particular, the agreement in April to increase the Bank’s capital by 200% was a leading step in that the ADB was the first multilateral development bank to expand resources to help the region fight against this difficult situation.
At this juncture, I would like to stress that member countries participated in the capital increase under difficult economic conditions. Hence, I urge the Bank to step up efforts to efficiently utilize its resources committed by member countries.

In this regard, I have some suggestions for all of us.

First, the Bank should strengthen its counter-cyclical role by providing an adequate amount of liquidity to financially strapped member countries.

To this end, I propose that the Bank take concrete measures including front-loading and fast disbursing the Bank's available resources.

Second, I call on the Bank to play a significant role in facilitating trade in the region.

Specifically, I welcome the decision last March to expand the “Trade Finance Facilitation Program” initiated by the Bank.

Third, along with these counter-cyclical efforts, I would like to ask the Bank to come up with a solution to reduce poverty and to achieve sustainable economic growth in the region.

In this context, we need to remind ourselves of the vision, "An Asia and Pacific Region Free of Poverty" under the ADB's Long Term Strategic Framework presented last year.

In addition, allow me to turn our attention to another important issue, the ‘Regional Finance Architecture (RFA)’. In order to build up economic and financial stability in the region, we need to push forward discussions on this issue.

I hope the ADB continues to take a role in the process of developing the Regional Finance Architecture with ASEAN+3 countries.

In this regard, I welcome the agreement on the Chiang Mai Initiative Multilateralization and a meaningful progress in the Asia Bond Market Initiative.

Specifically, I appreciate the Bank's contribution to producing tangible results toward launching the regional 'Credit Guarantee and Investment Mechanism' at the ASEAN+3 Finance Ministers Meeting held yesterday.

Ladies and gentlemen,

Now, as a member of the G20 Troika, the Republic of Korea is actively taking part in international efforts to overcome the global economic crisis.

A decade ago, the Republic of Korea successfully overcame the financial crisis through rapid and decisive actions, thereby strengthening its economic fundamentals. In particular, we did an excellent job dealing with impaired assets.

Based on such experience, at the London Summit in April, the Republic of Korea presented general principles on clearing impaired assets to the international community.

I would like to tell you that the Republic of Korea is ready to share its valuable experience in overcoming the financial crisis, such as impaired asset resolution.
In addition, we are also ready to share our successful experience in poverty reduction and economic development through the 'Knowledge Sharing Program' established in 2004.

Distinguished guests,

The Republic of Korea and other Asian countries have successfully overcome the financial crisis a decade ago.

Such experience has given us the capability to better cope with current economic difficulties.

Based on this experience, along with efforts to enhance economic and financial coordination in the region as well as to strengthen the role of the ADB, I am sure we will overcome the current crisis in the near future.

Before closing, I would like to emphasize that the Republic of Korea will stay committed to such efforts.
Mr. Chairman
Fellow Governors
Ladies and Gentlemen

It is a great pleasure for me and my delegation to be present here in this beautiful city of Bali and to address the 42nd Annual Meeting of the Board of Governors of the Asian Development Bank. I join my fellow Governors in congratulating our chair and would like to express my deep appreciation to President Kuroda and his team for the dedication, commitment and leadership in steering ADB towards achieving its overarching goal of realizing a poverty-free Asia and Pacific Region. I would like to extend our special thanks to the Government of Indonesia and the people of Bali for their warm hospitality and excellent arrangement.

Mr. Chairman,

The failure of the regulatory, supervisory, corporate governance, and risk management frameworks of the international financial market is now impacting the real economy. Countries and families around the world are already feeling the pain. The developing countries and least developed countries are more vulnerable, with low growth, higher poverty level and unemployment and more difficulties in meeting the MDGs.

The Lao economy has seen steady progress since the implementation of the 6th 5-year social economic development plan in 2005, with the growth rate averaging 7.5 percent since then. The sharp fall in commodity prices associated with the global financial crisis is taking its toll on the Lao economy. Although the growth rate slipped slightly to 7.9 per cent in 2008 it is envisaged to decline significantly in 2009. The overall macroeconomic situation has been robust and stable. The year- to-year headline inflation continued to decline: from 3.2% in December 2008 to 1.6% in February 2009. While the nominal exchange rate of kip remains strong against US dollar and other currencies, the financial crisis is reducing capital flows considerably. The major investing countries, like Thailand, the People's Republic of China and Viet Nam are being affected by the global crisis. The slowdown in foreign investment flows and low prices of major export commodities such as copper have put pressure on the overall balance of payments and fiscal stance. The government has considered additional fiscal measures to ensure that the revenue target for fiscal year 2008-09 will be met and is sufficient to implement the socio-economic development plan.
The Lao government has taken all measures to mitigate the impact of current global financial crisis on the growth and development, and especially to the social sector and poverty reduction goals. First, we are strengthening the public-private dialogue and coordination aimed at facilitating the enabling environment for business and investment, reduce unnecessary procedure for import-export, and reduce the cost for doing business. Second is promoting domestic demand and domestic investment by increasing the credit from domestic banks. To mitigate the impact of the crisis to the poor, the government also encourages the banks to increase the lending to farmers for stimulation of the rice and cash crops, fish and live stock production especially that related to the market. In addition, the government has ordered all economic sectors to come up with new policies that will lead to an increase in domestic consumption and investment.

Although the impact of the crisis is beginning to be felt, the economy is projected to continue to grow over the next two years, with growth expected to remain within the past 5 year average in the near-term. Inflation has been at historic low in first quarter 2009 and is expected to rebound a bit but will remain within the target range. The external balance of payments is expected to remain stable as foreign direct investment continues to expand. While the pressure from the global economic crisis, the Government recognizes that challenges remain in diversifying the sources of growth and in enhancing the capacity for a more prudent public financial management to ensure the sufficient funds for priority health and education services.

To achieve the socio-economic development targets and MDGs by 2015, the Government will continue the reforms, including the continued focus of effort on stronger improvement of the business environment, more enhancement of investment efficiency, higher progress in public financial management reform particularly centralization of revenue administration and treasury and redesign the inter-government fiscal relationship, accelerating the banking sector form. On the economic integration into the world, the government has continued to reduce the tariff under AFTA commitment and push up the preparation for WTO accession.

Mr. Chairman,

Lao PDR has always supported the need for a large General Capital Increase (GCI) for ADB. This support has come from the recognition that ADB has an important role to play in Asia and the Pacific. Without the GCI, ADB as an institution could lose its rigor and responsiveness in the region. Lao PDR is, therefore, happy that the negotiations for the GCI V are now completed. The 200 per cent GCI V was the minimum that was needed to make up for the long gap of 15 years since the shareholders last increased ADB’s capital base. In this context, Lao PDR would also suggest that the next GCI, that is GCI VI should come after a gap of five years. Five years is a long time in a rapidly growing region such as the Asia and the Pacific. As the regional multilateral development bank in this vibrant region, ADB needs frequent assessments of its capital requirements.

Lao PDR welcomes the much larger transfer of resources to the ADF from the OCR net income. This will assist the poorest nations of Asia. This increase, though three times that in ADF-IX, is nevertheless only an additional US$40 million per annum over that pledged earlier during ADF-X negotiations. Given the impact of the global economic slowdown, ADF countries will need more and we request that the donors and ADB should make a fresh assessment of the needs of ADF countries.

At the same time, countries such as Lao PDR would require quick disbursements to stimulate the economic activities during the slowdown and to meet the balance of payments issues. Lao
PDR requests ADB to develop mechanisms which will allow faster implementation of projects and quicker disbursements.

Lao PDR would also like ADB to look at each ADF country from a macroeconomic point of view and consider fiscal support program in these trying times.

Lao PDR would like to pursue the options of availing alternative financing from ADB for revenue generating projects. Given the huge development requirements especially in the hydropower sector, Lao PDR would like to explore the options of receiving alternative financing from ADB including from its OCR facility. After the successful completion of the 5th GCI, we fortunately hope that ADB will be able to properly respond to the request of OCR operations from the DMCs including Lao PDR.

Ladies and Gentleman,

In conclusion, on behalf of the Government of Lao PDR, I would like to express our sincere appreciation to the Management and staff of the Asian Development Bank, and fellow member countries for the assistance given to the Lao PDR and extend the Government's continued support to collaborate with ADB in realizing tangible development results for Lao PDR. I wish the meetings a great success.

Thank you.
LUXEMBOURG
Arsène Jacoby, Alternate Governor

I first would like to express my gratitude to the Indonesian authorities for hosting the ADB's 42nd Annual Meeting.

Since the meeting in Madrid, the global financial crisis has been unfolding further, leading to a severe slowdown in economic growth, both in developing and developed countries. International trade flows have dwindled, capital flows have dried up and financing conditions have become acute. Against this grim background, the international community has mobilized considerable energy to mitigate the effects of this economic tailspin.

The Asia Pacific region has been hard-hit by the crisis, highlighting the end of the decoupling myth and provoking a dramatic increase in the number of people trapped in poverty. Reemerging from the crisis will require developing Asia to adopt policies that are conducive to rebalancing growth toward domestic sources and to make an effective and efficient use of development aid. The Asian Development Bank's (ADB) substantial capital increase, which we wholeheartedly embrace, will allow the Bank to support its developing member countries with flexible instruments and to maintain long-term development assistance based on Strategy 2020. We look forward to working with the ADB to achieve these objectives. The efforts put forth by the Bank should be complementary to and well-coordinated with the work undertaken by other International Financial Institutions (IFIs) as part of a global response to the crisis.

With the fifth general capital increase secured, we strongly encourage the Bank to pursue its critical institutional reform agenda. The adoption of a corporate results framework, the introduction of an annual Development Effectiveness Review and the review of the ADB's evaluation body are commendable developments that will need to be followed by credible implementation. Further steps are required to align the Bank's operations with Strategy 2020. Risk management will need to be enhanced to ensure the additional funds are protected and used effectively, especially in light of the ramping up of private sector operations. More sophisticated human resources management will be necessary to instill continued motivation in the Bank's highly committed staff and to achieve an adequate skill mix. Within the operational framework of the ADB, it will also be of utmost importance that the ADB's safeguards policy, which is being updated, is not diluted. We are encouraged by the commitment shown by the Bank to press ahead with these reforms and will remain vigilant in monitoring the implementation process.

Addressing the threats to economic growth and poverty reduction posed by climate change should continue to be a chief part of the ADB's mission. Today developing Asia accounts for
about one third of global energy-related carbon dioxide emissions, a percentage which is projected to increase considerably over the coming decades. We are supportive of the leadership shown by the Bank in fostering environmentally sustainable growth through its promotion of clean energy and climate change mitigation.

In line with Strategy 2020, we also strongly encourage the ADB to design a long-term approach to financial sector development. The global financial crisis has exacerbated the needs of developing member countries in terms of financial sector assistance. Based on its comparative advantages, the ADB should build capacity and provide policy advice in this important area.

Mahatma Gandhi said that poverty was the worst source of violence. His quote becomes more germane than ever, especially as the worst economic meltdown since the 1930's is affecting the poorest countries most. After the general capital increase, which will support the member countries that borrow from the ADB’s ordinary capital resources, the Bank's poorest members will also need further assistance. Such assistance will require a joint effort by the ADB and its entire membership. Luxembourg is ready to play a constructive part in this process. In the same vein, we urge the Bank to increase its poverty focus and to continue assessing the social impact of the global financial crisis in order to identify the best ways to alleviate it.
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MALDIVES
Ali Hashim, Governor

On behalf of the government of the Republic of Maldives, I would like to express our deep appreciation to our host, the Government of Indonesia for hosting this 42nd Annual Meeting of the Asian Development Bank (ADB) in this beautiful city of Bali.

It is a pleasure for me to be here at my first meeting representing the democratically elected government headed by His Excellency President Mohamed Nasheed.

The country has gone through a rapid transformation with its first multi-party democratic election held last year. The subsequent smooth transition shows the spirit and resolve of Maldivians to the democratic process. However, expansionary fiscal and monetary policies in the past have led to huge fiscal deficits during the last two years. Efforts to reign in the deficit and the associated costs to the economy are currently being exacerbated and made more difficult by the current financial and economic crisis.

I consider it my duty to express deep appreciation to the Board of Governors for the strong support extended by ADB to the people of my country at this difficult time. I also wish to place on record the generous assistance received from member countries, which will restore the established confidence in our development efforts, provide momentum to our growth and sustain the newly established democracy.

Your Excellency, Ladies and Gentlemen,

The Maldives is heavily dependent on imports for meeting its basic food needs. Let me present a few features of the Maldivian economy. The Maldives GDP has continued to increase steadily as the impact of the tsunami has started to fade out with recovery from all the sectors since 2004.

However with the onset of the global downturn in mid September 2008, the Maldives economic growth started decelerating. Tourism sector grew only by 3% against the projected 12.4%. The fisheries sector also declined by 2.6%, as a result of increasing fuel prices and low catch levels. Growth was at 5.8% while inflation reached double digits (12.4%).

Even though the initial estimates was that the current global financial crisis will have limited impact on the Maldivian economy, recent statistics show that it will cause significant effects and
could be more severe than anticipated. Consequently, the economic forecasts for 2009 to 2011 have been revised downwards. The most recent growth forecast for 2009 is -1.3% with contraction in tourism, construction and trade sectors by 10.5%, 24.2% and 3.2% respectively. According to some opinion that the global recession may abate somewhat in late 2009; this would translate to improvements in tourism and construction sectors. Thus growth for 2010 and 2011 are estimated at 2.9% and 3.8% respectively.

We urge ADB to urgently act and make available alternative financing mechanisms to assist Developing Member Countries (DMCs) to cope with the effects of high inflation and strained balance of payment positions. The initiatives under the GCI are timely and welcomed by us, but let us not forget the needs of the DMCs following this increase. His Excellency the President of the Maldives has recently announced intentions for the Maldives to become a carbon neutral nation within the next 10 years. I wish to invite support of the ADB in addressing this through the environmental safeguards strategies of GCI.

Your Excellency, Ladies and Gentlemen,

The Maldives is currently going through a period of progressive economic, social and political transformation, and the government intends to deliver on its pledges to foster economic development through a more efficient system. It has, therefore, embarked on a process of regionalization and decentralization to reduce government bureaucracy to a substantial level, thereby increasing the level of public participation.

New measures have been taken to increase government revenue and to reduce, though extremely hard during this year, government expenditure. Such measures, as the corporatization of existing public enterprises, the creation of joint public private partnerships (PPPs) and seeking foreign direct investment (FDI) will reduce the burden on the public finance.

To this end, we wish to invite ADB and other financial institutions to assist the Maldives through their private sector financing windows.

On the fiscal front, the declining and highly vulnerable domestic revenue sources, combined with sharp increases in expenditures over the past two to three years, have led to unsustainable deficits, which have been largely financed through domestic sources, mainly through borrowing from the central bank. The option of borrowing from the public has not been possible, due to the absence of a well-developed financial market, and government debt instruments. The new government is seeking to develop the financial market in the short-to-medium term, and introduce debt instruments which could be purchased by the public.

Your Excellency, Ladies and Gentlemen,

Finally, I would like to emphasize the importance of developing further partnerships with key international institutions and strengthening regional cooperation. The Maldives greatly appreciates the assistance from development partners to support our development goals. We urge the Asia Pacific region to undertake progressive initiatives to combat the negative consequences of the financial crisis.

We believe, a regional fund could be set up that could be availed by member countries impacted the hardest. We believe, technical assistance could be provided to DMCs to better understand and deal with the implications of the economic and financial crisis. We believe TA could be provided to set up a framework for monitoring of private sector debt and contingent
liabilities. We believe, a fund could be set up to provide assistance to banks in the region, as the effects of the crisis are spread from the developed markets to the DMCs.

As our former Governors have called upon ADB, let me also reiterate the importance of the increased representation of developing member countries to the deliberations around ADF resources, as being an observer is no longer a remedy for effective participation in such crucial discussions.

Your Excellency, Ladies and Gentlemen,

In this regard, I wish to gratefully acknowledge ADB’s revised strategic framework for private sector development and the management’s efforts to mobilize additional ordinary capital resources (OCR) for private sector financing. We thank the ADB for its contributions and support to the Maldives government and for recognizing that Maldives and other small island states are among the most vulnerable to the consequences of the financial crisis and economic crisis.

Thank you
MONONGALIA
Sangajav Bayartsogt, Governor

Honorable President Haruhiko Kuroda,
Mr. Chairman, Governors of the Asian Development Bank, distinguished guests, ladies and
gentlemen:

It is my great honor to be here in the beautiful island of Bali and to address the 42nd Annual
meeting of the Board of Governors of the Asian Development Bank (ADB). On behalf of the
Mongolian delegation, I would like to express my sincere gratitude to the Government of
Indonesia for the warm welcome and gracious hospitality extended to us in Bali.

This year's meeting coincides with a very important event for ADB and all its member countries –
the endorsement of the resolution on ADB’s Fifth General Capital Increase. We welcome and
fully support ADB’s decision to increase its general capital in order to effectively implement
Strategy 2020 to achieve its vision of a region free of poverty. This opportune decision will also
enable ADB to respond to the needs of its developing member countries affected by the current
crisis.

The global financial crisis, which started in 2008, has had an adverse impact on our country as
well. Its impact on the real economy entails a setback to the hard-won gains in the previous
years in boosting economic growth and achieving progress towards the Millennium
Development Goals. In fact, in some cases, we might see a reversal to what we had already
achieved. The crisis has compelled an awareness and recognition that it is necessary for us to
reconsider and determine our development policy with a fresh perspective and employing a
different paradigm.

The Government of Mongolia has adopted a robust package of economic policies designed to
restore health to the country’s fiscal finances, to allow for a more flexible exchange rate, and to
address weaknesses in the banking system. In order to support our economic stabilization
program, the IMF approved an 18-month Stand-By Arrangement of SDR153.3 million. Taking
this opportunity, I would like to express our appreciation to ADB, World Bank, and the
Government of Japan for coordinating with the IMF to harmonize support measures for
Mongolia. We would always carry memories of assistance and support, rendered to us by our
donors and partners to overcome difficulties and hardships at different periods.
We provide full support to the proposed ADF crisis response measures. For many ADF-only countries, who have limited access to commercial credit, assistance from bilateral and multilateral partners such as ADB is a major source of investment in public goods in addition to domestic budgetary resources. Accordingly, additional funds, to respond to the crisis, from the prudential minimum liquidity would be highly appreciated in the current situation. We urge ADF donors to make additional voluntary contributions in order to provide precious support to ADF-only countries in overcoming the current financial crisis and meeting vast development needs of these countries.

Let me conclude now by extending my sincere appreciation to the Indonesian Government, to President Kuroda and all staff of ADB for the excellent arrangements for this year’s Annual Meeting.
Mr. Chairman, Fellow Governors, Delegates, Distinguished Guests, Ladies and Gentlemen,

It is indeed a great honor for me to represent Myanmar and have the opportunity to address the 42nd Annual Meeting of the Board of Governors of the ADB. First and foremost, I would like to take this opportunity to thank the Government and the people of the Indonesia for hosting this event at this beautiful island of Bali and for extending a very warm welcome to us since our arrival. I would also like to thank the management and staff of the ADB for the efforts made for the success of this Annual Meeting.

May I congratulate the chairman for his election to the chair. Mr. Chairman with your wide experience and under your guidance, I am certain that the meeting will be a very fruitful and successful one.

We meet here today, at a time, when the global economy has slowed down as the credit crunch hits the world’s economies. Most of the advanced countries and some of the emerging countries are now in recession. Needless to say, there are many risks and challenges that all the countries need to overcome in order to recover from this once in a lifetime crisis and be again on the right track and accelerate economic recovery. In this context, it should be emphasized that global collaboration and cooperation are needed and moral responsibility is also essential for the benefit of all the countries.

I would now like to take the chance to inform the economic development of Myanmar. Myanmar is now implementing its Fourth Five-Year Short-Term Plan spanning from 2006/2007 to 2010/2011 with an objective of maintaining the sustainable growth momentum already achieved throughout the previous years. Agriculture remains the mainstay of our country. However, Myanmar intends to industrialize the country and as such, Industrial Zones have been established. The government is also making efforts for equitable development of the country and for narrowing the development gap to reduce poverty and uplift the living standards of the population.

For equitable development of border areas and rural areas, the government is implementing five development tasks for rural areas. The five rural development tasks are development of transport, water supply for drinking and cultivation purposes, uplift of education improvement of health care services and development of the rural economy including the agriculture and livestock breeding business.
In the course of implementation, Nagis Cyclone hit Myanmar on May 2, last year. It has been a year since Myanmar faced serious consequences of the unexpected natural disaster. However, Myanmar managed to recover from the catastrophe, and was able to overcome many adverse effects in a short time due to the efforts made to attain early recovery with the help of international organizations and friendly nations and with the conscious cooperation by the people. At this juncture I would like to thank all the countries and organizations which quickly assisted Myanmar in its time of need. We truly appreciate their assistances and aids which are still coming.

The government is also working diligently to improve the economic, education, health and social infrastructures and to complete a road network project for reconstruction of the storm-hit areas.

Myanmar has a moderate population, with abundant natural as well as capital and human resources. Regarding education sector development, expenditure on education sector has been increasing year by year. The total number of high schools, middle schools and primary schools in 2008 had increased by 200.69%, 67% and 16% respectively compared with 1988. The government is building more and more schools for easy access to education and to generate opportunities for the youth in rural areas.

Please let me turn to the health sector where the government has taken necessary steps for development. In this connection hospitals and dispensaries have been constructed and appointments of skilled health staff have also been increased. Myanmar has laid down the objectives to enable every citizen to attain full life expectancy and longevity and to ensure that every citizen is free from disease. In this regard we have always been working closely with UN agencies, International NGOs and neighbouring countries to achieve the health objectives of the country.

In order to minimize the poverty gap, the government is fulfilling the requirements of the education, health, social and economic needs of local people and giving priority to the harmonious development of all national races. Therefore, it can be said that we have made significant progress in order to fulfill the MDGs.

Public confidence in the banking system is relatively strong, due to our strengthened supervisory and regulatory efforts as well as further efforts at preventing money laundering and financing of terrorism through banks. Our external position has improved and turned into surplus for more than 5 years which have resulted in increase in gross foreign reserves. In the absence of external financial assistance for more than two decades, we had to rely mainly on our resources for the necessary infrastructure development expenditure, therefore the public sector budget has been in deficit for some time. The authorities have every intention to reduce the budget deficit gradually and efforts have been made to bring down the inflation rate. It stood at 24.1 per cent at end of December 2008.

At this point I should mention that Myanmar is not yet fully integrated into the global economy, so the impact of the global financial crisis has not directly affected Myanmar's economy. However there is no country that can be immune from the consequences of the global financial crisis. Therefore, Myanmar is facing indirect adverse effects of the crisis, such as decline in trade, foreign investments and tourism, although, it is expected that the effects will not be as bad for our country as others.
Myanmar is trying to service its debt in a timely manner. However due to the absence of international financial assistance, for more than two decades we sometimes face difficulty in making payments. So I would like to call on for donor countries and international financial organizations such as ADB, to consider debt relief for Myanmar.

As have been stated, Myanmar has been striving for its development on its own resources for more than two decades. I would like to take this opportunity to encourage the international financial organizations to resume normal relationship with Myanmar as their assistances would help in accelerating Myanmar's development at a faster pace.

We therefore call on the countries that have imposed economic sanctions on Myanmar, to lift the sanctions that they have imposed. Whatever the outcome, Myanmar stands ready to collaborate and cooperate with international and regional organizations in order to ensure progress, prosperity and sustainable development for not only for our country, but also for region and consequently for the world.

Before concluding, I would like to once again thank the people and the government of Indonesia for making our stay in Bali a very memorable one.

Thank you.
Mr. Chairman,
Fellow Governors,
Distinguished Delegates!

It is my privilege and honor to address this 42nd Annual Meeting of the Board of Governors of the Asian Development Bank (ADB). I would like to express my sincere appreciation to the Government of Indonesia for hosting this event and for its warm hospitality to myself and my delegation. I would also like to express my deepest gratitude to ADB for being a truly responsive development partner of Nepal for over 40 years now.

Nepal has supported ADB’s long term vision “Strategy 2020” with a target of reducing the number of poor people to 2% by 2020 basically focusing higher investment in infrastructure. However, I would like to remind ADB to consider the fact that agriculture, as it is the source of livelihood for many people in Asia, should also be one of the key areas to achieve this result.

We are happy to note that after the successful negotiations for the tenth Asian Development Fund (ADF) replenishment, the sideline meeting has been organized during this annual meeting to discuss on ADF X implementation plan in the context of mitigating the harmful impact of the global financial crisis on ADF countries. I hope ADB will adopt an innovative and flexible approach towards DMCs during the implementation. I understand that ADF is allocated based on performance. However, I would like to request ADB to consider the country context in developing the performance indicators as a one-size-fits-all approach is not suitable for all countries.

The global financial crisis is hitting both the developed and developing countries. The implications may be severe for the less developed countries affecting their growth, poverty reduction efforts and economic stability hitting hard on the poor and vulnerable and the private sector. Nepal is not an exception, although we have not been seriously affected as yet. I urge the international community to maintain or increase the development assistance, assist in private capital flows and adopt supportive trade policy in favor of the developing countries. The role of international financial institutions like ADB is immense. I thank ADB President Mr. Haruhiko Kuroda for taking special initiative of forming a Task Force to coordinate, watch and identify the areas to respond to the crisis including increasing ADB’s support to its member countries.
I have equally understood that ADB requires more resources to perform its role in such a situation. A General Capital Increase (GCI) could be one of the approaches for ADB. Therefore, we have supported the option to increase its capital base by 200% expecting higher level of investment in infrastructure and energy sector to DMCs including enhancing its capacity to respond to the crisis. Equally important is to ensure a mechanism for increasing the voices of recipient countries so that the ownership would be enhanced in ADB’s operations.

We welcome ADB’s new energy policy through which, I hope, ADB will prioritize and broaden its efforts to promote clean energy projects addressing the challenges of environmentally sustainable growth, global warming and climate change. Nepal has huge potential in hydro power which is one of the top priorities of the present government. We need all public, private and public-private investment from external and domestic sources to put this resource into productive use.

Mr. Chairman,

Let me now briefly highlight political and economic development in Nepal. Since we met last year, Nepal has gone through a dramatic transformation. After the successful completion of the Constituent Assembly election, the country has been declared a Republic in the most peaceful manner. A new government has been formed with popular mandate of drafting a new constitution in time and restructuring the state and taking forward the peace process. The Constituent Assembly is moving forward with a schedule of writing a constitution in time. Meanwhile, the government is pursuing an aggressive development agenda, which is necessary if we want peace to sustain.

The government is focusing its attention to agricultural transformation without which rural poverty cannot be reduced. The economy has not been able to create adequate jobs in the past, consequently there is a huge youth unemployment problem. This is exacerbated by a lack of adequate skills enhancement programs. Therefore, making appropriate intervention to create additional employment opportunities remains a high priority for the government. This includes creating a better investment climate, and increased government investment on physical infrastructure necessary for increased private sector involvement. Government has also come up with Youth Self-Employment Fund Scheme to promote youth entrepreneurship. Hydro-power and tourism development remain equally important and Nepal has always accorded high priority to education and health.

The general economic outlook for the current fiscal year remains satisfactory. The economy is expected to grow by about 4 percent. Inflation remains high for most of the year, but in recent months it is on the declining trend. Government revenue performance has been impressive with over 35 percent growth over the preceding year. The fiscal deficit is very low. In spite of low exports, foreign exchange reserve remains satisfactory largely contributed by remittances.

Mr. Chairman

In three years time, we will make sure that Nepalese will be able to lead a decent and respectful life deserving of what we call the twenty-first century. And in three years time, we will have brought the ongoing peace process to a full logical conclusion by fulfilling the commitments made in the Comprehensive Peace Accord 2006 and other subsequent agreements, which however, will not be successful without matching economic prosperity and well-being in the
country. Nepal needs economic transformation. People have high expectations. Giving a message of peace and development to the people in the country and outside is very important at this juncture.

We are planning to organize ‘Nepal Development Forum’ meeting on May 12 – 14, 2009 in Kathmandu. We have invited bilateral donors, multilateral agencies, international aid agencies, and EXIM Banks to participate in the meeting. We are expecting a high level participation from all development partners. We will be discussing Nepal’s strategy for peace and economic transformation and will seek international cooperation to implement the strategy.

The present ADB annual meeting is held at a time when the world economy is facing the worst crisis in decades. I hope the deliberations here would help bring about a common understanding on the way forward. I wish this meeting all success and once again thank the Indonesian government and people for all they have done to make this meeting a success.

Thank You!
Mister Chair, Mister President, Ladies and Gentlemen,

Allow me to express my deep appreciation to the Government of Indonesia for hosting the Asian Development Bank’s 42nd Annual Meeting. Indonesia and the Netherlands are important political, economic and cultural partners. In a way, our relationship is reflected in the Asian Development Bank, an organisation where regional and non-regional members share the same aspirations.

I will focus on three issues: the financial crisis, the approved General Capital Increase, and the ADB’s internal reform agenda.

1. First, the financial crisis. This crisis, which originated outside of Asia, is making itself felt throughout the region. Asia has made progress faster than any other continent towards achieving the Millennium Development Goals, but this success risks being thrown off-balance. With budgets for Official Development Assistance under pressure, exports and remittances decreasing, and commercial banks hesitant to provide fresh loans, this is the moment for multilateral development institutions to step in. The Asian Development Bank has a crucial role to play here, and it is doing so, both quickly and capably. The Netherlands attaches particular importance to facilities and measures that address the needs of low income countries, especially ADF-only countries. These countries have limited means to take counter-cyclical measures and to protect their most vulnerable citizens. That is why we welcome the proposed increase of the net income allocation to the ADF, as well as frontloading ADF-resources within the 2009/2010 window.

So our key message on the financial crisis is: ADB, well done so far, keep it up, and focus particularly on your poorest members.

2. Our second issue concerns the General Capital Increase. Mister Chair, we fully support a GCI by two hundred per cent. It should be clear that Strategy 2020 and the Millennium Development Goals must guide the use of the expanded resources. Let us not forget that poverty reduction remains the overarching goal of the ADB’s activities. The Corporate Results Framework and regular Development Effectiveness Reviews will enable us to monitor the implementation of Strategy 2020. Besides poverty reduction, we will continue to pay close attention to the ADB’s activities in the areas of climate and energy, growth and equity, gender, and fragile situations.
The key message here is: while we are satisfied with the additional capacity given to the Bank through the GCI, do continue to keep in mind your poverty focus and the MDGs.

3. Mister Chair, the crisis and the GCI should not make us lose sight of the ADB’s internal reform agenda, the last issue I would like to address. This agenda is essential to the success of Strategy 2020 and the ADB as an effective development bank. Concerning the Safeguard Policy Update, we appreciate the efforts of the ADB to ensure a broad-based and inclusive process. While it is important to streamline the safeguards procedures and to reduce time-consuming inefficiencies, the current safeguards must not be diluted. We support the latest draft presented by Management, and hope that this will be taken up soon by the Board.

The biggest internal reform challenge in our view concerns the implementation of the Human Resources action plan. Timely progress according to the action plan, especially in developing and implementing the ADB’s people strategy, is of key interest to us. We also believe that developing country ownership, as envisaged by the Paris Declaration and the Accra Agenda for Action, will require further delegation of authority and responsibility to Resident Missions. It is at the field level, in the countries themselves, where the Bank can best adjust its interventions to the priorities of these countries.

So on the internal reform agenda, our message is to the Bank is: implement fully your Human Resources Action Plan so as to be able to play fully your essential role in the region.

Finally, I would like to draw your attention to the fact that our Minister for Development Cooperation recently published a policy paper on multilateral development cooperation. The core message is that the growing interconnections between the different challenges facing humanity require strong multilateral institutions. We must address these challenges together: there is no other option. The multilateral channel will receive more attention and more funding in our development policies. We will stimulate multilateral organisations to improve their cooperation and division of labour, ensure alignment with developing country systems, provide clear results frameworks and reporting, and increase the quality of their human resources. If some of these themes sound familiar, it is primarily because the ADB is often ahead of the curve in its efforts to become a more effective development organisation. And we stand ready to continue our support to this endeavour.

Thank you.
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NORDIC MEMBER COUNTRIES
MARJATTA RASI, Governor for Finland

Madam Chair,

On behalf of the four Nordic member countries – Denmark, Finland, Norway and Sweden – let me begin by expressing our appreciation to the Government and people of Indonesia and for the excellent facilities and organization of this meeting.

At this convention centre in Nusa Dua, in November 2007, the 13th Conference of the Parties of the United Nations Framework Convention on Climate Change approved the historic Bali Action Plan. All member states, many of which are represented here, undertook the ambitious goal of negotiating and delivering an agreement by the Copenhagen conference to be held in December this year.

Today we meet here in difficult and critical times. The world economy is this year likely to face its first outright contraction since World War II. Global trade is shrinking rapidly, and credit is extraordinarily difficult to obtain for even the most credit-worthy borrowers. After several years of progress, most developed countries are in recession and most developing countries have been hard hit by a crisis which they did not start themselves, and these parameters hold true in Asia as well. The global crisis has shown the many interlinkages between the poor and rich countries. Those same interlinkages can be used to overcome the crisis by coherent and cooperative action.

Madam Chair,

Multilateral institutions not only have a central role in providing much needed financing but are also fora for policy discussions and a platform for coordinated and coherent action. The Nordic countries welcome the swift measures taken by the Asian Development Bank to combat the crisis by acting counter-cyclically and providing the member countries with additional resources, analysis and advice.

But even in the midst of a global crisis it is imperative not to lose sight of the Bank's two key long-term objectives: achieving the Millennium Development Goals and the implementation of Strategy 2020. As we have repeatedly underscored, the Nordic countries fully endorse the main vision of ADB which is to reduce poverty and secure inclusive growth. Consequently, even the short-term crisis-measures should have a demonstrated development impact.
The Nordic countries endorse the capital increase of the Bank and welcome the possibility of frontloading of resources from the Ordinary Capital which may enable it to respond to the crisis by an additional USD 4-6 billion this year. The agreement to triple the capital stock is an important demonstration of international cooperation and support for the developing countries in the Asian-Pacific region.

But while a capital increase will provide the ADB with the means to increase its assistance to middle-income countries and the so-called blend countries, it will not provide assistance to the poorest countries that can only obtain assistance from the Asian Development Fund. Our Delegations are concerned about this group of countries which in fact may be most difficult to assist due to capacity and debt sustainability challenges. We welcome the plan to frontload responsibly ADF resources upon request and support the proposed tripling of the transfers from ADB’s net income to ADF X.

It cannot be underscored enough that women play a crucial role in the economic recovery as drivers of change. Continued efforts in the areas of gender equality and women’s economic empowerment will be necessary to secure a broad based economic recovery.

The Nordic countries strongly believe that the overall response to the current crisis must be seen in the broader context of poverty reduction and climate change. We should use this opportunity to invest in a greener economy, and to ensure that development is ecologically, socially and economically sustainable. In the field of climate change, the Nordic countries consider that the main challenge for ADB is to integrate climate in all investments and promote green growth. Investments must as far as possible include adapting to, and mitigating, climate change and reduce greenhouse gas emissions. In this context, we would like to applaud the Bank for its important work on regional public goods, such as combating water pollution and acid rain.

Within the energy sector we especially encourage ADB focus fully on renewable and clean energy. Investments in fossil fuels should only be pursued if the best available technology is used and if other options are not feasible.

In this time of financial downturn, all countries need to have a fresh look at its priorities and sources of funding. Large amounts of money are drained also from this region – illegally or by exploiting tax loopholes. Such losses should be of great concern to national authorities and to ADB, requiring attention both to legislation and capacity, as well as international cooperation in how to strengthen the financial system and reduce illicit capital flight.

Madam Chair,

With the capital increase process now under way and the volume of operations expanding, our Delegations are concerned by the fact that the Bank has still a large unfinished reform agenda. ADB must follow through on the implementation of important reforms, including the Human Resources Action Plan, the recommendations of the task force on private sector development, the strengthening of the Bank’s risk management capacity, and the integration of the results framework into its basic management processes. The annual preparation of a Development Effectiveness Review should in the future be a primary instrument for the planning and monitoring processes. We attach the greatest importance to the sustained and effective implementation of all these reforms.
Furthermore, we would like to stress the need for maintaining rigorous safeguard policies for ADB’s projects aiming at the protection of the environment, indigenous peoples, and those that are to be involuntarily resettled in the context of Bank-supported projects. We urge the Bank to ensure that the end result represents an overall improvement of safeguards and increases the protection of the vulnerable and the environment.

ADB took an active part in the third High Level Forum on Aid Effectiveness that was held in Accra in September last year and has committed itself to the Paris Declaration and Accra Agenda for Action. We look forward to observing, in the time to come, how this agenda is implemented in practice by the Bank.

In conclusion, Madam Chair, let me state that the Nordic countries are confident that ADB will continue to develop and be relevant, both in situations of crisis and in long-term development, by providing solutions for its developing member countries and working responsively to its shareholders.

Thank you, Madam Chair.
NEW ZEALAND
Mike James, Head of Delegation

Fellow governors and delegates, New Zealand would like to extend its appreciation to our hosts the Government of Indonesia, to the ADB President and his staff and to the people of Bali. Their hospitality, and the arrangements for this meeting, have been excellent.

We meet at a challenging time. We face a swiftly moving and very serious financial and economic crisis affecting every country in the world. Many people in the Asia-Pacific region remain in poverty, or risk slipping back into poverty, and are vulnerable to the worst effects of the crisis.

The Asian Development Bank has a unique role at this time. As a trusted regional partner, the ADB is able to support poverty reduction and the continuing development of effective private sector markets, helping ‘steady the course’ of our region through this turbulent time.

Many countries are now facing significant economic hardship as a result of the financial crisis. In response the Bank has outlined a programme of lending that implies countries’ rapid consideration of their GCI subscription level. We know that many countries will respond to this call with early commitments.

The GCI process has not been as fulsome, and potentially not as representative, as would normally have been the case. Given the extraordinary circumstances of the economic crisis and the extensive discussions that had taken place in other fora such as the G-20, this is understandable, though it is far from ideal. The subscription decision, however, will be individual to each country.

In voting for the GCI, New Zealand wishes to support the ADB’s role in the region, allowing the Bank to continue its development activities through the financial crisis, and allowing those countries that are able to provide additional capital. This sentiment is wide-spread. However, the crisis means that many donor countries also face difficult fiscal and economic constraints that may not allow for full subscription.

New Zealand’s own budget and fiscal management processes mean we are not in a position to give a firm undertaking on our level of subscription at this point. We look forward to sharing a decision on this with you at the earliest practicable time.
As with many institutions, the crisis has affected the value of the Bank’s investments and assets, and its ability to generate income. For the ADB this impact has been relatively low. New Zealand commends the financial management policies, and the work of the ADB Board and Treasury, in managing these risks and retaining a sound financial position. The current financial market turmoil has highlighted the importance of risk management. New Zealand strongly supports the strengthening of the Risk Management Unit, and its forthcoming transition to an independent office in 2009.

Looking forward, the Bank will need to carefully consider its role in managing through the crisis. The ADB has responded with swiftness and responsiveness through, for example, the expansion of its Trade Financing Facility and the proposed counter-cyclical support facility. This swiftness and responsiveness needs to sit alongside careful consideration of where the Bank has a comparative advantage and can add most value; what activities are appropriate for the Bank relative to other institutions or individual countries; and how the Bank can continue to work towards the goals set in Strategy 2020.

Thank you to the ADB’s Board, management and staff for their considerable effort on developing the General Capital Increase proposal over a short timeframe. The focus will now shift to implementation of the GCI and the management of increased resources. It is critical that these resources are deployed in the most effective and efficient manner, and that the significant ramp-up in Bank activities is well-managed.

Development effectiveness must remain a priority to ensure the Bank’s effectiveness through the crisis and beyond. New Zealand has been pleased to observe the ADB’s continued efforts to give effect to the principles of the Paris Declaration on Aid Effectiveness. We particularly welcome the ongoing progress towards greater alignment with country priorities and increasing use of country systems.

The organisational changes of past years have proved important building blocks in enabling the Bank to continue exercising its development role effectively. It is key that the ADB continues to work on institutional reforms to enhance the Bank’s credibility and effectiveness, such as merit-based appointment to senior positions, and the Human Resources reforms already outlined by Bank management and the Board.

The next months are likely to prove among the most challenging in the ADB’s history. Through the economic crisis, demands on donor resources, including those of the ADB, are likely to increase. More than ever, there is a need to ensure coordination between donors and efficient use of available resources. New Zealand values its strong relationships with the ADB and expects to strengthen these through combined efforts to address the consequences of the economic crisis among our Pacific neighbours, and the broader Asia-Pacific region.

Thank you for your kind attention.
I am privileged to address the 42nd Annual Meeting of the Board of Governors of the Asian Development Bank (ADB), on behalf of the Pacific Developing Member Countries (PDMCs). As you are aware, the PDMCs comprise of the Cook Islands, Federated States of Micronesia, Fiji Islands, Kiribati, Marshall Islands, Nauru, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu, and Vanuatu.

I wish to join my fellow Governors in thanking the Government of Indonesia, and especially the people of Bali for the warm hospitality and the wonderful arrangements for this meeting.

Regional Economic Growth
According to a recent ADB report, overall growth in the Pacific region is predicted to drop from 5.1% in 2008 to 3% in 2009. Economic growth in Papua New Guinea and Timor Leste is forecast to remain at moderate level, while five countries are expected to experience negative growth with Fiji, Samoa, Tonga and Palau, of most concern. This is largely due to projected declines in remittances and tourism receipts.

This growth forecast underscores PDMC’s vulnerabilities arising from smallness and isolation, narrow resource base, fluctuating commodity prices, and proneness to natural disasters. Furthermore, of concern, is the increasingly negative flow on effects attributed to unfavourable external conditions such as that experienced from the impact of climate change, global financial crisis, and the spread of Swine influenza.

Some of these challenges may be temporary and could be managed. However, many of these challenges remain a consequence of our underlying structural constraints, which if effectively overcome, will require our constant attention, with coordinated assistance of all our development partners. In this regard, we have made tremendous improvements in critical areas such as macroeconomic management, structural adjustment, investment in essential infrastructure, and necessary reforms to facilitate private sector development.

Despite these challenges, we remain committed in our efforts towards full economic recovery, and sustained economic growth. The ADB’s ongoing support, therefore, is essential in our endeavours to address the common challenges that confront the region.
Global Financial Crisis
The impact of the global financial crisis remains a significant concern. In the current environment, PDMCs will require assistance of the Bank and therefore appropriate support facilities are needed.

From the outset, let me say that more consultancies and studies to scope what needs to be done – is not the solution. What then are the PDMCs seeking from the Bank? We would like to see some concrete options that support our immediate needs. These concrete actions are to be based around the principles of:

(i) additionality;
(ii) limit wastage of resources spent on studies on consultancies;
(iii) front loading of assistance;
(iv) targeted budget support; and
(v) flexible programme funding.

With these principles in mind, we propose the following for Bank’s action:

(i) project and infrastructure lending on more accessible basis, with an increased grant element;
(ii) budget support in targeted areas, which will implement priorities of PDMCs contained in our national development plans;
(iii) balance of payment support to help PDMCs - this could be in the form of a dedicated Regional Contingency Fund. May I stress that development of any such Fund will need to be co-ordinated with other multilateral donors and partners, and should be geared for rapid deployment purposes.

The Bank needs to consider developing support delivery mechanisms which recognise national systems and processes. Such an approach will allow for national priorities to receive additional resources, and also have an accelerated impact for achieving the desired national outcomes. This will help improve ownership of policy implementation by all national stakeholders.

Meaningful Regional Representation and Presence
We would like to acknowledge the services of the Bank through its headquarters and resident offices in Fiji, Papua New Guinea, Timor-Leste, Sydney, and most recently through new liaison offices in Tonga and Solomon Islands. These developments have strengthened our ability to engage with the Bank.

We believe further increasing the Bank’s field presence in the PDMC region remains a priority. On this basis, we offer the following suggestions to help strengthen our relationship with the Bank:

(i) relocating the Sydney office to one of the PDMCs;
(ii) increasing the number of resident offices including reopening the Vanuatu office. To this end, we acknowledge the establishment of new liaison offices in Solomon Islands and Tonga, and welcome the placement of local staff in these offices;
(iii) scaling up the volume of resources in all offices, including recruitment of skilled and experienced staff from PDMCs;
(iv) ensuring parity in terms and conditions for local and international staff engaged in the regional offices; and
(v) devolving decision making authority from headquarters to field offices.

We welcome the recent co-location of services with the World Bank in Solomon Islands and Tonga. This effort needs to progress in other PDMCs for the benefit of better co-ordination, alignment and harmonisation of donor effort.

Climate Change
Ongoing assessment of climate change issues in the Pacific region has confirmed that frequency and intensity of natural disasters is increasing. In this context, we appreciate that the international community including ADB now recognizes that climate change poses significant threats to our islands. However, we believe that more is needed from the Bank, as well as other development partners. By this we mean, improving access to technical and financial support from the Bank, through accelerated processes to enable more timely assistance.

More specifically, we propose that the Bank consider the establishment of a Regional Climate Change Fund that supports programs and projects that aim to strengthen adaptation measures that PDMCs have prioritized. This Fund should have simplified processes that allow PDMCs to have more timely access to resources.

We have in the past requested the Bank to implement mechanisms similar to Caribbean Risk Insurance Facility. We note ongoing joint ADB and World Bank scoping work being undertaken to help establish an appropriate mechanism specifically for the region. A viable proposal needs to be put in place immediately, if we are to cushion the budgetary impact of frequent natural disasters experienced in our region.

We do not believe the ADB’s approach on this issue, through the proposed further studies, will be of any use to PDMCs. We are aware of many reports that have been completed on the impact of climate change in our region. We, therefore, urge the Bank to review and help implement these findings. This calls for the ADB to collaborate with regional partners such as SOPAC, SPREP and the World Bank to avoid duplication of resources and effort.

Commodity Prices
Whilst noting that commodity prices reached unprecedented levels last year, the recent decline in prices have provided, in most cases, relief in terms of improved macroeconomic stability, largely through reduced inflationary pressures. In the case of Papua New Guinea, however, lower oil prices have reduced export earnings, which in turn will continue to have negative impact on Government revenue and balance of payments. Overall, petroleum prices remain on average higher than what they used to be five years ago, and still poses significant challenges to PDMCs.

In this context, we strongly support ADB’s renewed emphasis on support for energy efficiency projects. We urge ADB to lend its expertise and resources to the development of relevant regional or sub-regional solutions such as the proposal for bulk procurement of petroleum products. This initiative, when implemented, will provide assistance to PDMCs over the medium to long term.

Support Mechanisms and Aid Effectiveness
The PDMCs rely significantly on external funding assistance to support our development priorities. We urge the Bank’s continued effort to improve aid effectiveness, consistent with the Paris Declaration, and also the Pacific Aid Effectiveness Principles. In particular, the ADB needs
to better align efforts to our specific development priorities, and further harmonise its systems and processes with those of the PDMCs.

More innovative donor support is necessary in the context of fiscal and balance of payments pressures arising particularly from the global financial crisis. This requires that our local systems are used a lot more. We, therefore, urge the ADB to be more flexible in delivery of its funding assistance, and consider mobilising more timely programme loans, and new delivery modalities such as direct budget support. This would provide increased capacity to continue pursuing our respective national development priorities, and will eventually result in higher levels of ownership.

To ensure aid effectiveness, the Bank and other development partners need to better coordinate their technical and financial assistance provided to PDMCs. This will require consideration of the relative comparative advantages among the various development partners, with a view to avoid duplication of efforts. A case in point is assistance to mitigate the impact of financial crisis where a number of development partners have designed support instruments for PDMCs. However, these appear uncoordinated and therefore, development partners need to more seriously consider channelling assistance through existing mechanisms, such as the Pacific Financial Technical Assistance Centre.

**Private Sector Development and Operations**

Development of competitive and dynamic private sector remains an important priority for PDMCs.

We acknowledge the efforts of the ADB through various policy reform and loan packages aimed to stimulate more significant and sustained flows of private investment in PDMCs. We recognise that these reform efforts have not resulted in increased investment. This begs the question of whether we are addressing the constraints and challenges based on PDMC specific context or are we simply responding to global best practice requirements.

We believe the Bank needs to make further improvements in its assistance towards private sector development in our region, in terms of increasing the scope, flexibility and coverage. Lessons from successful interventions made by some PDMC governments to stimulate investment projects will need to be considered. Whilst this approach may not comply with the Bank’s private sector strategy, we need to find a better balance between best practice and meeting development priorities of PDMCs.

**Asian Development Fund (ADF) X**

We would like to express our appreciation to the donor community and the Bank for the successful completion of the Tenth ADF negotiations, which has seen an increase of sixty per cent over the last replenishment. More so, we acknowledge with gratitude the Bank’s proposal to allow for front-loading of financial resources. Given the vulnerability of PDMCs, these additional resources will assist the recovery efforts as well as contributing towards achieving progress in our development goals.

We would like to renew our call to the Bank and its donors to review existing criteria for ADF grant allocation. The matter of country classification under the Bank’s graduation policy, which explicitly focuses on debt sustainability as the key criteria, is in our view, too narrow and fails to recognize the special development challenges we face.
In order for the Bank to remain an effective and valuable development partner in the pursuit of our respective development goals, we would like it to consider an equitable framework in determining its Graduation Policy to improve PDMCs’ accessibility to Tenth ADF. This is made especially important in the current global environment where PDMCs are finding it more difficult to borrow funds to develop much needed infrastructure essential to support national priorities. In relation to this, PDMCs encourage the ADB to consider the use of local denominated currency loans.

**Cost-effective Financing**  
We commend the Bank for its efforts in enhancing development effectiveness, streamlining business processes and reducing the cost of doing business in our region. However, we would like to reiterate the call made last year for more cost-effective ways of structuring loans to PDMCs. This should increase efficiency in resource allocation and utilisation, as well as, improve debt servicing through reduced transaction costs for loan management.

We would also like the Bank to explore innovative and more appropriate financial products, that would allow for the refinancing of commercial debt for essential infrastructure developments at more concessional rates.

**Regional Cooperation**  
We commend the Bank for working towards a revised Pacific Strategy to better reflect our changing circumstances and peculiar needs, and to be consistent with the Pacific Plan, which is the regional blueprint for economic growth.

In the framework of the existing Pacific Strategy, ADB needs to consider support for relevant economic integration priorities mandated by the Forum Leaders and Forum Economic Ministers (FEMM), including bulk fuel procurement, statistics, customs, labour mobility, and economic regulation. We would also encourage ongoing consultations with the Pacific Islands Forum Secretariat to further progress of these priority initiatives.

**Appreciation**  
Finally, let me take this opportunity to express our sincere gratitude to ADB for the commitment and invaluable support it continues to provide to PDMCs.

Thank you.
Mr. Chairman, Mr. Haruhiko Kuroda, President, ADB, honorable members of the Board of Governors, distinguished officials of the delegations to this Annual Meeting, ladies and gentlemen.

It has been both a privilege and pleasure to have had the occasion to experience the gracious and generous hospitality of our hosts and this pristine resort of Bali. Let me therefore take this opportunity to join my colleagues in thanking our hosts and ADB for this purposeful and delightful event in Bali.

Mr. Chairman, we meet in this beautiful province of Bali at a time which is by no means reflective of the serene setting of this annual conference. We are undoubtedly learning to cope with the financial crisis that is of unimaginable proportions - the effects of which - ripple through our economies as we speak and in new and different ways for each one of us.

Asian countries which had opened their economies recently, and benefited greatly from an increase in trade, FDI, transfer of technology and Research and Development are now finding themselves in a hitherto unknown territory where they have to adjust to the loss in trade and FDI flows – potentially destabilizing the macroeconomic balance of many countries. Countries find themselves facing the possibility of adjusting to lower output numbers for the foreseeable future - thus a decrease in revenues and investment both foreign and local. Unemployment, therefore, as a result of this dip in trade and FDI haunts many policy makers sitting around the table today.

The situation in some of our countries is particularly precarious - because the social security and safety structures that the developed world created post great depression still do not exist in many Asian countries -thus meaning that the poorest, who are the hardest hit, do not necessarily find the State structure to provide means to support them.

Pakistan

Pakistan also followed an open economy model by buttressing its current account position through a targeted strategy to increase exports and foreign direct investment. However, it was hit by the oil and commodity prices spiral which had a particularly adverse impact on its current account deficit. While Pakistan was building a home grown stabilization program to adjust to this, it was struck by the financial melt down that reduced foreign inflows and sharply depleted
reserves. Pakistan embarked on implementing its home grown macroeconomic stabilization program with the assistance of international financial institutions.

Disciplined implementation of the macroeconomic stabilization program has enabled a meaningful contraction in aggregate demand. Improvement in fiscal discipline complemented by a tight monetary policy has raised expectation that inflation will decelerate sharply in the final quarter of the fiscal year. The trade deficit is narrowing rapidly. With continued robust remittances and foreign inflows, a significant reduction in current account deficit would enable a continuous build up of the country's foreign exchange reserves.

However, these improved economic indicators have not been without costs. Elimination of subsidies, cuts in development expenditure and slow down of the economy are all impacting the vulnerable and the poor. The middle class that acts as the back bone of democratic societies is also likely to suffer. While the Government is committed to reducing poverty and meeting the United Nations Millennium Development Goals, these constraints, coupled with the immediate security situation and the global war on terror that threatens the very underpinnings of democracy, stand in the way of meeting these goals.

So though we have been able to achieve macroeconomic stability in a remarkably short period of time (a matter of six months) the challenge that lies ahead of us is to rekindle growth to protect the poor who bear the brunt of recessionary times. The government has recently approved a nine point economic reform agenda. Its salient feature include development of agriculture to ensure food autarky, restructuring manufacturing sector to make it internationally competitive, human resource development, promoting public private infrastructure and strengthening and expanding the social safety net. The nine point economic agenda would leverage the demographic profile, create employment opportunities, raise exports, reduce the vulnerability of the current account balance to volatility in agriculture commodity prices and provide strengthened social safety nets for the poor. Thus macro economy stabilization coupled with the nine point reform agenda is geared to placing the country on a sustainable path of growth and development.

**General Capital Increase**

Let me take this opportunity to applaud the Bank management for steering the process to a conclusion and all the shareholders for showing commitment to development. However, this success would only be transitory and illusionary unless we can quickly capitalize on this to reestablish the growth momentum that the Asia and Pacific Region enjoyed heretofore. We have to translate this capital increase into accelerated development assistance to the developing countries. If there are concerns about capital adequacy, these should be resolved by challenging the assumptions on which they are based rather than follow a methodology that effectively constrains what the ADB is established to do in these times of need. While we also acknowledge the additional steps taken by the Bank to assist in the global crisis, it needs to do more with innovative new instruments that are flexible and effective in targeting rapid disbursements with lower costs and less reliance on conditionalities.

**Development Effectiveness**

We note that ADB has focused on increasing development effectiveness through institutional improvements particularly in areas of risk management, evaluation, result orientation and human resource management. We expect that such measures of improving institutional effectiveness would not compromise on the vision and framework of the ADB Charter.
Having said that, we feel that there are other priority areas where ADB's focused attention would enable it and developing countries to reap maximum dividends in achieving development effectiveness. We firmly believe that the Accra Agenda for Action along with the guiding principles of the Paris Declaration provide the appropriate blueprint to accelerate effectiveness of development assistance. ADB should therefore accelerate its pace in moving its development support in the direction of Paris Declaration and Accra Agreements by providing assistance in a timely manner through Government processes and targeted towards the priorities of the countries.

**Social Safeguards**

We acknowledge ADB Management's effort at reviewing the social safeguard policies. While the safeguard policy statement has made a good effort at consolidating policies, incorporating developments already in practice, fine tuning other matters and increasing scope and coverage, it has not squarely addressed key issues of interest to developing member countries.

The policy needs to eschew its project centric focus and concentrate on a programmatic approach to building social safeguards and capacity to implement them. While this would be a continuous development process, only country systems should be used for implementation. This is the best way forward to reduce transaction costs and strengthen delivery institutions. In case higher standards need to be applied for demonstration projects which have significant environmental and social risks then the additional costs of these should be borne fairly by those advocating use of these higher standards.

**Energy Policy**

We support the overall objective of providing reliable, adequate and affordable energy in a socially, economically and environmentally sustainable manner. However, we recommend priority to be given to access and affordability as these are key ingredients to our goal of poverty reduction. It is well recognized that access to electricity is a basic indicator of development, potentially contributing to income generation, improved educational and health outcomes, gender equalization and a host of other social welfare improvements.

Having said that, we are also keen to adopt and adapt new technologies to improve energy efficiency to make it environmentally sustainable. In developing countries however this has to coincide with access and affordability. Where these do, we need to address the issue of technology transfer and an equitable burden sharing of additional costs of these environmentally and socially sustainable technologies.

**Human Resource Strategy and Action Plan**

We are keen to see that the Bank develops a human resource strategy that enables it to recruit and retain the best talent in the requisite skills and incentivises them to acquire and advance knowledge for providing the best possible development outcomes. We however consider it important to emphasize that the human resource strategy of ADB should be built on the foundations of its original charter. It should retain the multilateral character of the institution and encourage diversity; it should have a cultural context which is cooperative in nature and receptive to different cultural settings; and the work force should understand the problems of developing countries in the region and have the competency to respond to these needs.
effectively. A human resource strategy that fails to have an incentive system that integrates these elements into its processes would remain unresponsive to the needs of the region.

**Enhancing Voice and Representation**

Enhancing the voice and representation of developing countries in the decision making process of the Bank is critical for its legitimacy and credibility as a multilateral development institution. This would also enable concerns and issues of the main beneficiaries of ADB to be effectively integrated into policy making and operational guidelines. We would at the very least urge ADB and our other development partners to increase effectiveness of the voice and representation of developing member countries to the deliberations around ADF. Observer status is no remedy to this vacuum of effective voice and representation. We are also keen to see that ADB takes steps to improve the voice and representation of countries in their operational work. Appointment of more developing country nationals to senior management positions and decentralization of operations to Resident Missions would be a key ingredient in this regard.

**Conclusion**

In the end, Mr. Chairman, let me affirm our commitment to support ADB and in particular the endeavors of Mr. Kuroda. During a time of crisis we found that ADB demonstrated unparalleled flexibility and understanding. Like a true multilateral ADB supported Pakistan during a time when Pakistan was unable to access the international capital markets. Thus we, in Pakistan see ADB’s success reflected in the recent success of Pakistan to achieve macroeconomic stabilization.

However, as the road for Pakistan continues to present new challenges- that of reigniting growth, financing infrastructure, developing effective social security nets- the road for the ADB also demands even more flexibility and innovation as this financial crisis changes its effects on the entire continent of Asia especially the emerging markets that ADB has so keenly assisted in the last decade. So we wish ADB the best in its endeavors in the future.
Ladies and Gentlemen, I take this opportunity to join my colleague Governors in extending our appreciation to the Government of Indonesia, and the people of Bali for hosting this important event, the 42nd Annual Asian Development Bank (ADB) Board of Governors’ Meeting, in this wonderful setting.

I also take this opportunity to express our sincere gratitude to the ADB for its continuous assistance to Papua New Guinea’s (PNG) development priorities. We appreciate its invaluable technical and financial assistance. We are confident that through this partnership we will achieve our desired development outcomes.

As a small developing country, PNG is vulnerable to many development challenges similar to those faced by its Pacific neighbors. Some of these challenges are compounded by difficult geography, extreme ethnic diversity and population dispersion. As a result, effective delivery of essential government services, such as health and education, are hampered. Through various interventions by the ADB and other development partners, especially in the transport sector, we have made some promising progress.

We have and continue to value the aspirations of our people for higher living standards. In this regard, we are committed to fostering a conducive environment for a competitive and dynamic private sector to prosper and generate growth. In doing so, we will offer greater and better employment and income opportunities for our people. For this to happen, we restored much needed political stability and prudent macroeconomic management. There is, however, more work to be done on this front; as such we are committed to implementing key structural reforms, particularly in addressing regulatory impediments to doing business in PNG. In this context, we need continued technical assistance from ADB and other development partners, as we strive to achieve the best possible outcome for our people.

Political stability means more policy stability. This also provides the opportunity to review existing medium term strategies to reflect dynamic economic circumstances and development priorities. These include the Medium Term Fiscal Strategy (MTFS), the Medium Term Development Strategy (MTDS) and the Medium Term Debt Strategy (MTDS). To this end, the MTDS review will commence this year with possible technical assistance from the ADB.

Adherence to these strategies, particularly MTFS, has served us well by dictating the framework for prudent economic management witnessed in recent years. This hard work has brought
PHILIPPINES
Margarito B. Teves, Governor

Introduction
On behalf of the Philippine Delegation, we would like to express our appreciation to the Government of Indonesia and its people for the warm hospitality and excellent arrangements for the 42nd Annual Meeting in this beautiful province of Bali.

World Economic Outlook
We are all aware about the importance of this year’s meeting. The global recession is expected to be deeper and far from over. It is imperative for us, with the assistance of our development partners like the ADB, to work harder to ensure that the current crisis does not drastically disturb the growth prospects our region has been experiencing for the past years. Unprecedented steps have been taken but a lot of work is needed to turn the tide of the crisis. Most notable is the timely response to provide the necessary liquidity support to alleviate financing pressures particularly for emerging economies. At the same time, the crisis once again sounded the bugle call for strengthened vigilance in financial regulation and supervision to prevent similar episodes in the future. We became cognizant that the financial sector and real economy are inextricably linked and important. As the crisis unfolds, the more we recognized the value of coordinated and cooperative approach to economic challenges.

The Philippines Response
Like other countries in the region, the Philippine Government continues to pursue appropriate policy measures to navigate through this period of turbulence. The Government is implementing our Economic Resiliency Plan (ERP) that will ensure sustainable growth, generate employment, protect the poor and vulnerable sectors and improve our competitiveness to seize opportunities when the world economy returns to higher levels of growth. At the same time, we remain strongly committed to our fiscal sustainability objective and will vigorously implement reforms and policy measures to allow more fiscal space for productive spending and maintain the downward trajectory in our debt ratios.

ADB’s Expanding Role
Moving forward, the global recession requires a close coordination and cooperation among the DMCs and development partners in order to counter its adverse effects in the region. More funds from multilateral institutions should be available for developing economies that are having difficulty in generating concessional financing to support important development expenditure given current market condition. We add our voice to the calls made by other DMCs for the prompt implementation of the Fifth General Capital Increase of the ADB. We urge the Bank to
utilize the additional capital to assist in the speedy recovery of the region particularly by providing timely, effective and quick disbursing resources and fulfill its mandate of reducing poverty.

In this light, we commend President Kuroda for his impressive leadership and stewardship of the Bank in putting together new policies and instruments that are more responsive to the needs of its borrowers. We welcome and support further flexible financing instruments ADB would introduce in the future that would better address the needs of its borrowing member countries. We also appreciate the Bank’s efforts to establish the Asian Infrastructure Financing Initiative that will combine resources from development partners to assist countries in fund infrastructure financing gap. We would like to urge the Bank to further its role in mobilizing resources and appropriate technology in the region to mitigate climate change.

Although 2009 will be a very difficult period for most of us and requires painstaking efforts, we believe that our collective efforts together with other development partners will help strengthen our economies and pave the way for a more resilient Asia.

Thank you.
much-needed stability to the economy and placed PNG in relatively strong position coming into the current international financial turbulence.

As a result, PNG economy was relatively well shielded from the immediate effects of the financial crisis. The large part of this was attributed by domestic financial sector having no exposure to some of the financial instruments that have created havoc internationally.

Having said that, the slowdown in global demand as a result of financial crisis had spontaneous effects on the rapid decline in prices of PNG’s key export commodities. This was foreshadowed in the 2009 Budget, particular its impact on Government revenues and the balance of payments. This has also increased the downside risks to the economic growth forecasted in the 2009 Budget, which projected 6.2 per cent GDP growth for 2009 and non-mining GDP growth of 5.6 per cent. These are now revised down to 4 per cent for GDP growth in 2009, and 4.1 percent for non-mining GDP growth from recent round of forecast undertaken by the Department of Treasury.

After recording five successive budget surpluses, PNG finally recorded a budget deficit in 2008 mainly attributed from lower than expected revenue from the collapse in commodity prices. On the positive note the strong nominal GDP growth in 2008 reduced the level of public debt from 33.9 percent of GDP at the end of 2007 to 31.6 per cent at the end of 2008.

Against the backdrop of uncertain global outlook, we are committed to shielding PNG’s economy from the worst of the Global Financial Crisis. We have in place a number of measures to shore up PNG’s economic growth and development through this challenging period. Most notably, the Government announced a series of pre-emptive measures including fiscal stimulus mainly from monies held in trust accounts for infrastructural development.

With regards to meeting our development aspirations, we regard ADB as an important development partner and value the important role it plays in supporting the member countries develop and implement their development strategies. To improve the Bank’s effectiveness in this area, it is important for the ADB to continue drawing on its special understanding of the Pacific region through closer relationships. This ensures that assistances are tailored accordingly to address our unique and peculiar development needs.

In light of the current financial turmoil, we encourage the ADB to be innovative in its financial and technical assistance to PNG. By this we mean, designing assistance that is consistent with our budget process and financial framework that guides our development priorities. In this context, we acknowledge and commend the ADB on developing PNG Country Strategy Program which incorporated our development aspirations. It is a positive approach towards meeting our development challenges together and is an important ingredient to ADB’s program assistance effectiveness. To this end, we join our Pacific member island countries to renew our call for some degree of flexibility to be considered by the ADB on accessing the ADF loan facility.

In conclusion, we are grateful and sincerely commend the ADB for the good work it continues to undertake in PNG and the Asia-Pacific region more generally. We are confident about the future despite the current economic outlook, and look forward to a more meaningful and productive dialogue that is critical to strengthening our partnership as we, together address the implementation challenges to improve the livelihoods of our people in a rapidly changing environment.

Thank you.
PORTUGAL
Emanuel Santos, Head of Delegation

It is a great honour to address the 42nd ADB's Annual Meeting on behalf of the Portuguese Government. I would like to begin by thanking the authorities of Indonesia and the Asian Development Bank (ADB) for the excellent organization of this meeting and their warm welcome.

2008 was a challenging year for ADB, for Asia and for the world. The financial crisis hit hard the most advanced economies and especially during the second half of the year, it hit also some Asian Developing Member Countries (DMCs). Even though some of the Asian economies are today much better prepared to face this crisis, this severe downturn will cause a reduction in exports, a decrease in FDI, and a significant drop in remittances in the region, resulting in a negative impact on the GDP forecasts of most DMCs. This picture is particularly worrisome if we consider that, yet again, the crisis will hit the poorest and most fragile the hardest, leading to an increase in the poverty headcount and potentially jeopardizing the progress made so far towards achieving the Millennium Development Goals in the region.

We must therefore stand ready and determined to face the challenge ahead. As Ms. Sri Mulyani Indrawati tells us in the title of her book, this is a time for turning words into action. The Bank’s activities during 2008 and the first quarter of this year are welcome: (i) a strong financial position in 2008, despite the unfavourable context; (ii) an impressive track record of approvals; (iii) the unprecedented replenishment of the ADF which will equip the Asian Development Bank Group with important tools to serve and protect its most fragile members; (iv) the approval of the Strategy 2020 which will guide the institution in its interventions in the coming 12 years through the good and less good times; and (v) finally the very important internal reforms which will allow the institution to respond more effectively to the client’s needs, especially in a framework of enlarged scale of operations.

We would like to commend the Bank, under President Kuroda’s leadership, for the successful completion of an ambitious General Capital Increase. We would also like to congratulate the Bank’s shareholders for their immediate and committed response to this process, which can only be regarded as a proof of our commitment to poverty reduction and development in the Asia and Pacific region and as a vote of confidence in ADB, their staff and management to meet the challenges of managing the second biggest Multilateral Development Bank and assisting the region in meeting the Millennium Development Goals. Portugal has, as you know, stood ready from the beginning to support the Capital Increase process and deliver its share of support.

The approved 200% capital increase will have a real and far-reaching impact on the activities of ADB in the coming years. The need of a General Capital Increase (GCI) was clear well before
the current crisis struck. The sudden onset of the global financial and economic crisis added further urgency to the need for a GCI.

With enlarged operations come new challenges and Portugal also casts a vote of confidence in the Bank’s competence to lead the way also in innovation in issues of particular importance to the region as, for example, climate change, maximizing the development impact from its operations, towards a sustainable, inclusive growth, which will benefit especially the poorest countries. ADB must go beyond its role as project financer to establish itself also as a knowledge center for the region and a privileged partner for policy and social dialogue.

Finally, I would like to express on behalf of my Government our deep appreciation for the work carried out by ADB staff, Management, Board of Directors and especially President Kuroda for the last year’s hard work, his high professionalism, competence and dedication.

Thank you.
SINGAPORE
Tharman Shanmugaratnam, Governor

Introduction

First, let me congratulate President Kuroda for a successful Fifth General Capital Increase (GCI-V) which would allow ADB to respond quickly and proactively to the developmental needs of the region. I would also like to express my deepest appreciation to the Government of Indonesia for the excellent organisation of the meeting and the warm hospitality accorded to us.

Global Economic Crisis: Challenges for Asia

The world and Asia will face great challenges in 2009. The World Bank’s latest Global Economic Prospects Report projects global GDP in 2009 to contract by 1.7%, the worst performance since World War Two. The volume of world trade is also expected to contract about 6.1% in 2009.

The global economic downturn has severe knock-on effects on developing economies, including those in Asia. The developing world’s GDP is expected to shrink by 2.1% in 2009. East Asia is likely to be the most affected by the falloff in global investment and trade, with GDP growth at 5.3% in 2009, a significant reduction from 8% in 2008.

As one of the most open economies in the world, Singapore has also been hit by the global slowdown since the onset of the financial crisis. Our GDP is expected to contract by 6 to 9% in 2009. In response to the deteriorating economic environment worldwide, Singapore delivered in January 2009 an unprecedented S$20.5 billion (US$13.7 billion) fiscal stimulus package to mitigate unemployment, help viable companies stay afloat and enhance Singapore’s long-term capabilities.

ADB’s Role in Asia’s Economic Recovery

At the ADB Annual Meeting in Madrid last May, our discussions had focused on how developing countries in Asia were facing problems of inflation caused by high commodity and food prices. One year on, the problem has dramatically shifted to one of unprecedented economic decline precipitated by the global financial crisis.

Unfortunately, just as the poor and disadvantaged were disproportionately affected by food and fuel price inflation, the same group of people would also be hit hard by the economic downturn. In this gloomy economic environment, Asia faces critical challenges in the form of reduced
government revenues to maintain social safety nets and a steep slowdown in poverty reduction. In this regard, the role of regional development banks such as the ADB is more significant than ever. A strong ADB is instrumental to ensuring that the important task of alleviating poverty in Asia is not neglected, and that we continue our work on developing infrastructure and capabilities to prepare Asia for sustained economic growth.

The release of ADB’s Strategy 2020 in May 2008 and its subsequent implementation has been vital in keeping ADB’s focus on these key areas. Hence, Singapore strongly supports ADB’s GCI-V which will provide crucial funding for the implementation of Strategy 2020 and other loan programmes to developing member countries (DMCs).

Beyond resource considerations, the ADB will need to implement internal reforms to improve its effectiveness and stay relevant in a rapidly changing environment. Therefore, Singapore applauds the recent institutional reforms put in place in the ADB’s Independent Evaluation Department (IED) and in the area of human resource management. These are positive steps that will strengthen ADB’s capabilities in the effective delivery of development assistance to DMCs.

**Future Steps**

Apart from ongoing internal reforms, there are three areas that ADB could enhance as it embarks on Strategy 2020:

I. **Leveraging on Member Countries’ Expertise**

A number of member countries have accumulated relevant developmental experience and built up pockets of useful expertise that are aligned with ADB’s priorities, including urban management and agricultural development. With its extensive network, the ADB could act as a powerful conduit for these experiences and expertise to be shared with other developing economies.

The joint ADB-Singapore project, ATRIUM or Asia Training and Research Initiative for Urban Management, is such an example of synergistic collaboration leveraging on Singapore’s urban management experience to deliver focused assistance to DMCs. Under ATRIUM, several joint capacity building and training programmes have been conducted. These include the Singapore-ADB-People’s Republic of China Forum on Urban Water and Environmental Management held in March 2007 and a Trade Facilitation and Single Window Development Workshop for Central Asia Regional Economic Cooperation (CAREC) countries held in July 2008.

II. **Tapping on Private Sector Expertise and Resources**

In order to supplement its technical assistance programmes, the ADB could further leverage on the wealth of private sector expertise and capital to supplement its resources. Much synergy can be derived from the ADB’s experience in working with governments, and the private sector’s commercial discipline and capacity for innovation.

This approach is well illustrated by the ADB’s collaboration with Singapore’s private and public sector entities in the establishment of the Asia Infrastructure Project Development (AIPD) Pte Ltd in Singapore in April 2008. The AIPD is a joint partnership between the Singapore Government, three Singapore-based water management companies and the ADB to develop commercially viable public-private partnership (PPP) projects in water supply, sanitation and
wastewater treatment. It is an innovative approach that can be replicated for other aspects of ADB’s work.

Since its inception, AIPD has actively engaged many municipal governments, mainly in the People’s Republic of China, to establish partnerships with them. In April 2008, AIPD signed a Memorandum of Understanding (MOU) with the Kunming Municipal Government and Kunming Water Supply Group (KWSG) to assist them in developing PPP projects in municipal water supply and waste water treatment.

III. Enhancing Partnerships with other IFIs and the Region

The increasingly proactive role played by international financial institutions (IFIs) such as ADB, World Bank and IMF to support emerging economies in overcoming the global economic downturn is a positive development. Recent moves to enhance this important role include recent G20 initiatives to increase resources of IFIs, increased commitments by the ADB and World Bank towards infrastructure development, trade finance and other needs in Asia, and the introduction of the IMF’s new Flexible Credit Line (FCL).

In this crisis, the rationale for closer collaboration between IFIs is especially compelling. Better coordination of developmental efforts and donor harmonisation would increase synergies and optimise the use of limited resources. With its extensive experience in working with Asian economies, the ADB could also play an important role in working with other IFIs such as the IMF to tailor their tools and facilities to better address the needs of the region.

Conclusion

The scope and depth of the myriad challenges facing the region call for a strong ADB to adopt innovative approaches to address the needs of Asia. This should encompass not just important institutional reforms but also collaborative mechanisms to pull in expertise and resources from member countries, the private sector and other IFIs.

In closing, I would like to congratulate President Kuroda and the management of the ADB on another year of notable achievements and wish them the best in the years ahead.
It is a great honour for me to have the opportunity to address the ADB Board of Governors 42nd Annual Meeting. I would like to express, first of all, my sincere appreciation to the Government of Indonesia for hosting this event in this wonderful island of Bali, and to the ADB’s staff for the excellent organisation.

2008 has been a busy year for the ADB. In April the Board approved the Strategy 2020, setting ambitious targets for the role of the Bank in the region. In Madrid in May, the ninth replenishment of the Asian Development Fund was approved, and discussions for the fifth General Capital Increase started. Further, important steps have been taken regarding internal bank reforms, such as the Safeguard Policy Update, the Human Resources Reform Strategy and the strengthening of the Risk Management Unit. Spain has supported all these very important initiatives.

Above all, however, 2008 has been marked by the global financial crisis. The ADB has reacted forcefully and swiftly to the challenges ahead. Initially, given that the crisis originated in the industrialised world, it looked as if the Asian region could manage to sustain its vigorous pace of growth. The situation, however, has evolved quite differently. The crisis has become synchronised and truly global. It affects every single country. Banks in the region were little exposed to subprime, toxic assets, so the impact of the crisis on the Asian financial sector has been limited. Yet, the collapse in Asian equity markets has been pronounced, with prices falling more in developing Asia than in the major industrial economies. The same can be said of trends in external financing, which is becoming scarcer and more expensive.

A significant and specific cause of concern for Asian countries is the collapse of demand in the main industrialised world economies, which has dramatically affected international trade, set to fall in 2009 for the first time in decades. This is the main factor limiting growth in most Asian countries, as well as the main channel of contagion of the crisis for the Asian region.

In the long run, the global imbalances that have developed in the international financial system will have to be corrected. The main economies running external deficits cannot be expected to maintain domestic demand growth rates, so surplus accumulation by the world’s largest exporters must necessarily fall. In the end, only a larger Asian domestic market will be able to limit their prevailing excessive dependence on external markets.
The reaction to this global crisis has emphasised the need for international coordination. Unprecedented and exceptional coordination measures are taking place to face a common challenge. The central coordination forum has been the G20, where the major Asian economies are appropriately involved. This extraordinary coordination effort sets the right process to overcome the present economic situation.

The role of Multilateral Development Banks has been very significantly enhanced. The basic decision has been to endow them with sufficient capital to increase lending so that they can partially offset reductions in private or public financial flows. We strongly welcome the early moves of ADB in this direction. The initial reinterpretation of the lending limit has led to a more effective use of capital in the short run. More importantly, the ambitious 200 percent capital increase will bring subscribed capital to 165 billion US dollars and have profound implications on the Bank and the region in the coming years. Allow me, Mr President, to congratulate you for the swift and effective way you have led this process. Spain fully supports the proposed capital increase.

Spain also welcomes the initiative taken by the Bank to make sure more resources could be directed to ADF countries in 2009, which donor countries have supported yesterday. Spain supports the frontloading of ADF resources in the present situation.

We are confident that the ADB is now well equipped to implement the counter-cyclical role developing countries expect from a Multilateral Development Bank in the present situation. In this endeavour, Mr. Chairman, Spain has continued to show her commitment and support to the Bank: in 2008, Spain increased her ADF contribution to 2.8% of the total, contributed 5 million US dollars to the multidonor Water Finance Facility, 5 million US dollars to the Clean Energy Fund, 2 million US dollars to the Cities Development Initiative for Asia, and continued to support the Asia Pacific Carbon Fund as the main contributor to promote low carbon development in the region.

Looking ahead, we would further suggest that priority should be given to activities geared towards private sector support and trade financing. We support the extension of the 5 billion limit of the non-sovereign portfolio in line with the Strategy 2020, recommend strengthening risk management capacities, and welcome the Trade Finance Facilitation Program increase to 1 billion US dollars.

Many Asian economies will still grow this year despite the contraction in the economies of the industrialised world, so the region is well prepared to face current challenges and offers positive signs to contribute to resume world growth. On this positive note, Mr Chairman, let me close by saying that Spain remains committed to the ADB, and more in general, to strengthen relations with the Asian region.

Thank you, Mr Chairman, for your leadership during these difficult times.
SRI LANKA
Sarath Amunugama, Governor

I am greatly honored to participate in this meeting on behalf of the Government of Sri Lanka. At the outset, let me thank the authorities of the Government and people of Indonesia for the hospitality extended to us in this beautiful island of Bali.

This year marks the 42nd anniversary of ADB. We deeply appreciate the contribution of the ADB in assisting our region to accelerate economic growth and reduce unemployment and poverty.

May I congratulate President Kuroda for his strategic vision and strong leadership which has helped ADB to launch its Strategy 2020 with a clear focus on poverty reduction through inclusive and environmentally sustainable growth and promoting regional integration. Indeed, we realize that without enhanced OCR resources ADB would not be able to implement Strategy 2020. In the current context where resource flows to countries through private capital market sources have been constrained due to the global economic crisis, multilateral regional Development Banks such as ADB will be called upon to play a more dynamic role.

We are pleased that the ADB was able to successfully conclude its negotiations for the ninth replenishment of the Asian Development Fund. The fourth regularized replenishment of the Technical Assistance Special Fund during the previous Annual meeting has enabled the ADB to make a greater contribution to the programs of member countries. I understand that the ADF Results Framework with specific performance indicators and targets is making good progress. My country is actively participating in this venture which could enhance performance in ADB’s portfolio.

ADB’s continued support for Sri Lanka’s development efforts for more than four decades is greatly appreciated. Sri Lanka has received US$ 4.48 billion since joining the ADB. In 2008, ADB has agreed to commit loans amounting to $ 419 million for the development of the Power, Energy, Transport and Water sectors in my country.

Sri Lanka is now in the fourth year of the implementation of the Government’s 10 year development program. Despite many challenges, including the current global economic crisis and terrorist threats we have been making steady progress towards our objectives.

I am glad to report that my Government has succeeded in defeating the LTTE. The resulting peace should help in strongly positioning Sri Lanka as a country with a sustainable high growth trajectory. Despite the security drawback, we have maintained a GDP growth rate of 6 to 7%
during the last four years. With the end of the LTTE and the active support of our citizens irrespective of race or religion we can look forward to a successful future as one of the region’s oldest democracies.

As a newly emerging middle income country, we have recognized the need to tap different sources of financing for our accelerated infrastructure development drive. We have no doubt that ADB would continue to play its prominent role as a key development partner of Sri Lanka. We invite ADB to play a major role in the post-conflict development of the North and East provinces of Sri Lanka. As we have devolved considerable powers to those Provincial Councils in terms of our constitution elected representatives of those areas will be our partners in formulating regional development plans.

Finally, let me present a few salient features in the Sri Lankan economy. Sri Lanka achieved a healthy growth rate of 6 percent in 2008. The Inflationary pressures that we experienced have come down to 5.3 per cent by March 2009. Recent reduction of international oil prices and other commodity prices have been helpful in reducing pressures on our balance of payments. However, with a recession in the global economy, we are seeking assistance from the IMF through a Standby Arrangement.

May I in conclusion express my sincere appreciation to the ADB for its continued support and look forward to a strengthening of our partnership in the future.
Mr. Chairman,
Mr. President,
Your Excellencies,
Distinguished Delegates,

On behalf of Switzerland, I would like to extend my gratitude to the Government of Indonesia for their excellent and generous arrangements and their warm welcome on this beautiful island of Bali.

1. The crisis impacts development

Last year, we have adopted the new strategy 2020 for the ADB. At that time, probably nobody was anticipating the difficulties ahead. Since last fall, the world economy has gotten into troubled waters. This crisis impacts our development efforts in a serious way, and requires our determined response.

- **The current economic recession has a severe impact on all facets of the Development agenda.** Because of that, an additional 60 million people will remain in extreme poverty in 2009 alone. This figure could swell by another 100 million if the slowdown continues into 2010. Emerging and developing countries are affected through reductions in export volumes, commodity prices, remittances, tourism, foreign direct investment etc.

- It is crucial that the **ADB plays a countercyclical role** in periods of crisis characterized by multiple negative effects. Its action is especially required when the private sector is put under heavy pressure and when great efforts by states are needed to stimulate the economic machinery.

- **In the context of a “triple punch” from the food, fuel and financial crisis which is hitting the poor, development partners need to support governments’ efforts to protect the most vulnerable and avoid serious slippages in achieving the MDGs.** Social safety programs are one element for protecting the most vulnerable. Short term measures need to be combined with sound analysis on their effect on growth and on social inequalities, allowing to adapt instruments as appropriate, keeping in mind the crucial importance of the health and education sectors in the long term.
• ADB - in cooperation with its development partners - is well positioned to work on measures to mitigate the effects of the crisis. We consider it adequate that the ADB expands its engagement in affected developing countries to respond quickly, flexibly and massively to the global crisis. We therefore commend the rapid and effective deployment of finance, resources and expertise to respond to the global crisis, in line with quality standards to ensure development effectiveness.

2. Responding adequately: Principles

While we need to respond as fast and as flexibly as we can, we also need to keep in mind a number of principles that will make our response both consistent with established policy and effective in the long run.

• While there currently is a premium on speed and scale, the focus on quality is even more important when resources are scarce. Being mindful of the significant ongoing reforms, on which the ADB has embarked over the last years and which have garnered broad consensus on the main orientation and the functioning of the Bank, it is in the common interest that those achievements are sustained also in times of crisis. In this sense we consider it crucial that the ADB instruments maintain strategic focus, safeguard standards, result and best practice orientation in all its activities. The measures taken now will have to pass the test of quality over time.

• In a similar vein, crisis-related operations should not crowd out other critical policy targets of global importance such as good governance, gender equality and climate change. Even in times of an urgent crisis response, long term policy priorities and strategies must continue to be pursued. It is foremost important that the ADB supports ADF countries to avoid a set-back in progress towards achieving the MDGs.

• We need to ensure that the proposed means and instruments to respond to the global crisis are time-bound so that they do not crowd out the private sector and do not compete with financing needs for long term development objectives when times of sustainable growth are back. For that purpose, we support the ADB approach to frontload disbursements.

• Fair and equal treatment of clients and good coordination among IFIs and donors must be guaranteed. As a multilateral agency, the ADB acts within a multilateral system which operates most effectively if there is a close cooperation between development partners such as the United Nations, the MDBs and IMF, particularly on the country level. Joint assessments and common strategies are increasingly required to achieve better results. Further operations based on the principles of the Accra Agenda for Action are essential to have a stabilising effect on politics and economies, and ultimately improve the livelihoods of the most vulnerable citizens.

• Finally, we would like to recall the importance to take into account country-specific characteristics while addressing the needs of affected countries, and the importance of debt sustainability frameworks and prudent long-term macroeconomic management to ensure that no unsustainable debt is piled up during these times of crisis.

3. Responding adequately: Instruments and Resources

The resources and instruments at the Bank’s disposal are impressive:

• ADB shareholders have just approved a massive increase of the general capital. It is essential that the expansion of the ADB engagements is carried out while maintaining the financial solidity of the institution, interacting continuously and transparently with the
Board, further implementing critical Bank policies and standards, such as safeguards, human resource policies and capacities, and strengthening coordination with other development partners.

- ADF has been replenished last year, on a higher level than four years before. In addressing crisis-related needs of the ADF-only countries, the fund should weigh the urge to do substantial front-loading against the need to maintain its future lending capacity.
- Private sector operations have an important role to play in development. With private flows to developing countries drying up, it is of the utmost importance for the ADB to support its clients’ banking, trade finance and microfinance sectors. In line with strategy 2020 that will significantly increase involvement of ADB with the private sector, a more extensive use of guarantees and other innovative financial instruments should be pursued to crowd-in more private sector investment, in particular through PPPs in infrastructure.
- Switzerland welcomes ADB’s efforts to scale up trade activities. Support provided to trade-related institutions, productive value-chains and infrastructure, coupled with coherent, domestically owned economic policies, are crucial to leverage the poorest countries’ efforts to integrate with the global economy.

Yet let us not forget that this is an exceptional period putting exceptional demands on MDB shareholders.

- In terms of their financial contributions: We are facing a situation where most MDBs will put their demands for increased financial contributions or capital increases to their shareholders. But resources are scarce, and worries on the state of national economies compound the problem. The challenge is, for each MDB, to make a solid case that demonstrates the value and priority of additional finance, a case that is at the basis of eventually convincing our parliaments that these contributions are needed and well invested.
- The ADB, in coordination with other MDBs, should make a concerted effort to design a common understanding of prudential ratios and capital adequacy, thereby enhancing comparability of their financial reporting.

4. Closing

Today’s challenges, and the responses we are designing, have significant implications on the bank’s future. Therefore, a continuing, transparent process of debating and deciding these responses in the board of directors and the board of governors is required. President Kuroda’s continued leadership will be instrumental. I would like to thank the President and his staff for their hard work during this extraordinary period. I wish us all the best in tackling the challenges ahead and assure ADB once more of the continued support of Switzerland.
Mr. Chairman, President Kuroda, Fellow Governors, Ladies and Gentlemen:

On behalf of the delegation of Taipei, China*, I would like to thank the Government and people of Indonesia for their generous hospitality. Bali is an island paradise. Its stunning scenery and long history have nurtured the development of captivating art and culture, epitomized by painting, wood carving, and folk dance. This is a perfect setting for the annual gathering of the ADB family. I would also like to extend my sincere gratitude to the staff of ADB for their hard work in organizing this event.

Since President Kuroda took office, ADB has been committed to promoting regional economic and financial integration. Concrete results have also been achieved in infrastructure building and poverty reduction in Developing Member Countries (DMCs). In mid-2008, ADB started pursuing Strategy 2020, a framework formulated in line with the United Nations Millennium Development Goals for developing nations. Strategy 2020 is the grandest reform project undertaken by ADB since its inception in 1966. It lays out the blueprint for economic and social development in Asia Pacific into the year 2020. With poverty reduction remaining the overarching goal, Strategy 2020 encompasses three strategic agendas: inclusive economic growth, environmentally sustainable development, and regional integration. ADB will also focus its operation on five core areas including infrastructure, environment, regional cooperation and integration, financial sector development, and education. By 2020, private sector development will account for 50% of ADB’s lending portfolio and regional cooperation and integration will make up 30%.

To meet these aspiring goals with resources commensurate with its vision, ADB secured US$11.3 billion from donor members for the Asian Development Fund (ADF) in May 2008. While we are heartened to see such a generous contribution to the ADF, we must remind ourselves to make the best use of these resources through prioritization, raising efficiency in program implementation, and strengthening governance and institution-building.

ADB’s loan loss reserves are expected to increase in the face of the current financial crisis. ADB must remain cautious and monitor financial risks closely as its annual allocable net income could begin to drop in 2009 through 2011. The possible depletion of borrowing headroom after 2011 is also a major concern. Against this backdrop, ADB is planning to execute in May a capital increase of US$109.8 billion to boost its capital base to US$164.7 billion.

* Changed by Meeting Secretariat
ADB has performed commendably amid the financial turmoil as its operation remains sound and the state of its finance healthy. Its operating income of the ordinary capital resources rose to US$700 million in 2008 from the US$670 million of 2007. In 2008, the Asia Pacific region was initially hard hit by surging oil and raw material prices before its exports, output, and employment suffered the fallout from crisis-hit countries in the second half of the year. ADB’s response was swift, proactive, and flexible. It quickly provided lending and guarantees totaling US$4 billion to help cushion the impact. I commend President Kuroda and his staff on their good work.

The international community now faces the most severe economic downturn since the Great Depression. ADB forecasts the economy of the Asia Pacific excluding Japan region will only grow by 3.4% in 2009, a significant decline from the 6.3% of 2008. The situation has become critical as unemployment soars and the associated social instability might ensue.

To mitigate the economic and social impact on DMCs, ADB is ready to boost its assistance to DMCs through Public Investment Programs in infrastructure and social sectors, Trade Finance Facilitation Program (TFFP), policy recommendations and financial support to address the existing weakness in financial systems, participation in emergency response programs, and strengthened monitoring and support for regional approaches to the crisis.

While I find ADB’s apt response to the crisis and timely support for DMCs exemplary, it has also occurred to me, to better help the economically challenged countries, a larger portion of allocable net income could be transferred to the ADF and the Technical Assistance Special Fund. In addition, I think the TFFP, another countermeasure focus of ADB, with an aim to promote regional trade, is heading in the right direction. Taipei, China* will actively encourage our banks to participate in the TFFP.

It is beyond question that one of the most important actions that can be taken to address the global financial crisis is to strengthen regional cooperation. Here, ADB can play an active role. The United Nations panel of expert economists led by Dr. Joseph Stiglitz called on international financial institutions to provide additional funding to developing countries and support for regional cooperation agreements. The G20 leaders also urged multilateral development banks to increase funding to assist member countries and play a greater role in promoting financial stability. Given ADB’s extensive experience, highly qualified staff, advanced technology, and other valuable resources, it should take the lead in furthering cooperative relationships among member countries.

Under the Chiang Mai Initiative, the ASEAN+3 countries began setting up bilateral swap arrangements in 2000. A lot of progress has been made since then. In February 2009, the Chiang Mai Initiative Multilateralization process was speeded up with the size of the reserve pool increased from US$80 billion to US$120 billion. I believe a multilateral swap arrangement across Asia with ADB as the intermediary is the best way forward. Loan arrangements could also be established as an additional source of funding to allow ADB to borrow from the member countries with ample foreign exchange reserves.

* Changed by Meeting Secretariat
As global imbalances and the US sub-prime mortgage debacle triggered a financial crisis worldwide, the volatility of the US dollar exchange rate has exerted enormous pressure on regional financial stability. Asian countries should establish a formal regional exchange rate coordination mechanism to maintain the stability of Asian currencies.

The development of Asia’s bond markets crossed a significant milestone with the launch of ADB’s Asian Currency Note Programme in 2006. Under the Programme, ADB can issue Asian currency bonds with maturities of one year and above to a total of US$10 billion anytime within the 30 years starting from 2006. To date, only a few members including mine have joined the platform. We believe that involving more countries in this Programme would further promote the development of Asia’s bond markets. Incidentally, as governments around the region aggressively expand public expenditure to stimulate demand, the resulting borrowing needs would broaden the scale of domestic bond markets. Moreover, if such bond issues can be denominated in a basket of Asian currencies, they will also contribute to regional financial integration.

In retrospect, the 1997 Asian financial crisis, the collapse of the IT bubble in 2000, the global financial turmoil triggered by the subprime mortgage meltdown, and the recent swine flu we now face have all revealed a more sinister face of globalization. These traumatic events serve as a painful reminder that a seemingly isolated incident in any corner of the world can, through a variety of channels, quickly make its impact felt across a region or the globe. At this important juncture, it is all the more important to work hand in hand to shield Asian economies from external shocks. Regional cooperation at all levels and in all forms should be inclusive. All economies with adequate strength and ample foreign exchange reserves should participate.

I would like to reiterate that Taipei, China* is a founding member of ADB and has fully carried out her membership responsibilities. My delegation continues to protest against the unilateral alteration of our membership designation. I would also like to call on member countries to respect each other concerning the equal opportunities of hosting meetings and workshops of ADB. Lastly, I wish the meeting every success and all the participants good health.

Thank you.

* Changed by Meeting Secretariat
Dear Madame Chair,
Dear Governors, Mr. President,
Ladies and Gentlemen,

Let me thank the Asian Development Bank for the opportunity to welcome all participants of the 42nd Annual Meeting of the Asian Development Bank, which is being held in such a wonderful place of Asia.

I would like to express special gratitude to the Government of Indonesia for its hospitality and support in organizing the today’s meeting.

We consider the meeting as an important step in enhancing fruitful cooperation and solid relations between Tajikistan and the Asian Development Bank.

I am very pleased to note that the assistance of international agencies, including the Asian Development Bank being one of major donors and partners in development, allowed Tajikistan to gain considerable achievements in economic reforms and adjustment programs. The success provided a good opportunity to maintain sustainable social and economic growth and expand the capacity of the country to resolve poverty issues in a planned manner.

However, nowadays, Tajikistan faces difficulties destabilizing macroeconomic situation in the country. The world financial crisis has impacted Tajikistan the most among the Central Asian countries. While, Tajikistan had experienced robust economic growth since 1997, such growth after reaching 10.6 per cent in 2004, dropped to about 8.0 per cent in 2008, and during the three months of this year – to 3.2 per cent. The decline in the world prices of main export commodities (aluminium and cotton) and in remittances from our citizens working in Russia and Kazakhstan has taken its toll on Tajikistan's economy.

With nearly 57 per cent of the country's population still living below the poverty line, the vulnerability of Tajikistan's economy to the global downturn is easy to appreciate. The reduction of remittances and the downturn in world prices of its major exports threaten to push many of our citizens below the poverty line. With the balance of payments becoming worse and adversely affecting the country's ability to import goods and services, the macroeconomic situation has also been a victim of the global financial crisis.
We hope that ADB through fast disbursing loans and grants will be able to provide the breathing space the country needs in this hour of unprecedented hardship.

We welcome the conclusion of negotiations for the fifth general capital increase of ADB. Countries of Asia and the Pacific have made sustained progress in the last one and a half decade, while the capital base of the ADB – the regional development bank – remained frozen. The increase will help ADB mobilize resources for its members, and enhance ADB's relevance to the region. It will not only help the OCR borrowers, but also the Asian Development Fund countries. Tajikistan welcomes the increased contribution of net OCR income to the ADF.

However, we would like to stress that this threefold increase in transfer of net OCR income alone will not suffice to meet the requirements of the ADF countries. The ADF countries need far higher level of resources to tide over the crisis and Tajikistan requests ADB to explore means by which such resource transfers will be possible. The ADF donors had discussed the ADF replenishment before the onset of the global recession. Changed circumstances warrant a careful fresh look at the appropriate ADF resources required during 2009-12.

Tajikistan has been actively encouraging private enterprises, particularly in the banking and financial sectors. But of late, overseas investments have sharply dropped. The country still lacks the experience in developing the entrepreneurship which would allow domestic industry to grow and take the place of overseas investment. Tajikistan is still a transition economy and requires time for consolidation and development of market structures. ADB has been assisting the small and medium enterprises in Tajikistan and we would like to see a major increase in such assistance.

Tajikistan has a very large potential in developing its energy sector, in particular its hydropower sector. Hydropower is a renewable source and it can also be a source of assured irrigation. Such projects could significantly assist Tajikistan in lowering the current poverty levels. We would like ADB to explore possibilities for developing such resources and to support the improvement of skills of the local population in managing such resources.

Tajikistan also has great potential in the mining sector. Tajikistan can benefit immensely by receiving international assistance, including from the ADB, in developing these mining and mineral resources.

Tajikistan is an active member of CAREC and other regional groups, and is happy with the thrust towards regional co-operation in the Strategy 2020. Sitting as it does at the crossroads of all major trans-national routes in Central Asia, Tajikistan would benefit greatly through such initiatives. We look forward to a greater role of ADB in this sector, and also in the development of cross-border markets for energy and building of intra-regional trade relations.

From our side, I would like to assure that the Government of Tajikistan will continue its policy aimed at strengthening openness of the economy and deepening market relations.

Thank you for your attention.
Mr. Chairman,
President Kuroda,
Fellow Governors,
Ladies and gentlemen,

It is an honor for me to be here in Bali for the Annual Meeting of the Board of Governors of the Asian Development Bank. On behalf of Thailand, I would like to thank the Government and the people of Indonesia for their warm welcome and great hospitality in this most beautiful city of Bali.

Ladies and gentlemen,

As we all aware, the current world economic and financial system has been experiencing unprecedented turmoil. The world economic and financial landscape has been adversely affected by this global-scale crisis. As the crisis worsened, the global economy has experienced sharp contractions in world demand and trade flows. In 2009, global economic growth is projected to record a severe contraction of 1.7 percent.

Likewise, Thailand cannot escape from negative impacts of the global economic turmoil. Our country has been facing substantial contractions in export value and domestic spending. Global crisis impact to the real sector in Thailand led to contracting GDP growth in the 4th quarter of 2008. This year, the Thai economy is forecasted to contract at -2.5 percent which is the result from the decline in export and domestic spending. However, there is a significant belief that our economy has reached the bottom in the 1st quarter of 2009 and internal economic stability is expected to improve.

To deal with the crisis, Thailand has proactively implemented expansionary fiscal policy and accommodative monetary policy to boost the domestic demand. Our stimulus programs implemented concentrated on increasing domestic consumption and providing various types of support for affected groups. We believe that it is crucial that most of the stimulus funds should be targeted at the lower income groups as they have higher marginal propensity to spend their added income. This is the most effective way to generate a “multiplier effect” on the economy and to provide the necessary alleviation and safeguard for the affected people.
We also view that this crisis creates an opportunity to invest and upgrade Thailand’s economic and social infrastructures. We plan to invest in public infrastructure worth 1.57 trillion Baht (45 billion USD) focusing on key sectors such as transportation, energy, public health and education. These public investment programs would increase our country’s productivity and competitiveness, while creating more jobs and income opportunities for the Thai people in the long term.

We are confident that our fiscal position could accommodate the financial requirement from economic stimulus measures and public investment. At present, public debt to GDP is at 39.3% of GDP which is relatively low by international standards. Therefore, we still have some fiscal space for further policy actions in the coming years.

As the Chairman of ASEAN for 2009, the key priorities for ASEAN under the present challenges are to enhance regional financial stability and further integrate our financial markets to achieve the goals of the ASEAN Economic Community (AEC) by 2015.

ASEAN is committed to act in a timely manner to sustain market confidence and promote growth. We pursue expansionary policies as needed while maintaining medium term fiscal sustainability. We also keep our commitment against protectionism, and continue to support our free trade agenda.

Against this volatile financial environment and difficult economic condition, ASEAN has taken the initiative in coordinating with the Plus Three countries (People’s Republic of China, Japan and Republic of Korea) to engage in economic policy dialogues to deal with the current crisis.

Recently, ASEAN agreed on the key elements of the multilateralization of the Chiang Mai Initiative or CMIM, and to increase the size of multilateralized CMI from 80 billion U.S. dollar to 120 billion U.S. dollar and to develop a more robust and effective surveillance mechanism to support the operation of the CMIM.

Furthermore, ASEAN+3 countries recognize that the existing global financial imbalance has contributed to this global financial crisis. We, therefore, acknowledge that the scope for regional cooperation must be expanded to mobilize savings for investments in productive areas, particularly in infrastructure development in order to spur regional growth. ASEAN countries are committed to developing the Asian Bond Markets and to further engage in examining ways to promote regional infrastructure financing.

We also agreed to explore ways to mobilize regional resource to finance infrastructure projects in the ASEAN region.

We appreciate the ADB’s efforts to support the Asia and Pacific region and play a proactive role in overcoming the current global economic downturn and providing necessary capital for regional growth.

We are pleased to support the general capital increase of 200% for the ADB to fulfill its development role in the Asia and Pacific region. We suggest that the tailor-made Program Loan, Project Loan, and Cluster Loan should also be introduced in order to enhance the efficiency of the economic and social development projects.

In the Asian Development Fund X or ADF X, as a donor of 120 million Baht in the fund, we stand firm to be one part that expresses a responsibility to the world. We suggest that ADF
should provide policy linkage to improve productivity and promote climate change mitigation and adaptation in infrastructure.

To be more effective in achieving development within the Region, ADB should use a results framework to monitor and evaluate its work in a measurable way and take appropriate actions, based on results.

Going forward, we encourage the ADB to work in close partnership with World Bank and IMF, as well as to work collectively with Middle Income Countries including ASEAN to advance regional economic, financial, and trade integration goals. This could include the regional initiatives leveraging on the IFIs.

We appreciate ADB’s work under the five-year Country Partnership Strategy. This Partnership Strategy assists us through technical assistance, loan and knowledge transfer to improve our long term competitiveness and maintain our sustainable growth especially in this time of high economic uncertainty.

Last but not least, we are pleased to invite all governors and delegates to attend the ASEAN Investment Day which is held during the ADB Annual Meeting. This event features investors' seminars, regional-finance related seminars, and exhibitions.

Thank you.
TURKEY
Memduh Aslan Akcay, Alternate Governor

Mr. Chairman, Mr. President, Governors, Distinguished Guests, Ladies and Gentlemen

It is a great pleasure for me to be here in this wonderful island of Bali and to represent the Government of Turkey at the Forty Second Annual Meeting of the Board of Governors of Asian Development Bank. Like my other respectful fellow governors I would also like to thank the Government as well as the people of Indonesia for their kind hospitality granted for organizing this momentous meeting.

Mr. Chairman,

Allow me to touch upon the existing situation of the global economy as a result of financial crisis.

The global economy is facing its sharpest decline in the last decades. The turmoil that has shaken the global financial system since August 2007 has reached a very critical stage. The economic and financial crisis clearly demonstrates severe and adverse impact particularly on developing countries, jeopardizing global efforts to achieve the Millennium Development Goals. Millions of people in developing countries are at risk of remaining or falling back into extreme poverty as a result of the crisis. Asia-Pacific Region is not immune to these challenges.

The negative impact of the financial crisis on private capital flows to emerging markets and the poorest countries is likely to persist and may worsen. Decrease in credit availability has generated an unfavorable effect on emerging market economies and low income countries due to difficult access to lending. In addition, governments have been dealing with larger budget gaps, fiscal stimulus demands, trade finance shortages, and the need to raise social safety nets to protect the most vulnerable.

Multilateral Development Banks (MDBs) are a critical source of financing in helping developing countries to mitigate the adverse effects of the current crisis and to pull them out of recession. It is important to provide solutions by extending flexible, fast-disbursing and front loaded financing to developing countries without endangering financial sustainability of MDBs. In order to allow appropriate funding, MDBs should review the adequacy of their capital resources without delay and increase them where necessary.
In this respect, we welcome the substantial general capital increase decision for the Asian Development Bank. It will not only help the Bank to provide early countercyclical crisis response to meet the needs of its developing member countries but also effectively implement the Strategy 2020 to achieve its objective of a poverty free region.

However, we should keep in mind that this significant increase in capital requires a boosting in the Bank’s operational capacities and a stronger risk management to handle the growing demand in its operations. ADB should continue improving its business processes, streamlining and accelerating the processing time and implementation of its assistance. Besides, we should not also forget that continuation of strong commitment to pursue the reform agenda is even more critical during this turbulence.

Being the only multilateral and regional institution specialized in the development financing for Asia, ADB should continue playing the leadership role in promoting regional cooperation and integration. Developing coordinated regional policy responses and achieving sustainable economic growth through regional infrastructure development are keys to restoring financial stability. We are content with the tangible progress in supporting sub-regional cooperation programs such as CAREC (Central Asia Regional Economic Cooperation) in achieving development results. In this regard, we are planning to scale up our endeavors on being a more active participant in CAREC and giving our full support to the program in reaching its aims.

ADB’s regional cooperation programs have long been involved in implementing trade-related projects, such as cross-border infrastructure, trade facilitation and SME financing. As part of the crisis response to the deepening global recession, supporting the continuation of the trade flows is very important in restoring growth and prosperity. On this occasion, we welcome the Bank’s recent decision in providing significant boost to its trade finance facilitation activities.

While concluding my statement I would like to extend my thanks to President Mr. Kuroda and ADB staff for their dedicated work and strong commitment to providing the best possible assistance to developing member countries particularly in this time of the economic crisis.
Dear Madam Chair, Ladies and gentlemen!
Dear colleagues!

Let me welcome you at today's meeting and wish you all successful cooperation for the interests of our countries.

Turkmenistan is the independent, neutral, dynamically developing state that has advantageous geographical position, possessing a considerable mineral raw material resources, industrial, economic and personnel potential.

At present time Turkmenistan has entered a new phase of the development. Within the bounds of policy of new Revival, proclaimed by the President of Turkmenistan, have been defined the basic targets and the program of market reforms planned. This program provides the strengthening of position of the country in the international markets, by creation of the sufficient block of infrastructural branches, diversity of the economy, perfection of sectoral and organizational-economic structure of economy.

For last two years, the economy of Turkmenistan has been developed with dynamically enough rates, to what stable high rates of growth of gross national product testify, steadily exceeding 10%. Income side of the State budget of the country in 2008 exceeded expenses 1.9 times that allowed finish the year with considerable budget surplus. In 2008, the Stabilization fund was created which is formed from budgetary surpluses.

The industry makes a basis of the economy of Turkmenistan. It is presented by electric power industry branches, oil and gas production, oil refining, chemistry and petro-chemistry, the industry of building materials, the textile and food industries. Today, industry forms more than 51% of the GDP of Turkmenistan.

The economy of Turkmenistan differs in terms of high investment activity. In the country, volumes of investments that are directed into the fixed capital grow dynamically. Herewith, it is observed that the share of the foreign capital in total investments is growing constantly.

Investment policy of the President of the country devotes important attention to the attraction of foreign investors' capital, along with the use of own means of Turkmenistan. Favorable
conditions for attracting foreign investments have been created. Among them, it is necessary to note the following:

Preservation of the political stability during the long period, steady rates of economic growth, preservation of a stable rate of national currency, and also the creation of a strong basis for formation of powerful financial base.

Formation of the reliable infrastructure providing uninterrupted delivery of natural gas, as a matter of fact, acts as a backbone element of energy safety in the modern world. Thereupon, gas pipeline projects Turkmenistan-People’s Republic of China (7000 km) and the by-Caspian carry special importance.

Thanks to the huge investments directed to the Turkmenbashy complex of oil refining factories - a leader of the domestic industry, the up-to-date industrial giant is completely modernized and now produces more than 35 names of petrochemical products that are sold mainly to foreign markets.

Fundamental technological modernization of another large oil refining factory located in Seydi city is planned.

In Turkmenistan, it is planned to expand attraction of investments into the building of factories that process natural gas into liquefied one.

Considerable stocks of oil and gas, located on a Turkmen shelf of Caspian Sea, demand large investments into their working out and extraction. The example of foreign partners working in this region testifies to very fast recoupment of the investments.

Today the electric power industry of Turkmenistan is one of the major spheres of the energy complex. Its development promotes maintenance of energy safety of the country and completely covers internal demand for the electric power. The power supply system of Turkmenistan is connected with the Power supply system of the Central Asia and is capable to export the superfluous electric power to other states, such as Afghanistan, Iran, Turkey, Tajikistan and others.

Our country also possesses potential in chemical and petrochemical industries related to both complex use of resources of already developed deposits and industrial development of new deposits of chemical raw materials. They include sulfur, iodide-bromine water, salt cake, potash salts, table salt, and carbonate materials for the chemical industry, phosphorites and the oxidized coals. Mineral resources of Garabogaz gulf are a unique source with a rich set of the most valuable components of chemical raw materials. Development of mineral resources of gulf Garabogaz allows adjusting production of potash fertilizers, table salt, bromine, a pine forest, and thus use of progressive technologies act as an important criteria.

Export oriented textile industry equipped with the modern hi-tech equipment is created in Turkmenistan. As a result of building large-scale, new enterprises, production capacity of final goods from cotton fiber reached to 130 thousand tons, compared to 10 thousand tons in 1991.

Turkmenistan is interested in cooperation on the creation of effectively functioning international transport infrastructure where the important possibilities provide the construction of a trunk-railway Kazakhstan-Turkmenistan-Iran with an exit to seaports of Persian gulf.
The initiative of the President of Turkmenistan regarding the development of the National tourism zone «Awaza» gives the chance to expand tourism industry infrastructure considerably in region by attracting foreign investments. The national tourist zone «Awaza» is a significant international project in whose realization is interested not only businesses of Turkmenistan, but also a considerable quantity of large international investors and businessmen. All this indicate investment attractiveness of the Turkmen tourism market and the presence of functional conditions and possibilities. In this territory, the favorable regime for investors and businessmen of the tourism industry is created. The complex of the given measures includes also a number of extensive privileges.

Investment relations between our countries get more and more spread. The foreign trade turnover in 2008 has exceeded 2 billion US dollars and has increased 2.9 times compared with 2006 figure.

For today, 115 companies with the participation of the capital of the CAREC countries are registered in Turkmenistan, including: 16 representations, 39 branches, 5 partnerships, 11 economic societies, 28 affiliated and 16 individual enterprises.

Today, Turkmenistan is the participant of the following large regional projects financed by ADB:

1. The project of a gas pipeline Turkmenistan - Afghanistan - Pakistan-India (TAPI). In May, 2008 in Turkmenistan 4th session of the technical working group of the project took place with the support and assistance of the Cabinet of Ministers of Turkmenistan and the Ministry of oil and gas of Turkmenistan.

2. Central Asian Countries Initiative for Land Management (CACILM). The second session of steering committee of the Project took place in April, 2008.

Representatives of the Government of Turkmenistan take part in Annual Meetings of shareholders of ADB. Representatives of the ministries and departments of Turkmenistan also actively participate in the events of the Central Asian Regional Economic Cooperation (CAREC) and ADB Institute. In 2007 representatives of Turkmenistan have taken part in 12 events organized by ADB.

As a conclusion, I would like to thank organizers of an annual Meeting of Board of governors of ADB for the presented possibility to participate at a high level gathering and wish you all successes in your endeavors.
I am delighted to be here in Bali to participate in this annual meeting. I would like to thank the Indonesian Government and the Management and staff of the Asian Development Bank for arranging the meeting so successfully.

A month ago, the G20 leaders gathered in London to discuss the global economic crisis and to plan for concerted action. Quick and decisive action is needed, and it is now vital that we all pursue the policies and programmes leading to a sustained recovery and shared prosperity.

The Asian Development Bank has been proactive and clear in its approach to the crisis. I commend the Bank for taking this stance, and for using the experience gained from the Asian financial crisis in 1997. It is important that ADB is able to respond to the needs of all members – both low and middle income countries. The Bank must be able to be flexible and responsive, providing the assistance that countries need quickly and effectively.

We must do our part to ensure that ADB has the resources it needs. The UK is committed to supporting the Bank and welcomes the agreement by shareholders for a 200% capital increase. We would also like to thank the President and senior Management for the open and inclusive manner in which they led the analysis and debate. Their work was thorough and persuasive, as shown by the high level of support for the increase. Most importantly, the additional $15 billion available in the next three years will enable ADB to have a real impact, and we trust this will lead to additional support to the private sector in the poorest countries.

The Bank’s mission is “to help developing member countries substantially reduce poverty and improve the quality of life of their people”. To achieve this, the Bank must maintain the focus on inclusive growth and poverty reduction, but the financial crisis will make this much harder and requires us to increase our efforts to protect the poor. Already rising unemployment, reduced remittances and falling government revenues are having an impact. And there are other, structural issues which have an impact on poverty, both during the crisis and in the longer term.

An issue which I feel strongly about is gender equality and I know the Bank shares my concern. In December, I wrote an article in ADB’s publication, Development Asia, in which I presented the arguments in social and economic terms. I am now pleased to be able to announce that we will help the Bank directly by making a supplementary contribution to the Asian Development Fund.

Strategy 2020 recognised gender equity as one of the five key drivers of change. The Bank includes gender mainstreaming as a target within its results framework, and has developed
gender action plans to focus attention and resources on tackling inequality at country and project levels. The ADB needs to ensure that the gender assessment and planning skills are established both in Manila and in resident missions, and to monitor projects to confirm that the planning and implementation has achieved better results for both women and men. The UK is offering almost $10 million to the Fund based on performance in these areas.

As we take action on the economic downturn, we need to increase our investment in efficient technologies, building industries that are clean and sustainable. The Bank already plays a major role here, promoting clean and renewable energy and helping countries learn and adopt technologies which protect the environment. The Bank’s know-how should also be used to encourage the private sector to expand their expertise and to invest in the best.

As we move to recovery, all banks will need to be accountable, responsive and well managed. Risk and operations management must be enhanced to cope with a riskier world and new skills and expertise will be needed to support the expansion in private sector lending and the emphasis on climate change and gender. ADB’s human resource review is a good first step towards this and we are grateful to President Kuroda for his commitment to implementing the improvements. The UK is also committed to an open, transparent, and merit-based selection process for the leaders of all international financial institutions and we will support ADB to achieve this aim.

Once again, I would like to thank the Indonesian Government for hosting this gathering, and ADB for providing the stimulus for learning and debate. I’m sure we all value this opportunity to help the Bank tackle the financial crisis and build the foundations for a future without poverty.
I am honored to be here today at the 42nd annual meeting of the Asian Development Bank. I would like to thank our hosts, the Government of Indonesia, and the people of the beautiful island of Bali for their warm hospitality.

This meeting represents the culmination of a lengthy consultative process on the resource needs and strategic direction of the Asian Development Bank, and I am delighted to affirm Secretary Geithner’s support for a capital increase of 200 percent.

I would like to thank President Kuroda for his leadership on these issues. We look forward to working with him and his management team on a robust implementation of the Bank’s reform agenda. I would also like to thank the Bank for its significant financial support for Afghanistan and Pakistan, where the challenges of effective poverty reduction are greatly magnified by fractious political climates.

We meet here at a time of great challenge for the global economy, for the Asia-Pacific region, and for the Asian Development Bank. The impact of the financial crisis on this region, initially hoped to be comparatively less than on the United States and Europe, is proving to be severe. Exports declined five percent in the fourth quarter of 2008, contributing to an average slowdown in growth to 3 percent, compared to 7.7 percent the year before, with many economies contracting significantly. Currency and equity markets have come under pressure in many Asian economies, and tight credit markets are exacerbating the slowdown.

The poor are feeling the brunt of the impact. Unemployment and poverty are on the rise, putting Millennium Development Goals even further out of reach, and threatening to set back recent advances in poverty reduction—progress that was only just regained after the last financial crisis, when Asia experienced sharp rise in infant mortality and drop in primary enrollment rates. According to the World Bank, it has taken almost a decade for the poverty headcount in Asia to recover its pre-1998 levels. We cannot allow the current crisis to reverse these hard won gains.

The global nature of this crisis underscores the need for a coordinated, global response. We believe this encompasses three elements: a sustained commitment to fiscal and monetary policy to support economic activity; aggressive actions to fix our financial systems and get credit flowing again; and substantial support from international financial institutions to help the people in developing economies who have been most affected by the crisis.
These efforts must also include a commitment to openness to trade and investment and resistance to protectionist measures. This is especially vital for Asia, a region that was relatively immune from the initial seize-up in credit markets, but has been hit hard through trade channels.

Asia’s economies have responded to this crisis with proactive and ambitious measures to stimulate demand and restore credit flows, including a welcome commitment to boost infrastructure spending. For its part, the Bank has moved to offset the decline in trade finance with $850 million more of its own resources, a move we strongly support.

We applaud Asia’s crisis response, but also recognize that beyond the short-term imperative for supportive fiscal and monetary policies, the crisis may require an even more profound adjustment – one that enables the region to rely more on domestic demand and less on net exports as sources of growth. Such a fundamental economic transformation will not be easily or rapidly attainable, but, ultimately, will be key to underpinning a healthy, global and balanced recovery. It will also require commitments to implement reliable and sustainable social safety-nets, without which Asia’s population must continue to rely on high rates of savings to compensate for the absence of social programs.

For those countries in the region without the resources to respond quickly or robustly, the Asian Development Bank will be critical in mitigating the impact of the financial crisis. Bank management has embraced this fact, as reflected by proposals to increase support for the poorest by accelerating and augmenting resource availability in the Asian Development Fund, proposals heartily endorsed yesterday by Governors.

In addition, we, as shareholders, must work together, and with Bank management, to support the implementation of the institutional reform agenda -- an agenda that will help ensure that the Bank’s resources are prudently managed and effectively deployed. This includes:

- Greater resource transfers for the poorest countries through the tripling of contributions from the Bank to the Fund.

- The timely and robust implementation of management’s plan to strengthen human resources management at the Bank. Retaining and recruiting high-quality professional staff is absolutely critical if the institution is to successfully manage additional resources, and we are very pleased that the Bank’s management recognizes that this must be a priority.

- The adoption of strengthened safeguard policies, which are so critical to protecting vital human and environmental interests; and,

- Strengthening the Bank’s internal controls, such as in risk management, internal auditing and other anti-corruption and transparency efforts. We hope this will ultimately include an enhanced disclosure policy under which the Bank publicly discloses debarred firms, a measure which would send a strong signal of the institution’s commitment to transparency.

Fellow Governors, this is an uncertain and unsettling period for us all, a time when the resources and expertise of the Asian Development Bank have never been more critically needed. It is also a major opportunity for the multilateral development banks to demonstrate
their capacity for success, and we urge the Asian Development Bank to meet the region's
development challenges with fortitude and resolve.

Thank you.
Dear Mr. Chairman,
Dear President Kuroda,
Distinguished Governors,
Ladies and gentlemen,

First of all let me sincerely thank Government of Indonesia for excellent arrangements for the ADB Annual meeting, and the people of the beautiful island of Bail for their hospitality and warm welcome.

Uzbekistan has joined ADB from 1995. But since then it is the first time when Annual Meeting is held in the situation of a global economic crisis, which affected actually every country.

We have to acknowledge that many postulates, which have been declared before as indisputable, are now seriously reconsidered. And objective systemic analysis shows that Asian Development Model proved its viability, efficiency and sustainability.

Uzbekistan successfully develops its economy based on 5 principles defined by President Islam Karimov at the beginning of independence. As a result we have sustainably high economic growth in the range of 7-9% annually for the last decade.

In particular, in 2008 GDP grew by 9%, exports – by 39% with current account surplus of around 20% of GDP. State budget surplus was about 4%, and outstanding external debt decreased to 12% of GDP.

From the very beginning we rejected the shock therapy approach and did not trust to the “magic invisible market hand”. Being realist and pragmatic we consistently implement economic reform strategy to move from basically agricultural towards industrial developed economy based on utilizing most modern technologies.

Definitely the global crisis also negatively effected Uzbekistan’s macro-indicators through substantial decline in export prices and volumes.

However having solid foundation of 18 years of economic reforms and timely developed Anti-crisis Program started in the last November, we mobilize all existing reserves and resources in
order not only to retain the positions achieved, but make our economy more diversified, modern and competitive.

As a result in the first quarter of 2009 GDP grew by 7,9%, trade balance and state budget were in surplus, and most importantly – investment increased by 31%, supported by 2,5 times FDI growth.

That is why IMF in “World Economic Outlook” did not change last month its 2009 economic growth forecast for Uzbek economy which remains at 7%.

Distinguished Governors!

Mr. Kuroda was absolutely right in his statement that first of all the world crisis negatively affects income and living standards of people in Asia. It significantly compromises results pf poverty reduction achieved during many years of stable development of Asia economies.

Today, as never before, the ADB’s role increases. With its assistance the countries of operation will be able to mitigate and overcome effects of the crisis more quickly and efficiently.

In this regard Uzbekistan fully endorses the ADB President’s initiative to increase bank capital by 3 times.

From the Uzbekistan experience we see that ADB funds are channeling to projects that are vital for sustainable economic growth and development of modern infrastructure. It also brings the leverage effect be attracting funds from other internal and external source.

In line with our structural reform program we have identified projects near 1 billion US Dollars to be implemented with ADB participation in 2009 – 2011.

Considering economic crisis and its consequences, we should note that public support for enterprise and financial institutions, capital injections and loans from Governments, widely applied now by many countries, however are temporary measure. In the long run they should not replace objectives of promoting private sectors growth and development.

In this regard we think that ADB should be much more active in its programs to support private sectors development.

Within economic diversification framework with the support of the Government of the Republic of Korea we implement Navoi free industrial Economic Zone Project located next to transcontinental intermodal hub based in Navoi airport

This October, with ADB assistance, Uzbekistan will hold international presentation of the Navoi Free Zone, and we invite businesses from all ADB member countries to participate in this event.

Attendants will be surprised to see, how in a place where recently there was nothing around, today the transcontinental multi-functional transport and logistic center and free industrial-economic zone with dozens of modern enterprises are being arised.

Dear ladies and gentlemen!
After collapse of the USSR, independent countries of Central Asia and Caucasus join ADB family and now actively cooperate with this excellent financial institution. However up to now ADB has never held Annual Meeting in our region.

In this regard, let me on behalf of the Government of Uzbekistan thank sincerely ADB Board of Directors for supporting Tashkent nomination to host the next ADB Annual meeting in 2010.

I hope that all Governors will support this decision. We are confident that next year you will find out that Uzbekistan is not only one of the historical centers of civilization with world heritage pearls of the Great Silk Road as Samarkand, Bukhara and Tashkent aged more than 2,500 years, but also a dynamically developing and hospitable country, which today becomes one of the engines of economic growth in Asia.

On behalf of the Government of Uzbekistan and the people of Tashkent we would like to invite all of you to be next years our honored guests for the 43rd Annual Meeting of the Board of Governors of the Asian Development Bank.

Welcome to Central Asia! Welcome to Tashkent!
Mr. Chairman,
Ladies and Gentlemen,

First of all, I would like to express our sincere thanks to H.E. Mr. Kuroda, President of the Asian Development Bank and the staffs for their excellent arrangement for this important event. I also would like to thank our host, the Government of Indonesia for their warm hospitality and welcome.

Over the past year, the global economy has gone through unpredictable and complicated situations, the financial crises, swiftly follows the food and energy crises and side by side with the economic stagnancy, has been badly affecting poor people in developing and low income countries. As projected by the ADB, GDP growth rate of the developing countries in Asia will be contracted to 3.4% in 2009 before gradually recovered to 6% in 2010. The growth rate of East and Southeast Asia countries is expected to be down at least by 3 percentage points. The developing countries have a few conditions to conduct their policies aiming at cooling down or scaling up their economies when they overheated or melt down too fast. Therefore, increasing assistance from international financial organizations will play an important role to help the countries which are easily influenced by economic recession reduce the crisis impacts on poverty.

The global crisis is still expected to move unpredictably and no one knows how it actually hits the countries, especially the developing countries in the region. For that reason, countries must act boldly, comprehensively and uniquely against the impacts of the crisis. The member countries of the ADB are facing a significant challenge which is how best we choose the policy package to simulate our domestic demands in both short and long run. A worldwide economic crisis needs to be dealt with globally. The G-20 Summit held in U.K in early April, 2009 was successfully completed with a positive message “We wish to urge the global growth” and “a historical significant” approval of an economic recovery package amounted to USD1,100 billion. The Summit has committed to take any necessary action to ensure the economic rebound; create more jobs; restore the confidence in financial systems; strengthen financial institutions; promote global trade and investment activities; and fight against protectionism.

Ladies and gentlemen,
Close cooperation with international organizations, institutions and countries in the world was considered as a positive move of the ADB in the current context aiming at having bold actions to support its member countries. This has resulted to repel economic recession, to stabilize economy and motivation of growth as well as to ensure achievements of poverty reduction. We highly appreciate ADB’s appropriate policy advice and solutions for individual member country. Policy dialogue between ADB and member countries is more effective as focusing more on the impacts of economic policies of member countries to the stabilization of these countries' economy as well as partners' one. Furthermore, we support the effort of ADB and other organizations in reforming lending policy procedures in the purpose of harmonizing ADB’s and borrowers’ procedures.

Viet Nam is always on the side with ADB in implementing long-term Strategy 2020 of ADB in order to create an Asia home without poverty and support member countries to overcome poverty with three core development programs including economic growth coupled with management of sustainable natural resources and regional integration. We support the Bank’s Long-term Strategy emphasizing on five sectors: infrastructure, environment, regional integration, financial sector development and education. In this context, the ADB, as a regional finance institution, should reaffirm its commitment in achieving MDG, commit to stand ready to provide resource to the member countries in order to protect most vulnerable and poorest group by creating job opportunities and measures of income assistance, promoting growth, investment in education and training and dynamic labor market policy ... ADB should have appropriate actions in order to quickly provide necessary funds to assist member countries to minimize the risk of economic downturn.

Viet Nam highly appreciates financing activities of the ADB in 2008 which include the biggest loans and budget increase of 5.3% in comparison with 2007. This reflects growing needs of funding for development in region and commitment of ADB for developing member countries in order to deal with the adverse impacts of the global financial crisis. ADB should affirm its role in the region through its comparative advantages built up more than 40 years ago; further policy dialog with member countries especially in context of the global economic crisis; make more ADF and OCR loans to cover the gaps in funding; provide emergency loans to DMCs; and expand other lending facilities such as commercial finance guarantee facility and non-sovereignty loan facility. As for other international financial institutions, ADB should ensure its funding resources in order to help member countries maintain financial stability and overcome challenges resulted from the current crisis.

Viet Nam supports recommendations of G-20 Summit for strengthening cooperation between countries in the financial management, improving accounting standards and supervising operations of financial institutions in financial markets in order to ensure sustainability of the development. We expect the ADB, with its important role in the region, together with other international financial institutions should launch an Early Warning Exercise in order to track down any potential risk related to macr economy and financial sector; recommend necessary actions to address the risk; and enhance the supervision role in the region in particular and in the world in general. We also hope that the ADB will play well its role in providing financial resources to support the countries in the region under the Global plan declared by the G-20 Summit.

In addition to policy dialog, ADB should continue to undertake successfully its strengths by providing financial resources for the programs, projects and technical assistance. We particularly support the Bank’s policies for social security in the implementation of the projects, programs and technical assistance. This new policy shows the determination of the ADB in
pursuing its ultimate goal of poverty reduction and equitable and sustainable development. Furthermore, we think the ADB has been actively implementing the Regional Cooperation Initiative, thus bringing up encouraging outcomes and creating a quite successful subregional model for cooperation. The Greater Mekong Subregion (GMS) benefits member countries in many ways through cooperation and exchange programs on climate change.

The climate change over the period has been threatening the agriculture production, thus affecting adversely the global food supply side and income of the poor as well. The occurrence of disasters last year destroyed lives of millions of people who could not survived without the emergent acts to mitigate the harm of disaster. The spread of diseases continues to challenge all nations. The climate change has been affected wildly and deeply to not only the economic growth but also to other sectors and to all countries. In year 2008, 9 out of 10 countries with the highest death-rate were from Asia region. We highly appreciate the efforts of ADB in establishing the Asia Pacific Disaster Response Fund (ADPRF) to provide the emergence assistance to the members in saving and rehabilitating their people’s lives, furthermore the complement of ADB’s existing mechanisms allowed for the suitable disbursement to emergency situations. Therefore we urge the ADB to continue expanding its programs, policies and activities in order to help member countries respond to these changes and mitigate the impacts and reverse the challenges into development opportunities and seek for a mechanism to impulse the economic growth with the low use of carbon towards the comprehensive and strong globalization.

The global economic slowdown shall have bad effects on the exertion to reduce poverty of all nations. The inability to keep the high growth rate as in the precedent time could lead to the poverty of more than 60 million people in the region in 2009 and nearly 100 million people in 2010. To keep playing the important role and implementing the long-term strategy, ADB should have the equivalent financial sources. Viet Nam therefore supports and calls for other members to actively response to the General Capital Increase V of ADB. The GCI V was implemented in the disadvantage situation of the members. However, this shall be of great effort of members to enhance the strong Asian Development Bank in long-term strategy and the vision of a region free of poverty in 2020. We believe that the success of this general capital increase will strongly assist to all members, including Viet Nam, in effectively implementing measures to prevent from the economic downturn, and in stabilizing the financial market for the region and in remaining the economic stability.

Ladies and gentlemen,

Like other developing members, Viet Nam was adversely affected by the unfavorable impact of global crises. Viet Nam economy had a turbulent year in 2008. Inflation and deficit surged, then reversed course. Despite of that, basically, Vietnamese economy was still able to keep good motivation of development, with GDP growth decelerated to 6.18% from 8.48% of 2007 and more than 7.5% in the preceding 5 years, while agriculture, seafood increased 4.07%, industrial and construction increased 6.11%, services increased 7.18%. %. At the end of 2008, CPI was up to 19.89% in comparison with one of 12/2007, which is still high but felt sharply in the last months of year. Total balance of payment is surplus, poverty rate decelerated to 13.1%.

To stabilize the economy, Government of Viet Nam had timely taken measures to prevent from the economic downtrend, to keep the growth rate unchanged and to assure of social security. In the first months of 2008, the Government determined that the priority mission is to curb inflation; therefore the Government adjusted the growth rate accordingly to the situation of the economy. Furthermore, the Government implemented comprehensively 8 stage solution package by
concentrating on tightening both the fiscal and monetary policies. By the end of 2008, the Government of Viet Nam adopted a more flexible policy, by shifting from the priority target of inflation reduced to the combination target of both in reducing inflation and stabilizing macroeconomic and maintaining the strong and achievable growth rate.

To cope with the changing situation of both Viet Nam and global economy in the first quarter of 2009, the Government of Viet Nam adjusted the growth target of 5% to 5.5% for 2009 (with 6.5% forecasted initially). The main focus of the Government from now to the end of 2009 is to prevent economic meltdown, maintain reasonable economic growth, stabilize macroeconomy, avoid recurrence of inflation and assure social security... of which prevention of economic meltdown is at heart. To achieve that objective, the Government created a 5 main group of solutions package, which includes resolving difficulties to boost production and exports; mobilizing all available resources to stimulate domestic investment and consumption demand; ensuring social security and poverty reduction; implementing monetary and fiscal policies actively and effectively. The package was implemented using the measures such as lowering the interest rate to reduce production cost of enterprises, reducing corporate income tax for small and medium size enterprise, reducing VAT tax for some good and service items, increasing the basic salary etc.

Viet Nam’s efforts in taking drastic and comprehensive measures against economic slowdown and active support from international financial institutions have helped Viet Nam initially overcome part of difficulties and challenges and record positive changes in the economic situation in the first quarter of 2009 with GDP growth rate being maintained at 3.1% under highly unfavorable conditions. While this is a relatively low growth rate compared with previous years, it demonstrates Viet Nam’s great efforts in the context when most of the countries in the region experience negative growth; CPI in the first quarter of 2009 increased by 1.32% compared with the end of 2008; exports increased by 2.4%; industry increased by 2.1%; trade balance presented a surplus of over $1.6 billion in the first quarter of 2009; total goods retail sales and consumer services turnover increased by 20% compared with the same period of 2008; macro economic situation remained stable; interest and foreign exchange rates were managed in a flexible and market signal-based manner.

The Government of Viet Nam has always highly appreciated ADB’s strong support and active contribution to providing essential bases for Viet Nam’s economic development. The active role of ADB in assisting Viet Nam’s economic development and poverty reduction has been increasingly proved during recent years. By the end of 2008, ADB has extended to Viet Nam almost 80 multi-sector loans totaling USD6.1 billion and 181 TAs totaling USD120 million. In 2009, ADB plans to provide for Viet Nam 8 programs and projects with a total amount exceeding USD1.3 billion from ADF and OCR resources, thus becoming one of the biggest donors for Viet Nam.

In conclusion, I would like to express our sincere thanks to ADB Management and staff for their effective support to Viet Nam during past years. I do believe that under the leadership of Mr. Kuroda, ADB will continue to affirm its fundamental role in the region in conducting the Bank’s mission to assist member countries in addressing and overcoming this global financial crisis.

I wish our Annual Meeting great success.
Closing Statement at the 42nd Annual Meeting

By
Haruhiko Kuroda
President, Asian Development Bank

5 May 2009
Bali, Indonesia

I. Introductory Remarks

Madame Chair, Governors of the Asian Development Bank, distinguished guests, ladies and gentlemen.

The 42nd Annual Meeting is now coming to a close. This has been a successful meeting with very important discussions on crucial issues. The various events and dialogue that have taken place confirmed the adverse impacts and risks to the region from the global economic crisis but also the region's potential for recovery. We are also reminded of the many longer-term development challenges we need to address. I thank Governors for their insights on how ADB can play a vital role in reacting to the current crisis affecting the region while responding to the long-term priorities of all developing member countries.

Let me briefly review a few highlights of this Annual Meeting.

II. The Region

It is clear that developing Asia and the Pacific is facing its most difficult economic and development challenges since the Asian financial crisis of the late 1990s. The effects of the crisis are being felt across the region, posing a serious threat to its poorest and most vulnerable citizens, and undermining the region's progress towards achievement of all Millennium Development Goals.

Governments have been coordinating their responses to the crisis in ways that contribute to stability and provide much needed investment and finance for the region's economies. There are opportunities to build on this cooperation through future policy dialogue and actions for establishing economic structures that are more resilient to fluctuations in external demand. In this context, prioritized investment through public-private partnerships in a "regional seamless economic infrastructure", supported by modernized capital markets, would bring great benefits to developing countries of the region.

We agreed that there are clear risks to the region's long-term growth and quality of life posed by climate change. Early and sustained actions by governments in cooperation with development partners and the private sector can lessen the region’s carbon dependency and reduce greenhouse gas emission. I am gratified with the positive response of Governors to ADB's initiatives in this area.

The spread of diseases continues to challenge all nations. It remains to be seen how the recent influenza outbreak will further affect the region. All countries must be vigilant and work together to minimize risks and costs in human and economic terms.
III. ADB in the Asia and Pacific Region

ADB will support the region’s developing economies affected by the crisis. Our financing for countercyclical programs will stimulate growth, trade, capital inflows, and private demand. ADB will also support social safety nets, and help sustain investments in economic and social infrastructure that are critical for growth and social stability. Our support must be flexible and responsive with due diligence, providing coordinated assistance that countries need quickly and effectively.

It is crucial that the private sector also plays a leading role in overcoming the current crisis and driving the next stage of vigorous growth in the region. ADB’s efforts under Strategy 2020 to attract private sector investments that support inclusive growth and improve the environment across the region must contribute to this end.

ADB is in a strong financial position to assist the region. Let me reiterate my appreciation to Governors for their authorization of ADB’s fifth general capital increase. With this unprecedented tripling of our capital we can respond aggressively to the crisis, while sustaining momentum on long-term development and poverty reduction across the region. I also appreciate ADF Donors’ endorsement of our proposals to front-load ADF resources and to use additional commitment authority for poor countries to help them cope with the crisis. The resources provided under GCI V and ADF X will be used efficiently to finance Strategy 2020’s core operations, led by infrastructure, which is central to generating employment, stimulating domestic demand, and boosting investor confidence during the crisis and into sustained recovery.

To execute Strategy 2020 successfully and make best use of all organization resources, ADB will carry out institutional reforms. Among our priorities are human resources management, risk management, and a focus on results with accountability. And in everything it does ADB will remain committed to its vision of an Asia and Pacific region free of poverty, while reflecting its special regional and multilateral character.

IV. Concluding remarks

Governors:

It has been a privilege to meet with you here in Bali to reaffirm our collective commitment to end poverty in Asia and the Pacific and achieve inclusive, cooperative and environmentally sustainable development and prosperity in the region.

I would like to express our sincere gratitude to the Chair, Honorable Sri Mulyani Indrawati, Minister of Finance of Indonesia, for the excellent arrangements. And I especially want to thank the people of Bali, who, through their gracious and delightful hospitality made this 42nd anniversary of the ADB a most memorable occasion.

I would also like to congratulate the Governor for Uzbekistan, who will serve as Chairman of the Board of Governors for the coming year.

I look forward to seeing all of you next year when we will meet in Tashkent for ADB’s 43rd Annual Meeting, and wish you a safe and pleasant journey home.

Thank you.
As required under its terms of reference, the Procedures Committee for 2008/2009 met on 3 May 2009. Governors for Bhutan; People’s Republic of China; Georgia; Japan; The Netherlands; New Zealand; Philippines; Switzerland; Thailand, United Kingdom; the United States; and Vanuatu were present at the Meeting.

The Committee submits the following report:

1. **Schedule of Meeting**

   The Committee recommends that the Schedule of Meeting as shown in DOC. No. BG42-1 be approved with such changes as the Chair may announce during the course of the Meeting.

2. **Provisions Relating to Conduct of Meeting**

   The Committee recommends that the Provisions Relating to Conduct of Meeting, as shown in DOC. No. BG42-2, be approved.

3. **Agenda for Meeting**

   The Committee recommends adoption of the agenda as shown in DOC. No. BG42-3. Regarding the items on the Agenda, the Committee reports as follows:

   (a) **Annual Report for 2008** – The Committee recommends that the Board of Governors take note of the Annual Report.


   (c) **Allocation of Net Income** – The Committee noted the Report of the Board of Directors, DOC. No. BG42-5, and recommends that the draft Resolution entitled “Allocation of Net Income” be adopted by the Board of Governors.
(d) **Budget for 2009** – The Committee recommends that the Board of Governors take note of the Report of the Board of Directors on the ADB and ADB Institute Budgets for 2009, DOC. No. BG42-6.

(e) **Resources of ADB** – The Committee recommends that the Board of Governors note its adoption of Resolution no. 336: *Increase in Authorized Capital Stock and Subscription Thereto*. The Board of Governors adopted the resolution on 29 April 2009, in accordance with the Special Procedure under Section 3 of the By-Laws of ADB.

(f) **Review of Rules and Regulations** – The Committee recommends that the Board of Governors take note of the Report of the Board of Directors, DOC. No. BG42-7.

(g) **Place and Date of the Forty-Third Annual Meeting (2010)** – The Committee noted the Report of the Board of Directors, DOC No. BG42-8, and recommends that the draft Resolution entitled “**Place and Date of Forty-Third Annual Meeting**” be adopted by the Board of Governors.

(h) **Officers and Procedures Committee for 2009/2010** – The Committee recommends that a Procedures Committee be constituted consisting of the Governors for Canada; People’s Republic of China; Cook Islands; India; Japan; Kiribati; Malaysia; Pakistan; Portugal; Turkey; United States; and Uzbekistan to be available through the Forty-Third Annual Meeting for consultations at the discretion of the Chair regarding the Schedule of Meeting, Provisions Relating to Conduct of Meeting, the Agenda for the Meeting and any procedural matters, by correspondence, if necessary, and by convening immediately before, and, as required, during the Forty-Third Annual Meeting. In line with item (g) above, the Committee further proposes that the Governor for Uzbekistan be appointed Chair of the Procedures Committee.

The Committee also proposes that the Governor for Uzbekistan be elected Chair and the Governors for Papua New Guinea and Spain be elected Vice Chairs of the Board of Governors for 2009/2010.
FINANCIAL STATEMENTS, MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND INDEPENDENT AUDITORS' REPORTS

REPORT OF THE BOARD OF DIRECTORS

In accordance with Article 31 (iii) of the Articles of Agreement and Section 15 of the By-Laws, the Management's Report on Internal Control over Financial Reporting and audited financial statements of ADB for 2008, including the financial statements for the operations of Special Funds, as contained in the Annual Report for 2008, are submitted for approval, together with the text of a draft Resolution.
ALLOCATION OF NET INCOME

REPORT OF THE BOARD OF DIRECTORS

1. ADB’s net income from its ordinary capital resources for the year ended 31 December 2008 including $10,000,000 previously recorded as technical assistance for commitment related to Java Reconstruction Fund, and after appropriations of guarantee fees of $6,876,277 to the Special Reserve in accordance with Article 17 of the Articles of Agreement, amounted to $1,129,473,017. With respect to such amount, the Board of Directors, after due consideration, recommends that the Board of Governors adds to Cumulative Revaluation Adjustments $426,964,564; and allocates $298,100,000 to Loan Loss Reserve; $261,408,453 to Ordinary Reserve; $120,000,000 to the Asian Development Fund; and $23,000,000 to the Technical Assistance Special Fund.

2. The adoption of new accounting standards—FAS 157 and 159—that became effective 1 January 2008 resulted in a positive adjustment of $227,500,000 to the opening balance of Capital and Reserves. Such adjustment represented the total unrealized fair value gains of ADB’s borrowings as of 1 January 2008 that has been added to the Cumulative Revaluation Adjustment account.

3. The net income from the Asian Development Fund (the Fund) for the year ended 31 December 2008 amounted to $227,386,951, excluding the effect of each of the following: accounting treatment of expensed grants, net unrealized gains due to translation adjustment of currencies, and FAS 133 adjustments of derivative transactions. Under the regulations governing the Fund, the net income of the Fund is required to be retained in the Fund, except that the Board of Governors may transfer some of the net income to be applied towards technical assistance grants. Owing to the need for further resources for concessional lending, no such transfer is recommended by the Board of Directors.

4. A draft Resolution implementing the recommendation in paragraph 1 above is attached.
A. Asian Development Bank

1. A report on the budget for 2008 was submitted to the Board of Governors of the Asian Development Bank (ADB) at the Forty–First Annual Meeting.¹

2. Actual net internal administrative expenses (IAE) for 2008, as presented in Appendix 1, amounted to $347.7 million. The net IAE after including the budget carryover of $7.1 million is $354.8 million, against the original budget of $357.2 million.

3. The 2009 IAE budget of $388.9 million, including a general contingency of 1% ($3.9 million) and net of fee reimbursements from trust funds of $5.2 million, was approved by the Board of Directors on 12 December 2008. The net IAE budget for 2009 is $31.9 million, 8.9% higher than the estimated 2008 expenditure estimate of $356.9 million at midyear. The 2009 net IAE budget of $388.9 million includes a budget of $8.0 million for the Independent Evaluation Department (Appendix 2). The formulation of the 2009 budget has been guided by the long-term strategic framework 2008–2020 (Strategy 2020), commitments made under the Asian Development Fund (ADF) X, and the key operational and institutional objectives set out in the work program and budget framework (2009–2011). The planning process for the 2009 budget noted the degree of uncertainty on the future size of ordinary capital resources (OCR) operations pending discussions on a general capital increase. Nevertheless, the 2009 budget has been based on anticipated major increases in workloads arising from a number of critical commitments to deliver effective services to client countries, including (i) an increased lending and grants program arising from the replenishment under ADF X; (ii) effective implementation of the ongoing ADF, OCR, and technical assistance programs; and (iii) knowledge work to address emerging issues. Following a careful assessment of the requirements and taking into account the measures being taken to contain resource requirements, ADB has provided 16 new professional staff positions for job areas covering several priority areas of Strategy 2020 and ADF X. In addition, the budget provides for additional staff-years for about 18 professional positions for advance recruitment from available vacancies. Further, 34 new local staff positions have been provided mostly to the resident missions to meet the increasing workload in the

resident missions as a result of continuing delegation of project administration and country and regional strategy formulation. ADB also provided one professional and one local staff position in the Independent Evaluation Department. The 2009 budget ensures adequate funding is available to support ADB's 2009 work program.

4. A comparison of the 2009 work program with the actual results for 2007 and 2008 is shown in Appendix 3.

5. Appendix 4 presents a distribution of the operational expenses by department or office, and Appendix 5 provides a comparison of operational expenses by program category for 2008 and 2009.

6. In addition to the IAE budget, the 2009 budget also includes an annual capital budget of $4.1 million. The annual capital budget is provided mainly to (i) fund cyclical capital expenditures for headquarters facilities and information technology equipment; and (ii) meet replacement and acquisition requirements of field offices for vehicles, furniture, office equipment, information technology equipment, and security and safety-related expenditures.

B. Asian Development Bank Institute

7. Actual program expenses of the ADB Institute for 2008 totaled $3.8 million, or 85% utilization against the 2008 budget (Appendix 6). This represents a savings of $0.7 million. Lower than expected utilization of the capacity building and training (CBT) was largely due to cost recovery from some participants at CBT workshops and postponement of some planned workshop and programs to 2009.

8. The actual IAE of the ADB Institute for 2008 was $9.6 million, or 93% utilization against the budget. This represents a saving of $0.7 million. Savings were realized because of lower expenditures for staff consultants, office occupancy (because space was subleased to the ADB Japan Representative Office, which covered part of the rental cost), depreciation, contractual services, communications, and non-utilization of the general contingency.

9. The 2009 Budget for the ADB Institute was approved by the ADB Board of Directors on 12 December 2008. The 2009 Budget of $16.3 million comprises program expenses ($6.1 million) and IAE ($10.2 million).

10. The program expenses budget of $6.1 million comprises research ($3.7 million) and CBT ($2.5 million). The IAE budget of $10.2 million includes a 3% general contingency of $0.3 million.

11. The program expenses budget of $6.1 million accounts for 37% of the total ADB Institute budget. The program-related IAE such as staff costs, staff consultants and business travel for research, CBT, and administration, management and coordination amounts to $5.8 million or 35% of the total budget. The budget for program and program-related IAE accounts for $11.9 million or 73% of the total budget (Appendix 7).
### Asian Development Bank

**Comparison of 2009 Budget with 2008 Budget and Actual Results**

**Internal Administrative Expenses**

($’000)

<table>
<thead>
<tr>
<th>Item</th>
<th>2008</th>
<th>After Transfers</th>
<th>Actual</th>
<th>2009 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Board of Governors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,656</td>
<td>1,656</td>
<td>1,584</td>
<td>1,629</td>
</tr>
<tr>
<td><strong>B. Board of Directors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Offices of the Directors</td>
<td>13,672</td>
<td>14,635</td>
<td>14,635</td>
<td>14,850</td>
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<tr>
<td>Accountability Mechanism</td>
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<td>2,107</td>
<td>1,856</td>
<td>2,328</td>
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<tr>
<td>Independent Evaluation</td>
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<td>7,405</td>
<td>6,657</td>
<td>7,962</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
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<tr>
<td><strong>C. Operational Expenses</strong></td>
<td>270,384</td>
<td>270,384</td>
<td>267,343</td>
<td>295,474</td>
</tr>
<tr>
<td>Salaries</td>
<td>141,021</td>
<td>132,965</td>
<td>132,964</td>
<td>150,541</td>
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<tr>
<td>Benefits</td>
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<td>88,057</td>
<td>88,057</td>
<td>88,103</td>
</tr>
<tr>
<td>Staff Development</td>
<td>4,028</td>
<td>4,028</td>
<td>3,832</td>
<td>4,400</td>
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<tr>
<td>Relocation</td>
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<td>5,986</td>
<td>4,938</td>
<td>6,544</td>
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<td>Consultants</td>
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<td>17,177</td>
<td>15,385</td>
<td>21,629</td>
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<tr>
<td>Business Travel</td>
<td>21,570</td>
<td>21,840</td>
<td>21,877</td>
<td>23,883</td>
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<tr>
<td>Representation</td>
<td>331</td>
<td>331</td>
<td>290</td>
<td>374</td>
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<td></td>
</tr>
<tr>
<td><strong>D. Administrative Expenses</strong></td>
<td>63,503</td>
<td>63,503</td>
<td>60,845</td>
<td>67,896</td>
</tr>
<tr>
<td>Communications</td>
<td>6,244</td>
<td>5,930</td>
<td>5,831</td>
<td>6,479</td>
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<tr>
<td>Office Occupancy</td>
<td>15,318</td>
<td>15,318</td>
<td>15,177</td>
<td>19,047</td>
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<tr>
<td>Library</td>
<td>965</td>
<td>997</td>
<td>996</td>
<td>1,150</td>
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<tr>
<td>Office Supplies</td>
<td>1,805</td>
<td>1,805</td>
<td>1,513</td>
<td>1,708</td>
</tr>
<tr>
<td>Equipment/Maintenance and Support</td>
<td>5,725</td>
<td>5,725</td>
<td>4,868</td>
<td>5,683</td>
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<td>Contractual Services</td>
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<td>13,890</td>
<td>12,963</td>
<td>15,502</td>
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<td>Insurance</td>
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<td>2,790</td>
<td>2,471</td>
<td>3,037</td>
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<td>Depreciation</td>
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<td>16,391</td>
<td>16,390</td>
<td>14,597</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>657</td>
<td>657</td>
<td>634</td>
<td>693</td>
</tr>
</tbody>
</table>

| **E. Total Before General Contingency** | 358,727 | 359,690 | 352,920 | 390,139 |
| **F. General Contingency**           | 3,587   | 2,624   | 0       | 3,901   |
| **G. Less: Reimbursements from Trust Funds** | (5,164) | (5,164) | (5,239) | (5,172) |
| **Net IAE**                          | 357,150 | 357,150 | 347,681 | 388,868 |

| **H. Carryover of IAE Budget**       | —       | —       | 7,100   | —       |
| **I. Net IAE after Carryover**       | 357,150 | 357,150 | 354,781 | 388,868 |

--- = no data available or not calculated, 0 = magnitude zero, ( ) = negative, IAE = internal administrative expenses.

Note: Numbers may not sum precisely because of rounding.

--- Transfers were made between budget items without exceeding the original amount of each category as well as from general contingency to meet overrun in the Board of Directors.

--- An amount of $963,000 was transferred from the general contingency to the offices of the directors under the Board of Directors budget category to meet overrun.

--- Includes $1,372,000 in expenses associated with Japan Special Fund ($1,290,000) and Japan Scholarship Program ($82,000). Excludes the following adjustments incorporated in the financial statements to comply with the generally accepted accounting principles recording and reporting requirements: (i) postretirement medical benefits ($10,931,000); (ii) actuarial assessment of costs associated with pension benefit obligations ($3,810,000); (iii) expenses charged to the budget carryover ($3,731,000); (iv) accumulated compensated absences ($839,000); (v) accrued resettlement and repatriation allowances ($589,000); and (vi) other miscellaneous adjustments ($104,000). The total adjusted administrative expenses of $329,557,000 reflected in the financial statements is allocated as OCR, $141,047,000 (OCR, $176,587,000 less $35,540,000 of front-end fee); ADF, $187,138,000, and Japan Special Fund and Japan Scholarship Program, $1,372,000.

--- This amount ($5,239,000) reflects the estimated total expenses apportioned for administering the trust funds during the year.

--- In 2006, Board approved a proposal to allow up to 2% of net IAE budget to be carried over to the next year beginning with the 2007 budget. Accordingly, $7.1 million (about 2% of the 2008 net IAE budget) has been carried over to 2009.
### Comparison of 2009 Budget with 2008 Budget and Actual Results

($'000)

<table>
<thead>
<tr>
<th>Item</th>
<th>Budget</th>
<th>After Transfers</th>
<th>Actual</th>
<th>Budget 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>3,901</td>
<td>3,646</td>
<td>3,220</td>
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<td>Benefits</td>
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<td>2,240</td>
<td>2,240</td>
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<td>Consultants</td>
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<td>Business Travel</td>
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<td>408</td>
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<td>Representation</td>
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<td><strong>7,405</strong></td>
<td><strong>6,657</strong></td>
<td><strong>7,962</strong></td>
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</table>

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**Notes:**

1. Numbers may not sum precisely because of rounding.
2. In addition to this allocation, Independent Evaluation Department was also allocated regional technical assistance of $1.7 million for 2009.
3. This allocation does not include administrative overhead.

---

ASIAN DEVELOPMENT BANK
INDEPENDENT EVALUATION DEPARTMENT

COMPARISON OF 2009 BUDGET WITH 2008 BUDGET AND ACTUAL RESULTS

---

a Operations Evaluation Department renamed starting 2009.
b Transfer was made between budget times without exceeding the original budget amount for 2008.
### A. Key Outputs

#### 1. Investment Operations

**Portfolio Management**

<table>
<thead>
<tr>
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<td>524</td>
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<tr>
<td>- Public Sector</td>
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<td>94.7</td>
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<tr>
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<td>92.4</td>
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#### 2. Project Preparation and Processing

**Public Sector Operations**

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<th>102</th>
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<td>Regular Program</td>
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<td>62</td>
<td>52</td>
<td>72</td>
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<td>ADF Stand-alone Grants</td>
<td>13</td>
<td>19</td>
<td>16</td>
<td>18</td>
</tr>
<tr>
<td>MFF Subprojects</td>
<td>15</td>
<td>20</td>
<td>18</td>
<td>39</td>
</tr>
<tr>
<td>Sub- and Nonsovereign</td>
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<td>4</td>
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<tr>
<td>Supplementary Financing</td>
<td>2</td>
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<td>15</td>
<td>-</td>
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<tr>
<td>MFF Framework</td>
<td>7</td>
<td>13</td>
<td>12</td>
<td>20</td>
</tr>
<tr>
<td>Other Grants Projects (JFPR)</td>
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<td>19</td>
<td>13</td>
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</table>

**Amount of Approvals ($ million) d**

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**Private Sector Operations**

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<tr>
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<td>2,253</td>
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#### 2. TA Program

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<tr>
<td>Total Ongoing TAs (number)</td>
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<tr>
<td>Total New TA Approvals (number)</td>
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<td>299</td>
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<tr>
<td>Total New TA Approvals ($ million)</td>
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**Economic, Sector, and Thematic Work (number)**

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<th>183</th>
<th>171</th>
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<tr>
<td>Non-Operations Departments</td>
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<td>98</td>
<td>123</td>
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#### 3. DVA Cofinancing Operations

<table>
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<tbody>
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<td>Investment Projects (number)</td>
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#### 4. Country and Regional Strategies (number)

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<td>Country Partnership Strategy</td>
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<tr>
<td>Regional Cooperation Strategy</td>
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<td>Country or Regional Strategy Review</td>
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<td>Country or Regional Operations Business Plan</td>
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<td>-------------------------------------------</td>
<td>-------------</td>
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<td><strong>B. Borrowings ($ million)</strong></td>
<td>8,854.3</td>
<td>8,800.0</td>
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<td><strong>C. Resources</strong></td>
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<td>Authorized Staff Positions f</td>
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<td>Professional Staff</td>
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<tr>
<td>Local Staff</td>
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<tr>
<td><strong>Internal Administrative Expenses ($ million)</strong></td>
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<tr>
<td><strong>D. Net Income ($ million)</strong></td>
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<tr>
<td>Ordinary Capital Resource g</td>
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<td>Asian Development Fund h</td>
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<td>360.4</td>
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--- = 0 or not available/applicable. ADF = Asian Development Fund, DVA = direct value-added, JFPR = Japan Fund for Poverty Reduction, MFF = multitranche financing facility, OCR = ordinary capital resources, TA = technical assistance.

Note: Numbers may not sum precisely because of rounding.

a Estimates as of September 2008, as reflected in 2009 budget document.
b Disbursements include advances and ADF grant disbursements.
c Approval numbers include supplementary financing of old/existing projects, even those not funded by OCR or ADF.
d Approval amounts are confined to ADF and OCR financing, including loans, equity investments, grants and other modalities. These are original amounts excluding cancellations.
e Amounts include B-loans.
f Excludes staff of the Office of the Compliance Review Panel (for 2009, 2 professional staff [PS] and 3 local staff [LS]), Independent Evaluation Department (26 PS and 21 LS), director's advisors (24), and support staff of the Board of Directors (36 LS).
g Computed based on pre-financial accounting standards 133 financial position.
h Excludes grants expenses and net realized gains of $662.1 million at midyear and $2.1 billion at year-end resulting from the change in accounting treatment of translation adjustments for loans converted to or booked in special drawing rights.

Sources: Economics and Research Department, Central Operations Services Office, Controller's Department, Office of Cofinancing Operations, Office of Regional Economic Integration, Private Sector Operations Department, Regional and Sustainable Development Department, regional departments, Strategy and Policy Department, Treasury Department and Controller's Department.
### ASIAN DEVELOPMENT BANK

#### 2009 BUDGET

**DISTRIBUTION OF OPERATIONAL EXPENSES BY DEPARTMENT/OFFICE**

($'000)

<table>
<thead>
<tr>
<th>Department/Office</th>
<th>Actual 2008 (A)</th>
<th>% of Total 2008 (B)</th>
<th>Midyear Estimate 2008 (C)</th>
<th>Midyear Budget 2009 (D)</th>
<th>% of Total 2009 (E)</th>
<th>% of Increase/Decrease (D/C)</th>
</tr>
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<tbody>
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<td><strong>A. President</strong></td>
<td></td>
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<td>1,088</td>
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<td>778</td>
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<td>6,915</td>
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<td>10,869</td>
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<td>270,327</td>
<td>295,474</td>
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0 = magnitude zero, ( ) = negative.

Note: Numbers may not sum precisely because of rounding.
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<tr>
<th>Program Category</th>
<th>Actual&lt;sup&gt;a&lt;/sup&gt;</th>
<th>% of Total</th>
<th>Budget&lt;sup&gt;b&lt;/sup&gt;</th>
<th>% of Total</th>
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<td><strong>267,342</strong></td>
<td><strong>100.0</strong></td>
<td><strong>295,474</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Note: Numbers may not sum precisely because of rounding.

<sup>a</sup> Comprises staff costs, computed based on staff time estimates provided by departments/offices, and other operational expenses.

<sup>b</sup> Indicative estimate.
### ASIAN DEVELOPMENT BANK INSTITUTE

**COMPARISON OF 2009 BUDGET WITH 2008 BUDGET AND ACTUAL RESULTS**

($'000)

<table>
<thead>
<tr>
<th>Item</th>
<th>2008 Budget</th>
<th>2009 Budget</th>
<th>% Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item</td>
<td>(A)</td>
<td>(B)</td>
<td>(C)</td>
</tr>
<tr>
<td><strong>A. Program Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research</td>
<td>4,500</td>
<td>3,814</td>
<td>6,100</td>
</tr>
<tr>
<td>Capacity Building and Training</td>
<td>2,600</td>
<td>2,411</td>
<td>3,650</td>
</tr>
<tr>
<td><strong>B. Internal Administrative Expenses</strong></td>
<td>10,276</td>
<td>9,570</td>
<td>10,216</td>
</tr>
<tr>
<td>Advisory Council</td>
<td>86</td>
<td>71</td>
<td>86</td>
</tr>
<tr>
<td>Staff Costs</td>
<td>5,042</td>
<td>5,037</td>
<td>5,176</td>
</tr>
<tr>
<td>Staff Consultants</td>
<td>122</td>
<td>20</td>
<td>0</td>
</tr>
<tr>
<td>Business Travel</td>
<td>396</td>
<td>386</td>
<td>485</td>
</tr>
<tr>
<td>Representation</td>
<td>7</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td><strong>Other Administrative Expenses</strong></td>
<td>4,324</td>
<td>4,055</td>
<td>4,163</td>
</tr>
<tr>
<td>Office Occupancy</td>
<td>3,182</td>
<td>3,133</td>
<td>3,205</td>
</tr>
<tr>
<td>Depreciation</td>
<td>205</td>
<td>48</td>
<td>60</td>
</tr>
<tr>
<td>Office Equipment</td>
<td>552</td>
<td>552</td>
<td>560</td>
</tr>
<tr>
<td>Contractual Service</td>
<td>147</td>
<td>92</td>
<td>90</td>
</tr>
<tr>
<td>Library</td>
<td>120</td>
<td>125</td>
<td>145</td>
</tr>
<tr>
<td>Communications</td>
<td>65</td>
<td>53</td>
<td>55</td>
</tr>
<tr>
<td>Office Supply</td>
<td>30</td>
<td>37</td>
<td>30</td>
</tr>
<tr>
<td>Fire Insurance</td>
<td>3</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Bank Charge</td>
<td>20</td>
<td>11</td>
<td>15</td>
</tr>
<tr>
<td>General Contingency</td>
<td>299</td>
<td>0</td>
<td>298</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>14,776</strong></td>
<td><strong>13,384</strong></td>
<td><strong>16,316</strong></td>
</tr>
</tbody>
</table>

--- = no data available or not calculated, "0" = magnitude zero, ( ) = negative

Note: Numbers may not sum precisely because of rounding.

\(^{a}\) Expense for office occupancy is net of reimbursement of $171,000 for rental charges received from Japan Representative Office for subleasing office space since August 2008 (i.e., gross rental charges of $3,304,000 less reimbursement of $171,000 for rental charges for sublease = net rental expense of $3,133,000).
## DISTRIBUTION OF EXPENSES BY PROGRAM

($'000)

<table>
<thead>
<tr>
<th>Item</th>
<th>Capacity Building and Training</th>
<th>Administration, Management and Coordination</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Research</td>
<td></td>
<td>Amount</td>
</tr>
<tr>
<td>A. Program Expenses</td>
<td>3,650</td>
<td>0</td>
<td>6,100</td>
</tr>
<tr>
<td>B. Program-Related Internal Administrative Expenses</td>
<td>2,302</td>
<td>1,918</td>
<td>5,755</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff Cost and Staff Consultants</td>
<td>2,070</td>
<td>1,725</td>
<td>5,176</td>
</tr>
<tr>
<td>Business Travel, Representation, and Advisory Council</td>
<td>232</td>
<td>193</td>
<td>579</td>
</tr>
<tr>
<td>Subtotal (A+B)</td>
<td>5,952</td>
<td>3,985</td>
<td>11,855</td>
</tr>
<tr>
<td>C. Administrative Expenses</td>
<td></td>
<td></td>
<td>4,163</td>
</tr>
<tr>
<td>D. General Contingency</td>
<td></td>
<td></td>
<td>298</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>16,316</strong></td>
</tr>
</tbody>
</table>

0 = magnitude zero.

Note: Numbers may not sum precisely because of rounding.
RESOLUTION NO. 337

FINANCIAL STATEMENTS, MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND INDEPENDENT AUDITORS' REPORTS

THE BOARD OF GOVERNORS


RESOLVES:

That the Management's Report on Internal Control over Financial Reporting and audited Financial Statements as contained in the Annual Report of ADB for 2008, which include separate financial statements for the operations of Special Funds, are approved.

(Adopted 5 May 2009)
RESOLUTION NO. 338

ALLOCATION OF NET INCOME

THE BOARD OF GOVERNORS

Having considered the Report of the Board of Directors on the allocation of the net income of ADB’s ordinary capital resources and the Asian Development Fund for the year ended 31 December 2008

RESOLVES:

That, of the net income of ADB from its ordinary capital resources for the year ended 31 December 2008 amounting to $1,129,473,017, including $10,000,000 previously recorded as technical assistance for commitment related to Java Reconstruction Fund and after appropriation of guarantee fees of $6,876,277 to the Special Reserve,

(a) $426,964,564, representing the FAS 133/159 adjustments and the unrealized portion of net income from equity investments accounted under equity method, for the year 31 December 2008, be added to the Cumulative Revaluation Adjustments account;

(b) $298,100,000 be allocated to Loan Loss Reserve;

(c) $261,408,453 be allocated to Ordinary Reserve;

(d) $120,000,000 be allocated to the Asian Development Fund; and

(e) $23,000,000 be allocated to the Technical Assistance Special Fund.

(Adopted 5 May 2009)
RESOLUTION NO. 339

PLACE AND DATE OF FORTY-THIRD ANNUAL MEETING (2010)

THE BOARD OF GOVERNORS

RESOLVES THAT:

The Forty-Third Annual Meeting of the Board of Governors (2010) be held from 3 to 4 May 2010 in Tashkent, Uzbekistan.

(Adopted 5 May 2009)
REVIEW OF RULES AND REGULATIONS

REPORT OF THE BOARD OF DIRECTORS

(1) AMENDMENTS TO THE REGULATIONS OF THE ASIAN DEVELOPMENT FUND

1. On 7 March 2008, the Board of Directors approved revisions to the Regulations of the Asian Development Fund (DOC. R39-08) to authorize the Asian Development Bank to use Asian Development Fund resources for the provision of debt relief under the Heavily Indebted Poor Countries Initiative, subject to the adoption by the Board of Governors of a resolution authorizing the use of Asian Development Fund resources for the purpose of providing debt relief under the Heavily Indebted Poor Countries Initiative and amending the resolutions of the Board of Governors on the establishment of the Asian Development Fund, the initial contributions to the Asian Development Fund, and the Asian Development Fund’s subsequent replenishments. The resolution of the Board of Governors was adopted on 7 April 2008.

2. A copy which includes the relevant portions of the Regulations of the Asian Development Fund with the revisions approved by the Board of Directors is attached hereto as Appendix 1.

(2) ADOPTION OF REGIONAL COOPERATION AND INTEGRATION FUND TECHNICAL ASSISTANCE GRANT REGULATIONS

3. On 26 February 2007, the Board of Directors approved the Regional Cooperation and Integration Fund Technical Assistance Grant Regulations (DOC. R21-07) which are attached hereto as Appendix 2.

(3) ADOPTION OF CLIMATE CHANGE FUND GRANT REGULATIONS

4. On 7 April 2008, the Board of Directors approved the Climate Change Fund Grant Regulations (DOC. R59-08) which are attached hereto as Appendix 3.
5. On 4 July 2008, the Board of Directors approved the Future Carbon Fund Regulations substantially in the form of the draft attached to the Carbon Market Initiative: The Future Carbon Fund Board paper (DOC. R115-08), subject to reasonable modifications to those regulations satisfactory to the Asian Development Bank. The Future Carbon Fund Regulations have not been finalized and are evolving as a result of negotiations between the Asian Development Bank and participants in the Future Carbon Fund. The draft Regulations are attached hereto as Appendix 4.

6. The aforementioned revisions to regulations and new regulations adopted by the Board of Directors are presented to the Board of Governors for review in accordance with Section 11 of the By-Laws.
REGULATIONS
OF THE ASIAN DEVELOPMENT FUND

DATED 7 April 2008

The ASIAN DEVELOPMENT BANK (hereinafter called ADB) is empowered by its Articles of Agreement (hereinafter called the Articles) to establish and administer Special Funds and to carry out special operations financed from such Funds, including the making of loans of high developmental priority, with longer maturities, longer deferred commencement of repayment and lower interest rates than those established by ADB for its ordinary operations;

The Board of Governors of ADB, by Resolution No. 62, has authorized the establishment of a Special Fund to be known as the ASIAN DEVELOPMENT FUND (hereinafter called the Fund) which is intended to serve as an instrument for carrying out the concessional lending operations of ADB;

The Board of Governors, by Resolution No. 67 and Resolution No. 68, has approved arrangements for the establishment of the Fund and for the initial mobilization of resources in the form of contributions from developed member countries of ADB, and has directed the Board of Directors of ADB to make Regulations to govern the Fund and the administration of its resources;

The Board of Governors has from time to time adopted resolutions authorizing replenishments of the Fund, subject to the terms and conditions contained in the relevant authorizing Resolutions;

The Board of Governors has authorized ADB to provide, in addition to loans, financing in the form of grants for certain types of projects and programs as specified in the relevant authorizing Resolutions;

The Board of Governors has authorized ADB to use ADF resources for the provision of debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative established by the International Development Association and International Monetary Fund to such countries as may be determined by the Board of Directors;

The Board of Governors has authorized ADB, in accordance with such determinations as may be made by the Board of Directors, (i) to convert ADF resources held in various currencies into the currencies which constitute the Special Drawing Right (SDR), (ii) to value disbursements, repayments and charges under loans from resources of the Fund in terms of SDR, and (iii) to determine in case of the withdrawal of a Contributor from the Fund or the termination of the Fund, the value of Contributors' paid-in contributions and the value of all other resources of the Fund, including set-aside resources and net income and surplus from ADB’s ordinary capital resources transferred to the Fund, in terms of SDR;
ARTICLE III: OPERATIONS OF THE FUND

Section 3.01. Methods of Operations

(a) The resources of the Fund may be used by ADB, alone or in combination with any other Special Funds resources of ADB, to provide financing under loans (including technical assistance loans) on concessional terms, for projects and programs of high developmental priority. The term "project" as hereinafter used refers equally to a program. ADB may also use the resources of the Fund for the provision of debt relief as envisaged in the Heavily Indebted Poor Countries Initiative introduced by the International Development Association and International Monetary Fund.

(b) The resources of the Fund may be used by ADB, alone or in combination with any other Special Funds resources of ADB, to provide financing for grants for projects and programs of high developmental priority, in the event and to the extent that the relevant authorizing Resolution of the Board of Governors provides for such grant financing.

(c) Loans and grants shall be provided principally for specific projects, including those forming part of a national, sub-regional, or regional development program. ADB may also make loans and grants to national development banks and other suitable entities, in order that these entities may finance specific development projects whose individual financing requirements are not, in the opinion of ADB, large enough to warrant the direct supervision of ADB.

(d) Subject to the provisions of these Regulations, the policies and procedures to be applied by ADB in making loans and grants financed from the Fund shall be determined by the Board of Directors, giving particular recognition to the special responsibility of ADB to assist the less developed of its developing member countries.
ARTICLE I

Application to Technical Assistance Grants

Section 1.01. Purpose. The purpose of these Regulations is to set forth certain terms and conditions generally applicable to grants for technical assistance and related operational activities of ADB provided from the Regional Cooperation and Integration Fund.

Section 1.02. Application of Regulations. Any technical assistance agreement with ADB financed by a grant made from the Regional Cooperation and Integration Fund may provide that the parties thereto accept the provisions of these Regulations. To the extent so provided in any such agreement, these Regulations shall apply and shall govern the rights and obligations of the parties thereto with the same force and effect as if they were fully set forth therein. No revocation or amendment of these Regulations shall be effective in respect of any such agreement unless the parties shall so agree in writing.

Section 1.03. Inconsistency with Agreement. If any provision of a technical assistance agreement is inconsistent with a provision of these Regulations, the provision of the technical assistance agreement shall govern.

ARTICLE II

Definitions; Interpretation

Section 2.01. Definitions. Except where the context otherwise requires, the following terms have the following meanings wherever used in these Regulations or in a technical assistance agreement to which these Regulations have been made applicable:

1. "ADB" means Asian Development Bank;

2. “DMC” means a developing member country;

3. “Dollar” or the sign “$” each means the lawful currency of the United States of America;

4. “Fund” means the Regional Cooperation and Integration Fund of ADB established pursuant to DOC. R21-07;

5. “Recipient” means the party to the TA Agreement to which ADB has agreed to provide the TA;
6. "TA" means the technical assistance financed by ADB from the Fund; and

7. "TA Agreement" means the particular technical assistance agreement to which these Regulations shall have been made applicable, all agreements supplementary to the TA Agreement and all schedules thereto, as such agreement may be amended from time to time; and such term includes these Regulations as thus made applicable.

Section 2.02. Interpretation. Except where the context otherwise requires, (i) references in these Regulations to Articles or Sections are to Articles or Sections of these Regulations; (ii) the headings of the Articles and Sections and the Table of Contents are inserted for convenience of reference only and are not a part of these Regulations; (iii) singular may include plural and vice versa; and (iv) a reference to any gender includes any other gender.

ARTICLE III

Eligibility and Use of Proceeds

Section 3.01. Activities to be Financed. Eligible activities for financing include the cost of expert services and related facilities required for TA or related operational activities (including staff training and development for eligible DMCs) to be carried out by ADB.

Section 3.02. Use of Proceeds. TA proceeds shall be used only for the purposes set forth in the relevant TA Agreement.

ARTICLE IV

Currency Provisions

Section 4.01. Denomination of the Grant. Except as the Board of Directors may otherwise determine, the TA grant shall be denominated in Dollars.

ARTICLE V

Particular Covenants

Section 5.01. Cooperation and Information. ADB and the Recipient shall cooperate fully to ensure that the purposes of the TA will be accomplished. To that end, ADB and the Recipient shall:

(i) from time to time, at the request of either one of them, exchange views with regard to any matters relating to the progress of the TA, the purposes of the TA, the performance of their respective obligations under the TA Agreement and furnish to the other party all such related information as it shall reasonably request; and

(ii) promptly inform each other of any condition which interferes with, or threatens to interfere with, the matters referred to in paragraph (i) above.
ARTICLE VI

Enforceability; Failure to Exercise Rights; Arbitration

Section 6.01.  Enforceability.  (a) The rights and obligations of ADB and the Recipient under the TA Agreement shall be valid and enforceable in accordance with their terms and, where the Recipient is a member of ADB, notwithstanding the law of any state, or political subdivision thereof, to the contrary.

(b) Neither ADB nor the Recipient shall be entitled in any proceeding under this Article to assert any claim that any provision of the TA Agreement is invalid or unenforceable because of any provision of the Articles of Agreement Establishing the Asian Development Bank or for any other reason.

Section 6.02.  Failure to Exercise Rights. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under the TA Agreement upon any default shall impair any such right, power or remedy, or be construed to be a waiver thereof or an acquiescence in any such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

Section 6.03.  Arbitration.  (a) Any controversy between the parties to the TA Agreement and any claim by any such party against any other such party arising under the TA Agreement which shall not be settled by agreement of the parties shall be submitted to arbitration by an Arbitral Tribunal as hereinafter provided.

(b) The parties to such arbitration shall be ADB on the one side, and the Recipient on the other side.

(c) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: one arbitrator shall be appointed by ADB; a second arbitrator shall be appointed by the Recipient; and the third arbitrator (hereinafter sometimes called the Umpire) shall be appointed by agreement of the parties or, if they shall not agree, by the President of the International Court of Justice or, failing appointment by him, by the Secretary-General of the United Nations. If either side shall fail to appoint an arbitrator, the Umpire shall appoint such arbitrator. In case any arbitrator appointed in accordance with this Section shall resign, die or become unable to act, a successor arbitrator shall be appointed in the same manner as herein prescribed for the appointment of the original arbitrator and such successor shall have all the powers and duties of such original arbitrator.

(d) An arbitration proceeding may be instituted under this Section upon notice by the party instituting such proceeding to the other party or parties. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration, the nature of the relief sought and the name of the arbitrator appointed by the party instituting such proceeding. Within 30 days after the giving of such notice, the other party or parties shall notify the party instituting the proceeding of the name of the arbitrator appointed by such other party or parties.
(e) If within 60 days after the giving of the notice instituting the arbitration proceeding the parties shall not have agreed upon an Umpire, any party may request the appointment of an Umpire as provided in paragraph (c) of this Section.

(f) The Arbitral Tribunal shall convene at such time and place as shall be fixed by the Umpire. Thereafter, the Arbitral Tribunal shall determine where and when it shall sit.

(g) The law to be applied by the Arbitral Tribunal shall be public international law, the sources of which shall be taken for these purposes to include:

(i) any relevant treaty obligations that are binding reciprocally on the parties;

(ii) the provisions of any international conventions and treaties (whether or not binding directly as such on the parties) generally recognized as having codified or ripened into binding rules of customary law applicable to states and international institutions, as appropriate;

(iii) other forms of international custom, including the practice of states and international institutions of such generality, consistency and duration as to create legal obligations; and

(iv) applicable general principles of law.

(h) Subject to the provisions of this Section and except as the parties shall otherwise agree, the Arbitral Tribunal shall decide all questions relating to its competence and shall determine its procedure. All decisions of the Arbitral Tribunal shall be by majority vote.

(i) The Arbitral Tribunal shall afford to all parties a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitral Tribunal shall constitute the award of such Tribunal. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties to the TA Agreement. Each party shall abide by and comply with any such award rendered by the Arbitral Tribunal in accordance with the provisions of this Section.

(j) The parties shall fix the amount of the remuneration of the arbitrators and such other persons as shall be required for the conduct of the arbitration proceedings. If the parties shall not agree on such amount before the Arbitral Tribunal shall convene, the Arbitral Tribunal shall fix such amount as shall be reasonable under the circumstances. Each party shall defray its own expenses in the arbitration proceedings. The costs of the Arbitral Tribunal shall be divided between and borne equally by ADB on the one side, and the Recipient on the other side. The Arbitral Tribunal shall determine any question concerning the division of the costs of the Arbitral Tribunal or the procedure for payment of such costs.

(k) The provisions for arbitration set forth in this Section shall be in lieu of any other procedure for the settlement of controversies between the parties to the TA Agreement, and any claim by either party against the other such party arising thereunder.

(l) If within 30 days after the counterparts of the award have been delivered to the parties the award shall not be complied with, any party may enter judgment upon, or institute a
proceeding to enforce, the award in any court of competent jurisdiction against any other party, and may enforce such judgment by execution or may pursue any other appropriate remedy against such other party for the enforcement of the award and the provisions of the TA Agreement. Notwithstanding the foregoing, this Section shall not authorize any entry of judgment or enforcement of the award against any party that is a member except as such procedure may be available otherwise than by reason of the provisions of this Section.

(m) Service of any notice or process in connection with any proceeding under this Section or (to the extent that such remedy shall be available) in connection with any proceeding to enforce any award rendered pursuant to this Section may be made in the manner provided in Section 7.01. The parties to the TA Agreement waive any and all other requirements for the service of any such notice or process.

ARTICLE VII

Miscellaneous Provisions

Section 7.01. Notices and Requests. Any notice or request required or permitted to be given or made under the TA Agreement, and any other agreement between any of the parties contemplated by the TA Agreement, shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex, facsimile or electronic mail to the party to which it is required or permitted to be given or made at such party's address specified in the TA Agreement or at such other address as such party shall have designated by notice to the party giving such notice or making such request.

Section 7.02. Authority to Take Action. Any action required or permitted to be taken, and any documents required or permitted to be executed, under the TA Agreement, on behalf of the Recipient, may be taken or executed by the representative of the Recipient designated in the TA Agreement for the purposes of this Section or any person thereunto authorized in writing by him. Any modification of the provisions of the TA Agreement may be agreed to on behalf of the Recipient, by written instrument executed on behalf of the Recipient by the representative so designated or any person authorized in writing by such representative; provided that, in the opinion of such representative or other person, such modification is reasonable in the circumstances and will not substantially increase the obligations of the Recipient under the TA Agreement. ADB may accept the execution by such representative or other person of any such instrument as conclusive evidence that in the opinion of such representative or other person any modification of the provisions of the TA Agreement effected by such instrument is reasonable in the circumstances and will not substantially increase the obligations of the Recipient thereunder.

Section 7.03. Evidence of Authority. The Recipient shall furnish to ADB sufficient evidence of the authority of the person or persons who will, on behalf of the Recipient, take any action or execute any documents required or permitted to be taken or executed by the Recipient under the TA Agreement and the authenticated specimen signature of each such person.

Section 7.04. Execution in Counterparts. The TA Agreement may be executed in several counterparts, each of which shall be an original.
ARTICLE I

Purpose, Application to Investment Project Grants

Section 1.01. Purpose. The purpose of these Regulations is to set forth certain terms and conditions generally applicable to grants for investment projects made by ADB from the Climate Change Fund.

Section 1.02. Application of Regulations. Any grant agreement with ADB relating to a grant from the Climate Change Fund may provide that the parties thereto accept the provisions of these Regulations. To the extent so provided in any such agreement, these Regulations shall apply and shall govern the rights and obligations of the parties thereto with the same force and effect as if they were fully set forth therein. No revocation or amendment of these Regulations shall be effective in respect of any such agreement unless the parties shall so agree in writing.

Section 1.03. Inconsistency with Grant Agreement. If any provision of a grant agreement is inconsistent with a provision of these Regulations, the provision of the grant agreement shall govern.

ARTICLE II

Definitions; Interpretation

Section 2.01. Definitions. Except where the context otherwise requires, the following terms have the following meanings wherever used in these Regulations or in a grant agreement to which these Regulations have been made applicable:

(a) "ADB" means Asian Development Bank.
(b) "Assets" includes property, revenues and claims of any kind.
(c) "Currency" of a country or a territory means such currency as at the time referred to is legal tender for the payment of public and private debts in that country or territory.
(d) “Dollar” or the sign “$” each means the lawful currency of the United States.
(e) "Effective Date" means the date on which the Grant Agreement shall have come into force and effect pursuant to Section 9.03.
(f) “Fund” means the Climate Change Fund of ADB.
(g) "Grant" means the grant provided for in the Grant Agreement for investment projects.
(h) "Grant Account" means the account opened or to be opened by ADB on its books in the name of the Recipient to which the amount of the Grant has been or will be credited.
Appendix 3

(i) "Grant Agreement" means the particular grant agreement to which these Regulations shall have been made applicable, all agreements supplementary to the Grant Agreement and all schedules thereto, as such agreement may be amended from time to time; and such term includes these Regulations as thus made applicable.

(j) "Grant Closing Date" means the date specified in the Grant Agreement, after which ADB may terminate the right of the Recipient to make any withdrawals from the Grant Account, or such other date as may be agreed between ADB and the Recipient for such purpose.

(k) "Member" means a member of ADB.

(l) "Project" means the investment project for which ADB has agreed to make the Grant, as described in the Grant Agreement and as such description may be amended from time to time by agreement between ADB and the Recipient.

(m) "Project Agreement" means the project agreement, if any, between ADB and the Project Executing Agency, being the Project Agreement referred to in the Grant Agreement, as such agreement may be amended from time to time; and such term includes all agreements supplementary to the Project Agreement and all schedules to the Project Agreement.

(n) "Project Executing Agency" means any entity responsible for the carrying out of the Project as specified in the Grant Agreement.

(o) "Recipient" means the party to the Grant Agreement to which ADB has agreed to provide the Grant.

(p) "Taxes" includes imposts, levies, fees and duties of any nature, whether in effect at the date of the Grant Agreement or thereafter imposed.

Section 2.02. Interpretation. Except where the context otherwise requires, (i) references in these Regulations to Articles or Sections are to Articles or Sections of these Regulations; (ii) the headings of the Articles and Sections and the Table of Contents are inserted for convenience of reference only and are not a part of these Regulations; (iii) singular may include plural and vice versa; and (iv) a reference to any gender includes any other gender.

ARTICLE III

Grant Account

Section 3.01. Grant Account. The principal amount of the Grant shall be credited to the Grant Account and may be withdrawn therefrom in accordance with the provisions of the Grant Agreement and these Regulations.

ARTICLE IV

Currency Provisions

Section 4.01. Denomination of the Grant. The Grant shall be denominated in Dollars.

Section 4.02. Currency of Withdrawal and Purchase of Currencies. Except as ADB and the Recipient shall otherwise agree, withdrawals from the Grant Account shall be made in the currency in which the Grant is denominated. ADB shall, at the request and acting as agent of the Recipient, use such currency to purchase the currencies in which the cost of goods and services to be financed out of the proceeds of the Grant has been paid or is payable.
ARTICLE V
Withdrawal of Grant Proceeds

Section 5.01. Withdrawal from the Grant Account. (a) Grant proceeds shall be used only for the purposes of the Project. Subject to any conditions or restrictions specified in the Grant Agreement, the Recipient shall be entitled to withdraw from the Grant Account such amounts as shall have been paid, or, if ADB shall so agree, such amounts as shall be required to meet payments to be made, for the reasonable cost of goods, services and any other expenditures required for the Project and to be financed under the Grant Agreement.

(b) Except as ADB and the Recipient shall otherwise agree, no withdrawals shall be made on account of (i) payments made prior to the Effective Date; and (ii) expenditures in the territory of any country which is not a member or for goods produced in, or services supplied from, such territory. ADB may refuse to finance a contract where goods and services have not been procured in accordance with procedures substantially in accordance with those agreed between the Recipient and ADB or where the terms and conditions of the contract are not satisfactory to ADB.

Section 5.02. Commitment Letters by ADB. Upon the Recipient’s request, ADB may issue commitment letters to pay amounts in respect of the cost of goods and services to be financed under the Grant notwithstanding any subsequent suspension or cancellation.

Section 5.03. Application for Withdrawal. When the Recipient shall desire to withdraw any amount from the Grant Account or to request ADB to issue commitment letters pursuant to Section 5.02, the Recipient shall promptly deliver to ADB an application in such form and containing such statements, representations, warranties and agreements, as ADB shall reasonably request.

Section 5.04. Evidence of Authority to Sign Applications. The Recipient shall furnish to ADB sufficient evidence of the authority of the person authorized to sign applications for withdrawal and the authenticated specimen signature of each person.

Section 5.05. Supporting Evidence. The Recipient shall furnish to ADB such documents and other evidence in support of the application for withdrawal as ADB shall reasonably request, whether before or after ADB shall have permitted any withdrawal requested in the application.

Section 5.06. Sufficiency of Applications and Documents. Each application for withdrawal and the accompanying documents and all other evidence must be sufficient in form and substance to satisfy ADB that the Recipient is entitled to withdraw from the Grant Account the amount applied for and that the amount to be withdrawn from the Grant Account is to be used only for the purposes specified in the Grant Agreement.

Section 5.07. Payment by ADB. Payment by ADB of amounts which the Recipient is entitled to withdraw from the Grant Account shall be made to or on the order of the Recipient.
ARTICLE VI

Particular Covenants

Section 6.01. Cooperation and Information. (a) ADB and the Recipient shall cooperate fully to ensure that the purposes of the Grant will be accomplished. To that end, ADB and the Recipient shall:

(i) from time to time, at the request of either one of them, exchange views with regard to any matters relating to the progress of the Grant, the purposes of the Grant, the performance of their respective obligations under the Grant Agreement and the performance by the Project Executing Agency of its obligations under the Project Agreement, and furnish to the other party all such related information as it shall reasonably request; and

(ii) promptly inform each other of any condition which interferes with, or threatens to interfere with, the matters referred to in paragraph (a)(i) above.

(b) Where the Recipient is a member, such member shall afford all reasonable opportunity for ADB’s representatives to visit any part of its territory for purposes related to the Grant.

Section 6.02. Insurance. (a) The Recipient shall take out and maintain with responsible insurers, or make other arrangements satisfactory to ADB for, insurance against such risks and in such amounts as shall be consistent with sound practice. The Recipient shall be deemed to have opted for self-insurance in the absence of any specific insurance for the Project.

(b) Without limiting the generality of the foregoing, the Recipient undertakes to insure, or cause to be insured, the goods to be imported for the Project and to be financed out of the proceeds of the Grant against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable to replace or repair such goods.

Section 6.03. Records, Accounts and Audits. The Recipient shall maintain, or cause to be maintained, records and accounts adequate to identify the goods and services and other items of expenditure financed out of the proceeds of the Grant, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, the operations and financial condition of the Recipient.

Section 6.04. Reports. (a) The Recipient shall furnish, or cause to be furnished, to ADB all such reports as ADB shall reasonably request concerning (i) the Grant, and the expenditure of the proceeds and maintenance of the service thereof; (ii) the goods and services and other items of expenditure financed out of the proceeds of the Grant; (iii) the Project and the Project Executing Agency; (iv) the administration and operations of the Recipient; and (v) any other matters relating to the purposes of the Grant.

(b) Without limiting the generality of the foregoing, the Recipient shall furnish to ADB quarterly reports, or reports at such other later intervals as may be agreed for this purpose between ADB and the Recipient on the execution of the Project, on the accomplishment of the targets and actions agreed between the ADB and the Recipient, and on the operation and management of the Project facilities. Such reports shall be submitted in such form and in such
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detail and within such a period as ADB shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the quarter under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following quarter.

(c) Promptly after physical completion of the Project, but in any event not later than three months thereafter or such later date as may be agreed for this purpose between the Recipient and ADB, the Recipient shall prepare and furnish to ADB a report, in such form and in such detail as ADB shall reasonably request, on the execution and initial operation of the Project, including its cost, the performance by the Recipient of its obligations under the Grant Agreement and the accomplishment of the purposes of the Grant.

Section 6.05. Counterpart Obligations and Land Acquisition. The Recipient shall make available, promptly as and when needed, the funds, facilities, services, land, and other resources as shall be necessary or required, in addition to the proceeds of the Grant, for the carrying out of the Project and for the operation and maintenance of the Project facilities. The Recipient shall furnish to ADB, promptly at its request, evidence satisfactory to ADB that such funds, facilities, services, land, and other resources are available for purposes related to the Project.

Section 6.06. Work Schedules, Plans and Design Standards. The Recipient shall cause the Project to be carried out in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to the Recipient and ADB, as applicable. When required by ADB, the Recipient shall furnish, or cause to be furnished, to ADB, promptly after their preparation, such plans, design standards, specifications and work schedules, and any material modifications subsequently made therein, in such detail as ADB shall reasonably request.

Section 6.07. General Undertakings. (a) The Recipient shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound applicable financial, business and development practices.

(b) The Recipient shall ensure that the activities of its departments and agencies with respect to the carrying out of the Project and operation of the Project facilities are conducted and coordinated in accordance with sound administrative policies and procedures.

Section 6.08. Contractors and Consultants. Whenever applicable, in the carrying out of the Project, the Recipient shall cause competent and qualified consultants and contractors, acceptable to the Recipient and ADB, to be employed to an extent and upon terms and conditions satisfactory to the Recipient and ADB.

Section 6.09. Maintenance. The Recipient shall ensure that any facilities relevant to the Project are operated, maintained and repaired in accordance with sound operational and maintenance practices. The Recipient shall promptly as needed, make or cause to be made all necessary repairs and renewals thereof.
ARTICLE VII

Exemption from Taxation

Section 7.01. Exemption from Taxation. (a) Where the Recipient is a member, such member shall ensure that the Grant Agreement and the Project Agreement, are exempt from any taxes levied by, or in the territory of, such member on or in connection with the execution, delivery or registration thereof.

(b) Where the Recipient is not a member, the Recipient shall obtain from the member, in whose territory the Project is to be carried out, and furnish to ADB, prior to the Effective Date, evidence, satisfactory to ADB, that the Grant Agreement and the Project Agreement, will be exempt from any taxes levied by, or in the territory of, such member on or in connection with the execution, delivery or registration thereof.

ARTICLE VIII

Suspension and Cancellation

Section 8.01. Suspension by ADB. If any of the following events shall have occurred at any time after the date of the Grant Agreement and be continuing, ADB may by notice to the Recipient suspend in whole or in part the right of the Recipient to make withdrawals from the Grant Account:

(a) The Recipient shall have failed to make payment of principal, interest charge or any other charge required under (i) any loan agreement or guarantee agreement with ADB; or (ii) in consequence of any guarantee or other financial obligation of any kind extended by ADB to any third party with the agreement of the Recipient.

(b) The Recipient shall have failed to perform any of its obligations under the Grant Agreement.

(c) The Project Executing Agency shall have failed to perform any of its obligations under the Project Agreement.

(d) ADB shall have suspended in whole or in part the right of the Recipient to make withdrawals under any other grant agreement or any loan agreement with ADB because of a failure by the Recipient to perform any of its obligations under such grant agreement or loan agreement or any related guarantee agreement with ADB.

(e) A situation shall have arisen or developed which in the reasonable opinion of ADB will or may make it improbable that the Project can be successfully carried out or that the Recipient or the Project Executing Agency will be able to perform any of its obligations under the Grant Agreement or the Project Agreement.

(f) The member in whose territory the Project is to be carried out shall have been suspended from membership in, or ceased to be a member of, ADB, or shall have delivered a notice to withdraw from ADB.

(g) A representation made by the Recipient in or pursuant to the Grant Agreement or any statement furnished in connection therewith and intended to be relied upon by ADB in making the Grant, shall have been incorrect in any material respect, or, where the Recipient is not a member, any material adverse change in the condition of the Recipient as so represented by the Recipient shall have occurred in the reasonable opinion of ADB.
(h) Where the Recipient is not a member, the member in whose territory the Project is to be carried out or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of the Recipient, the alienation or transfer of any of its assets other than in the normal course of business, or for the suspension of its operations.

(i) Any authority having jurisdiction shall have taken any action for the dissolution or disestablishment of the Project Executing Agency, the alienation or transfer of any of its assets other than in the normal course of business, or for the suspension of its operations.

(j) ADB shall have determined, with respect to any contract to be financed in full or in part out of the proceeds of the Grant, that corrupt, fraudulent, collusive or coercive practices, as determined by ADB, were engaged in by representatives of the Recipient or any beneficiary of the Grant during the procurement of goods and services, consultants’ selection or the execution of a contract, without the Recipient having taken timely and appropriate action satisfactory to ADB to remedy the situation; or ADB shall have determined that the procurement of any goods or services to be financed out of the proceeds of the Grant is inconsistent with the relevant procedure set out in the Grant Agreement.

(k) Any other event specified in the Grant Agreement for the purposes of this Section shall have occurred.

The right of the Recipient to make withdrawals from the Grant Account shall continue to be suspended in whole or in part, as the case may be, until the event which gave rise to such suspension shall have, in the reasonable opinion of ADB, ceased to exist or until ADB shall have notified the Recipient that the right to make withdrawals has been restored in whole or in part, whichever is the earlier.

**Section 8.02. Cancellation by ADB.** If (i) the right of the Recipient to make withdrawals from the Grant Account shall have been suspended with respect to any amount of the Grant for a continuous period of 30 days; or (ii) at any time ADB determines, after consultation with the Recipient, that any amount of the Grant will not be required for the purposes of the Project; (iii) by the date specified in the Grant Agreement as the Grant Closing Date, an amount of the Grant shall remain unwithdrawn from the Grant Account; or (iv) at any time ADB determines, with respect to any contract to be financed in full or in part out of the proceeds of the Grant, that corrupt, fraudulent, collusive or coercive practices, as determined by ADB, were engaged in by representatives of the Recipient or any beneficiary of the Grant during the procurement of goods and services, consultants’ selection or the execution of a contract, without the Recipient having taken timely and appropriate action satisfactory to ADB to remedy the situation; or (v) at any time, ADB determines that the procurement of any goods or services to be financed out of the proceeds of the Grant is inconsistent with the procedure set out in the Grant Agreement, ADB may by notice to the Recipient terminate the right of the Recipient to make withdrawals with respect to such amount. Upon the giving of such notice, such amount of the Grant shall be cancelled.

**Section 8.03. Cancellation by the Recipient.** After consultation with ADB, the Recipient may by notice to ADB cancel any amount of the Grant which the Recipient shall not have withdrawn prior to the giving of such notice.
Section 8.04. Amounts Subject to Commitment Letters. No suspension or cancellation shall apply to amounts subject to any commitment letter issued by ADB pursuant to Section 5.02 except as expressly provided in such commitment letter.

Section 8.05. Effectiveness of Provisions After Suspension or Cancellation. Notwithstanding any cancellation or suspension, all the provisions of the Grant Agreement and the Project Agreement shall continue in full force and effect except as specifically provided in this Article.

ARTICLE IX

Effectiveness; Termination

Section 9.01. Conditions Precedent to Effectiveness. The Grant Agreement shall not become effective until evidence satisfactory to ADB shall have been furnished to ADB that:

(a) The execution and delivery of the Grant Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary corporate and governmental action.
(b) Where there is a Project Agreement, the execution and delivery of the Project Agreement on behalf of the Project Executing Agency shall have been duly authorized or ratified by all necessary corporate, administrative and governmental action.
(c) Where the Recipient is not a member, the condition of the Recipient, as represented to ADB at the date of the Grant Agreement, has undergone no material adverse change between such date and the date agreed upon between the Recipient and ADB for the purposes of this Section, provided that ADB shall have requested such evidence.
(d) Where the Recipient, is not a member, the requirements Section 7.01(b) have been fulfilled.
(e) All other events specified in the Grant Agreement as additional conditions to its effectiveness have occurred.

Section 9.02. Legal Opinions. As part of the evidence to be furnished pursuant to Section 9.01, the Recipient shall furnish, or cause to be furnished, to ADB an opinion or opinions satisfactory to ADB of counsel acceptable to ADB showing:

(a) on behalf of the Recipient, that the Grant Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Recipient and is legally binding upon the Recipient in accordance with its terms;
(b) on behalf of the Project Executing Agency where there is a Project Agreement, that the Project Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Project Executing Agency and is legally binding upon the Project Executing Agency in accordance with its terms; and
(c) such other matters as shall be specified in the Grant Agreement.

Section 9.03. Effective Date. (a) Except as ADB and the Recipient shall otherwise agree, the Grant Agreement shall come into force and effect on the date upon which ADB dispatches to the Recipient notice of its acceptance of the evidence required by Section 9.01.
(b) If, before the Effective Date, any event shall have occurred which would have entitled ADB to suspend the right of the Recipient to make withdrawals from the Grant Account if the Grant Agreement had been effective, ADB may postpone the dispatch of the notice referred to in paragraph (a) of this Section until such event shall have ceased to exist.

Section 9.04. Termination for Failure to Become Effective. If the Grant Agreement shall not have come into force and effect by the date specified in the Grant Agreement for the purposes of this Section, the Grant Agreement and all obligations of the parties thereunder shall terminate, unless ADB, after consideration of the reasons for the delay, shall establish a later date for the purposes of this Section. ADB shall promptly notify the Recipient of such later date.

ARTICLE X

Enforceability; Failure to Exercise Rights; Arbitration

Section 10.01. Enforceability. (a) The rights and obligations of ADB and the Recipient under the Grant Agreement shall be valid and enforceable in accordance with their terms and, where the Recipient is a member, notwithstanding the law of any state, or political subdivision thereof, to the contrary.

(b) Neither ADB nor the Recipient shall be entitled in any proceeding under this Article to assert any claim that any provision of the Grant Agreement is invalid or unenforceable because of any provision of the Articles of Agreement Establishing the Asian Development Bank or for any other reason.

Section 10.02. Failure to Exercise Rights. No delay in exercising, or omission to exercise, any right, power or remedy accruing to either party under the Grant Agreement upon any default shall impair any such right, power or remedy, or be construed to be a waiver thereof or an acquiescence in any such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

Section 10.03. Arbitration. (a) Any controversy between the parties to the Grant Agreement and any claim by any such party against any other such party arising under the Grant Agreement which shall not be settled by agreement of the parties shall be submitted to arbitration by an Arbitral Tribunal as hereinafter provided.

(b) The parties to such arbitration shall be ADB on the one side, and the Recipient on the other side.

(c) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: one arbitrator shall be appointed by ADB; a second arbitrator shall be appointed by the Recipient; and the third arbitrator (hereinafter sometimes called the Umpire) shall be appointed by agreement of the parties or, if they shall not agree, by the President of the International Court of Justice or, failing appointment by him, by the Secretary-General of the United Nations. If either side shall fail to appoint an arbitrator, the Umpire shall appoint such arbitrator. In case any arbitrator appointed in accordance with this Section shall resign, die or become unable to act, a successor arbitrator shall be appointed in the same manner as herein prescribed for the appointment of the original arbitrator and such successor shall have all the powers and duties of such original arbitrator.
(d) An arbitration proceeding may be instituted under this Section upon notice by the party instituting such proceeding to the other party or parties. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration, the nature of the relief sought and the name of the arbitrator appointed by the party instituting such proceeding. Within 30 days after the giving of such notice, the other party or parties shall notify the party instituting the proceeding of the name of the arbitrator appointed by such other party or parties.

(e) If within 60 days after the giving of the notice instituting the arbitration proceeding the parties shall not have agreed upon an Umpire, any party may request the appointment of an Umpire as provided in paragraph (c) of this Section.

(f) The Arbitral Tribunal shall convene at such time and place as shall be fixed by the Umpire. Thereafter, the Arbitral Tribunal shall determine where and when it shall sit.

(g) The law to be applied by the Arbitral Tribunal shall be public international law, the sources of which shall be taken for these purposes to include:

(i) any relevant treaty obligations that are binding reciprocally on the parties;
(ii) the provisions of any international conventions and treaties (whether or not binding directly as such on the parties) generally recognized as having codified or ripened into binding rules of customary law applicable to states and international institutions, as appropriate;
(iii) other forms of international custom, including the practice of states and international institutions of such generality, consistency and duration as to create legal obligations; and
(iv) applicable general principles of law.

(h) Subject to the provisions of this Section and except as the parties shall otherwise agree, the Arbitral Tribunal shall decide all questions relating to its competence and shall determine its procedure. All decisions of the Arbitral Tribunal shall be by majority vote.

(i) The Arbitral Tribunal shall afford to all parties a fair hearing and shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitral Tribunal shall constitute the award of such Tribunal. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties to the Grant Agreement. Each party shall abide by and comply with any such award rendered by the Arbitral Tribunal in accordance with the provisions of this Section.

(j) The parties shall fix the amount of the remuneration of the arbitrators and such other persons as shall be required for the conduct of the arbitration proceedings. If the parties shall not agree on such amount before the Arbitral Tribunal shall convene, the Arbitral Tribunal shall fix such amount as shall be reasonable under the circumstances. Each party shall defray its own expenses in the arbitration proceedings. The costs of the Arbitral Tribunal shall be divided between and borne equally by ADB on the one side, and the Recipient on the other side. The Arbitral Tribunal shall determine any question concerning the division of the costs of the Arbitral Tribunal or the procedure for payment of such costs.
(k) The provisions for arbitration set forth in this Section shall be in lieu of any other procedure for the settlement of controversies between the parties to the Grant Agreement, and any claim by either party against the other such party arising thereunder.

(l) If within 30 days after the counterparts of the award have been delivered to the parties the award shall not be complied with, any party may enter judgment upon, or institute a proceeding to enforce, the award in any court of competent jurisdiction against any other party, and may enforce such judgment by execution or may pursue any other appropriate remedy against such other party for the enforcement of the award and the provisions of the Grant Agreement. Notwithstanding the foregoing, this Section shall not authorize any entry of judgment or enforcement of the award against any party that is a member except as such procedure may be available otherwise than by reason of the provisions of this Section.

(m) Service of any notice or process in connection with any proceeding under this Section or (to the extent that such remedy shall be available) in connection with any proceeding to enforce any award rendered pursuant to this Section may be made in the manner provided in Section 11.01. The parties to the Grant Agreement waive any and all other requirements for the service of any such notice or process.

ARTICLE XI

Miscellaneous Provisions

Section 11.01. Notices and Requests. Any notice or request required or permitted to be given or made under the Grant Agreement, and any other agreement between any of the parties contemplated by the Grant Agreement, shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex, facsimile or electronic mail to the party to which it is required or permitted to be given or made at such party's address specified in the Grant Agreement or at such other address as such party shall have designated by notice to the party giving such notice or making such request.

Section 11.02. Authority to Take Action. Any action required or permitted to be taken, and any documents required or permitted to be executed, under the Grant Agreement, on behalf of the Recipient, may be taken or executed by the representative of the Recipient designated in the Grant Agreement for the purposes of this Section or any person thereunto authorized in writing by him. Any modification of the provisions of the Grant Agreement may be agreed to on behalf of the Recipient, by written instrument executed on behalf of the Recipient by the representative so designated or any person authorized in writing by such representative; provided that, in the opinion of such representative or other person, such modification is reasonable in the circumstances and will not substantially increase the obligations of the Recipient under the Grant Agreement. ADB may accept the execution by such representative or other person of any such instrument as conclusive evidence that in the opinion of such representative or other person any modification of the provisions of the Grant Agreement effected by such instrument is reasonable in the circumstances and will not substantially increase the obligations of the Recipient thereunder.
Section 11.03. Evidence of Authority. The Recipient shall furnish to ADB sufficient evidence of the authority of the person or persons who will, on behalf of the Recipient, take any action or execute any documents required or permitted to be taken or executed by the Recipient under the Grant Agreement and the authenticated specimen signature of each such person.

Section 11.04. Execution in Counterparts. The Grant Agreement may be executed in several counterparts, each of which shall be an original.
FUTURE CARBON FUND

REGULATIONS

Dated _________________

DRAFT DATED 10 JUNE 2008

Asian Development Bank
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The ASIAN DEVELOPMENT BANK (hereinafter called ADB) desires to support and encourage the development of energy efficiency, renewable energy, and other greenhouse gas abatement projects in ADB’s DMCs by providing such projects with additional sources of finance.

In furtherance of that objective, ADB desires to establish the Future Carbon Fund (the “Fund”), through which Certified Emission Reductions and Verified Emission Reductions generated beyond 2012 will be acquired from Projects in return for upfront payments. This upfront financing will enhance the competitiveness of low-carbon options against conventional choices and stimulate long-term technology transfer that will contribute to global climate change mitigation efforts.

The Certified Emission Reductions and/or Verified Emission Reductions generated by a Project will be acquired by the Fund and distributed to the Participants, thereby assisting them in meeting internationally and domestically established targets for voluntary and mandatory reductions of GHG emissions beyond 2012.

The Board of Directors of ADB, pursuant to Recommendation 115-08, has adopted the following Regulations for the establishment and operation of the Fund.

ARTICLE I - DEFINITIONS

Section 1.1 Definitions

Unless the context otherwise requires, the following terms shall be defined as:

“ADB” means the Asian Development Bank;

“ADB Operational Policies and Procedures” means any of ADB’s policies and procedures applicable from time to time in respect of ADB’s operations, including the administration of the Fund and the financing of a Project;

“Additional Participant” means a Participant who signs a Participation Agreement to participate in the Fund after the Operational Date (but no later than the Final Closing Date) of the Fund;

“Administration Fee” means the fee payable to the Trustee pursuant to Section 10.1.
"Annual Budget" means, in respect of each Fiscal Year, the annual budget required to be prepared by the Trustee pursuant to Section 7.1(l);

"Annual Meeting" means a meeting of Participants held pursuant to Section 5.1;

"APCF" means the Asia Pacific Carbon Fund established by ADB;

"Baseline" means the scenario that reasonably represents the anthropogenic emissions by sources or anthropogenic removal by sinks of GHGs that would occur in the absence of the Project as described in the International Rules and/or the PDD;

"Board of Directors" means the Fund’s board of directors as described in Article VI of these Regulations;

"Carbon Dioxide Equivalent" or "CO₂e" means the base reference for the determination of Global Warming Potential of Greenhouse Gases in units of carbon dioxide;

"Catch-Up Payment" means an amount payable under Section 4.3;

"CDM" means the clean development mechanism established pursuant to Article 12 of the Kyoto Protocol;

"CDM-compliant VERs" means GHG Reductions Verified in accordance with the International Rules and from projects that would qualify to be registered as formal CDM projects and are as such compliant with the CDM or any similar mechanism under any successor or supplementary international agreement or decision;

"CDM Executive Board" means the executive board of the CDM that is established pursuant to the International Rules and its associated bodies and panels, or any equivalent authority established by a Post-2012 international regulatory framework;

"CDM Registry" means the registry established and maintained by the CDM Executive Board or the relevant Kyoto Party pursuant to the International Rules to ensure the accurate accounting of the issuance, holding, transfer and acquisition of CERs;

"Certification" and "Certified" means the process of certification by the Operational Entity that, during a specified time period, the Project has achieved the GHG Reductions as reported in the Verification report;

"Certified Emission Reduction" or "CER" means a unit issued pursuant to Article 12 of the Kyoto Protocol as well as all other relevant International Rules and is equal to one metric tonne of Carbon Dioxide Equivalent, calculated in accordance with the International Rules;

"Commitment" for any Participant has the meaning given in the Participation Agreement for that Participant;

"Contracting Period" means the period commencing on the Operational Date and ending on 31 December 2014 or such later date as determined by the Participants;

"Contribution" for any Participant means a financial contribution made by a Participant in accordance with the terms of the related Participation Agreement and these Regulations;
“COP/MOP” means the Conference of the Parties to the UNFCCC serving as the Meeting of the Parties to the Kyoto Protocol;

“Crediting Period” means, in respect of a Project, the period in which GHG Reductions are Verified and Certified (in the case of CERs) by an Operational Entity and that shall commence after the first GHG Reductions are generated by the Project;

“Defaulting Participant” has the meaning given in Section 8.1 and Section 8.2(b);

“Default Notice” has the meaning given in Section 8.2;

“Delivered” means, with respect to CERs, the receipt of those CERs into the Participant’s Registry Account and, with respect to VERs, the transfer of legal title to those VERs to the Participant;

“Designated National Authority” or “DNA” means a national CDM authority that has been formally designated and registered by a signatory to the UNFCCC with the Secretariat as required by the International Rules;

“Designated Operational Entity” or “DOE” means a person designated by the COP/MOP, based on the recommendation by the CDM Executive Board, as qualified to Validate proposed CDM project activities or to Verify and Certify GHG Reductions;

“DMC” means a developing member country of ADB;

“Eligible Participant” means any member country of ADB and any public or private sector entity established in an ADB member country that has established targets or policies for voluntary or mandatory GHG Reductions beyond 2012 and whose participation in the Fund has been approved by the Trustee;

“ERPA” or “Emission Reduction Purchase Agreement” means an agreement between ADB, as Trustee for the Fund, and a Project Entity governing the purchase and sale of CERs and/or VERs generated by the related Project;

“Expense Cap” means an amount equal to [ ] of the aggregate Commitments under all Participation Agreements, or otherwise as determined by a Participants’ Meeting from time to time;

“Final Closing Date” of the Fund means the date declared by the Trustee to be the last date on which it will execute Participation Agreements for the Fund;

“Fiscal Year” means the fiscal year of ADB;

“Fund Property” means all of the property and assets of the Fund (including Contributions);

"Fund Size" means the aggregate of all Participants’ Commitments.

“GHG Reduction” means the removal, limitation, reduction, avoidance, sequestration or mitigation of GHGs relative to the Baseline;
“Global Warming Potentials” means the global warming potentials used to calculate carbon dioxide equivalence of GHG’s as accepted or subsequently revised in accordance with Article 5 of the Kyoto Protocol;

“Greenhouse Gases” or “GHGs” means the six gases listed in Annex A to the Kyoto Protocol;

“Host Country” means a DMC in which a Project is located;

“Indemnified Party” has the meaning given in Section 11.1;

“Initial Default Notice” has the meaning given in Section 8.1;

“International Rules” means the UNFCCC, the Kyoto Protocol, the Marrakesh Accords, any relevant decisions, guidelines, modalities and procedures made by the COP/MOP and the CDM Executive Board, and any successor international agreements or supplementary international agreements or decisions regarding GHG emissions, in each case as amended from time to time;

“International Transaction Log” means the central hub of electronic communications developed and operated pursuant to Article 7.4 of the Kyoto Protocol to (i) maintain communications between the CDM Registry and each National Registry; (ii) maintain records of the number of CERs and other CDM emission reduction units held in and transferred to and from, the CDM Registry and each National Registry; and (iii) regularly reconcile its records of such holdings and transfers, with the records of the CDM Registry and each National Registry;

“Issuance” means the issuance by the CDM Registry administrator of a specified quantity of CERs into the pending account of the CDM Executive Board in the CDM Registry upon being instructed to do so by the CDM Executive Board and “Issued” shall be construed accordingly;

“Kyoto Party” means any of the parties to the UNFCCC that has ratified, accepted, acceded to or approved the Kyoto Protocol and is a member country of ADB;

“Kyoto Protocol” means the protocol to the UNFCCC adopted at the Third Conference of the Parties in Kyoto, Japan on 11 December 1997, as may be amended from time to time;

“Lead Participant” has the meaning given in Section 6.2(b);

“Marrakesh Accords” means Decision 2/CP.7 through Decision 24/CP.7 inclusive of the Conference of the Parties to the UNFCCC in its seventh session, held at Marrakesh, Morocco from 29 October to 10 November 2001 and as adopted by COP/MOP at the 1st meeting of COP/MOP from 28 November to 10 December 2005;

“Maximum Commitment” means the maximum amount specified by the Trustee on or before the Opening Date to be payable by a Participant wishing to participate in the Fund;

“Minimum Commitment” is five million United States dollars (USD5,000,000);

“National Registry” means a registry established and maintained by a Kyoto Party pursuant to the International Rules to ensure the accurate accounting of the issuance, holding, transfer and acquisition of any CERs of such respective Kyoto Party;
“Non-Compliant Credits” has the meaning given in Section 12.2;

“Opening Date” of the Fund means the date declared by the Trustee to be the first date on which the Trustee and Participants may execute Participation Agreements for the Fund;

“Operational Date” of the Fund means the date declared by the Trustee to be the date on which the Fund commences its operations;

"Operational Entity" means a Designated Operational Entity or an independent entity designated by the Trustee, with documented experience in determining the accuracy of monitoring project-based GHG Reductions, which performs the Verification of the GHG Reductions generated by the Project.

“Organizational Meeting” for the Fund means a meeting of the Participants in the Fund held pursuant to Section 5.2;

“Participant” means any Eligible Participant that has signed a Participation Agreement, or any assignee thereof pursuant to the terms of these Regulations;

“Participant Illegality” in respect of a Participant, has the meaning ascribed to such term in the Participation Agreement to which such Participant is a party;

“Participants’ Meeting” means any one or more of the meetings convened pursuant to Article V;

“Participation Agreement” means an agreement between a Participant and the Trustee with respect to the Participant’s Contribution to, and participation in, the Fund;

“PDD” or “Project Design Document” means a description of the Project prepared in accordance with the International Rules to be submitted for approval, or having been approved by the CDM Executive Board;

“Person” means and includes individuals, corporations, partnerships, trusts, unincorporated associations, unincorporated organizations, joint ventures and other entities, and governments and agencies and political subdivisions thereof;

“Project” means a project which meets the Project Criteria and which is considered by the Trustee for participation by the Fund or in respect of which the Fund has entered into an ERPA;

“Project Criteria” means the criteria set out in Schedule 1, as amended from time to time by a Participants’ Meeting;

“Project Entity” means one or more persons with which the Trustee has entered into or intends to enter into an ERPA with respect to a Project;

“Portfolio Restrictions” for the Fund means the restrictions for participations by the Fund set out in Schedule 1, as amended from time to time by a Participants’ Meeting;

“Purchase Notice” has the meaning given in Section 8.3;

“Purchase Price” has the meaning given in Section 8.2;
“Registration” or “Registered” means the formal acceptance by the CDM Executive Board of a Validated Project as a CDM project activity in accordance with the requirements set out in the International Rules;

“Registry Account” means, (i) in the case of the Trustee, an account or sub-account established in the name or for the benefit of the Trustee within the CDM Registry or a National Registry; and (ii) in the case of a Participant, an account or sub-account established in the name of the Participant or a person designated by the Participant within the CDM Registry or a National Registry;

“Special Meeting” means a meeting of Participants held pursuant to Section 5.3;

“Trustee” means ADB acting not in its individual or personal capacity but solely in its capacity as trustee of the Fund;

“UNFCCC” means the United Nations Framework Convention on Climate Change adopted in New York on May 9, 1992;

“USD” means United States dollars;

“Validation” or “Validated” means validation in accordance with the use of the term in the International Rules and refers to the process of evaluation of the PDD by an Operational Entity in accordance with the International Rules; and

"VER Policy" means the processes for the creation, Verification, documentation, purchase, registration and transfer of VERs, as determined by the Trustee and approved by the Board of Directors;

“Verification” or “Verified” means the periodic review and ex post determination by an Operational Entity of GHG Reductions (that have occurred during the relevant Crediting Period) pursuant to or in accordance with the International Rules and the PDD or the criteria specified by the Trustee from time to time;

"Verified Emission Reductions" or "VERs" means Voluntary VERs and CDM- compliant VERs.

"Voluntary VERs" means GHG Reductions Verified in accordance with a voluntary framework approved by the Participants and the Trustee, other than the International Rules.

ARTICLE II - ESTABLISHMENT

Section 2.1 Establishement

(a) The Fund comprises funds that shall from time to time be contributed by Participants in accordance with the provisions of these Regulations, and any other Fund Property.
Appendix 4

(b) The Trustee shall, as legal owner:

(i) hold in trust the Fund Property; and

(ii) manage and use the Fund Property only for the purposes of and in accordance with the provisions of these Regulations.

Section 2.2 Trust Only

It is the intention of each Participation Agreement and these Regulations to create only the relationship of trustee and beneficiary between the Trustee and each Participant and not to create a partnership or any form of legal entity.

Section 2.3 Authority to enter into Participation Agreements

The Trustee may enter into Participation Agreements with Eligible Participants during the period commencing on the Opening Date and ending on the Final Closing Date, provided that the aggregate Commitments by Participants under all Participation Agreements shall not exceed [USD two hundred million (US$200,000,000)].

ARTICLE III - OBJECTIVES AND PRINCIPLES OF THE FUND

Section 3.1 Objectives

The Fund’s objectives are to:

(i) support and encourage energy efficiency and renewable energy projects, and other projects with long-term GHG abatement benefits beyond 2012 undertaken in DMCs, by providing such projects with a new source of finance;

(ii) assist Participants that have mandatory or voluntary GHG Reduction targets and policies beyond 2012, by providing ongoing access to CERs and VERs; and

(iii) enhance the affordability and attractiveness of low-carbon technologies over conventional options through the reduction of the initial capital barriers of GHG mitigation projects, and thus influence the decision-making process of project developers or sponsors.

Section 3.2 Operational Principles

The operational principles of the Fund include:

(i) providing funding to Projects through advance payments for the future delivery of Post-2012 CERs and VERs purchased by the Fund under ERPAs executed between the Fund and Project Entities; and
(ii) distributing CERs and VERs to each Participant pro rata to its respective Contribution in accordance with the terms of the relevant Participation Agreement and these Regulations.

Section 3.3 Compliance with ADB Operational Policies and Procedures

The operations of the Fund shall comply with all Operational Policies and Procedures applicable to ADB's non-sovereign operations.

Section 3.4 Project Criteria and Portfolio Restrictions

(a) The Fund shall enter into ERPAs during the Contracting Period in accordance with the Project Criteria, with the intent, over the term of the Fund, of complying with the Portfolio Restrictions.

(b) Material changes to the Project Criteria and Portfolio Restrictions may be made only:

(i) with the prior consent of a Participants' Meeting holding not less than two-thirds of the votes cast by the Participants represented at that meeting; and

(ii) if in the opinion of the Trustee the proposed changes are consistent with the Operational Policies and Procedures applicable to ADB's non-sovereign operations, and these Regulations.

ARTICLE IV - CONTRIBUTIONS FROM PARTICIPANTS

Section 4.1 Contributions

(a) Each Participant will be required to make Contributions to the Fund in accordance with the terms of the applicable Participation Agreement and these Regulations.

(b) A Participant's aggregate Contributions shall not be less than the Minimum Commitment [or exceed the Maximum Commitment].

Section 4.2 Payment of Contributions

(a) Payments of Contributions will be made in cash by Participants on a pro-rata basis upon written request by the Trustee, having regard to the financial requirements of the Fund (including the payment of expenses and financial obligations under any ERPA executed by the Fund).

(b) Participants will be given at least 60 days' notice of any request by the Trustee for the payment of a Contribution.

(c) The failure of any Participant to make any payment when due under this clause 4.2 shall not relieve any other Participant of its obligation to make its respective payment.
Section 4.3 Catch-Up Payment

(a) Any Additional Participants shall be required to make a Catch-Up Payment in addition to their Contribution.

(b) Catch-up Payments will be:

(i) calculated by the Trustee based upon (1) the costs and expenses associated with seeking any Contributions after the Operational Date; and (2) any fees associated with late entry into the Fund determined by the Trustee in consultation with the Board of Directors;

(ii) payable on the same terms as the Contributions; and

(iii) excluded from calculations of the relevant Participant's interests in the Fund or the size of the Fund.

Section 4.4 Prepayment

Participants may prepay all or part of their Commitments in advance of any demand for payment by the Trustee. Any amounts thus prepaid will be invested by the Trustee in accordance with the terms of these Regulations, and the income (including interest earned on prepayments) will be part of the Fund Property and will be utilized by the Trustee to support the Fund’s activities, as the Trustee, in its sole discretion, deems appropriate (but subject to the provisions of the applicable Annual Budget). Any amount of Commitments so prepaid shall not be taken into account for the purpose of calculating distributions of CERs and VERs by the Trustee to the relevant Participant in accordance with Section 12.1 until such future time as those prepaid amounts are treated as Contributions called for by the Trustee in accordance with Section 4.2.

ARTICLE V - MEETINGS OF PARTICIPANTS

Section 5.1 Meetings of Participants

(a) The Fund shall hold an Annual Meeting of Participants at such date and time and in such place as shall be determined by the Trustee.

(b) The Trustee, at its discretion, may, or at the request of a Participant shall, call Special Meetings of Participants at any time for any purpose consistent with these Regulations.

(c) The role of the Participants at an Annual Meeting or Special Meeting will include:

(i) reviewing the operations of the Fund, and providing the Trustee with general policy and strategic guidance on the overall operation and management of the Fund;
(ii) providing general guidance to the Trustee on the selection of Projects, including where relevant, proposing changes to the Project Criteria or Portfolio Restrictions;

(iii) reviewing and, where relevant, approving changes to the Expense Cap;

(iv) commencing with the second Annual Meeting, electing the members of the Board of Directors to serve until the Fund’s next Annual Meeting;

(v) approving the financial statements for the Fund for the preceding Fiscal Year;

(vi) reviewing and approving the updated Annual Budget for the ongoing Fiscal Year;

(vii) reviewing and approving the Annual Budget for the forthcoming Fiscal Year; and

(viii) taking any other action that may be taken by the Participants under these Regulations.

Section 5.2 Organizational Meeting

(a) Within 30 days of the Operational Date, the Trustee shall convene an Organizational Meeting of Participants.

(b) The date, time and place of the Organizational Meeting shall be determined by the Trustee.

(c) At the Organizational Meeting, Participants shall:

(i) elect, to serve for a term running from the date of that Organizational Meeting until the second Annual Meeting of the Fund, the members of the Fund’s Board of Directors; and

(ii) review and approve the Annual Budget for the ongoing Fiscal Year (which may include development costs related to the Fund’s establishment and operation) and for the Fiscal Year preceding the second Annual Meeting.

Section 5.3 Special Meetings

Participants may participate in Special Meetings by telephone or other communications facilities which permit all Participants participating in the Special Meeting to hear each other, and a Participant participating in a Special Meeting by such means is deemed for the purposes of these Regulations to be present at that meeting.
Section 5.4   Notices of Meetings

(a) Unless otherwise waived by the intended recipient, at least 30 days prior to the date of each Participants’ Meeting, the Trustee will provide each Participant with written notice of the forthcoming Participants’ Meeting stating the place, date and time of the meeting and, in the case of a Special Meeting, the purpose or purposes for which the Special Meeting is called.

(b) Notwithstanding Section 5.4(a), written notice of the Organizational Meeting shall be given to the Participants on the Operational Date; and

(c) For the purposes of Section 5.4(a) and (b), references to written notices include electronic notices such as email, facsimile and other forms of electronic notification that are commonly in use.

Section 5.5   Voting

(a) Each Participant shall be entitled to one vote for every USD one million (US$1,000,000) of its Commitment on each matter submitted to a vote at a Participants’ Meeting. A fraction of a vote will not be considered.

(b) Except as otherwise provided in these Regulations, every matter submitted to a Participants’ Meeting shall be decided by the majority of the votes cast by the Participants represented at that meeting.

Section 5.6   Quorum

Participants represented at a Participants’ Meeting holding a majority of all the votes of the Fund shall constitute a quorum for the transaction of business at that meeting.

Section 5.7   Action by Written Consent in Lieu of Meeting

Action required or permitted to be taken at a Participants’ Meeting may be taken without a meeting if a consent in writing, setting out the action intended to be taken, has been signed in one or more counterparts by all Participants.

Section 5.8   Proxies

Any Participant entitled to vote at a Participants’ Meeting may vote by proxy if a duly executed proxy has been received in writing by the Trustee for verification prior to the meeting.

Section 5.9   ADB Observers

The Trustee may invite staff and consultants of ADB to be present as non-voting observers at the Annual Meetings of the Fund.
ARTICLE VI – FUND BOARD OF DIRECTORS

Section 6.1  Role of the Board of Directors

(a)  The Trustee will establish a Board of Directors.

(b)  The Board of Directors will be responsible for:

(i)  approving the terms and conditions of each ERPA to be executed by the Trustee;

(ii) providing general advice to the Trustee on issues regarding the operation of the Fund;

(iii) reviewing the operations of the Fund;

(iv) reviewing the proposed Annual Budget prepared by the Trustee for the forthcoming Fiscal Year to be submitted for approval at the Annual Meeting;

(v)  approving each quarter a pricing band for CERs and VERs (subject to any minimum price set by a DMC for Projects in its jurisdiction);

(vi) approving the VER Policy; and

(ix) taking any other action that may be taken by the Board of Directors under these Regulations.

Section 6.2  Membership of the Board of Directors

(a)  The Board of Directors shall comprise not less than three and not more than ten members elected by the Participants or the Trustee in accordance with the provisions of Section 6.2(b):

(i)  for the first Board of Directors, at their Organizational Meeting; and

(ii) subsequently, commencing at the second Annual Meeting following the Organizational Meeting, at each Annual Meeting thereafter.

(b)  Each Participant whose Commitment is equal to or exceeds USD twenty million (US$20,000,000) (a “Lead Participant”) shall be entitled to nominate a member of the Board of Directors and each Participant shall vote in favor of the appointment of any member of the Board of Directors so nominated. Any remaining members of the Board of Directors may be nominated by Participants that have no current representation on the Board and shall be elected at a Participants’ Meeting by a majority of Participants holding not less than two thirds of the votes cast by the Participants represented at that meeting. If the Fund has fewer than three Participants at any time, the Trustee shall be entitled to nominate the remaining members of the
Board of Directors, and upon an additional Participant joining the Fund, a member of the Board of Director may be elected in place of the member nominated by the Trustee in accordance with the provisions of this Section 6.2(c).

(c) With the exception of the first members of the Board of Directors elected at the Organizational Meeting, whose term will expire at the second Annual Meeting following the Organizational Meeting, membership of each Board of Directors will run from the date of the Annual Meeting at which they were elected, until the following Annual Meeting, unless the member is re-elected in accordance with Section 6.2(b).

(d) Following the retirement, resignation or removal of a member of the Board of Directors nominated by a Lead Participant or the expiry of the term of that member, such Lead Participant may nominate another representative (or re-nominate the same member) to fill that vacancy. Should that Participant fail to make an alternative nomination within 30 days of the notice of vacancy, the remaining Participants shall be entitled to make nominations and such member of the Board shall be elected at a Participants’ Meeting by a majority of Participants holding not less than two thirds of the votes cast by the Participants represented at that meeting.

(e) At any time, any member of the Board of Directors may be removed by the Lead Participant for which such member is a representative and replaced with another representative of that Lead Participant.

(f) The Board of Directors shall elect one of its members to serve as chairperson until the next Annual Meeting or until such time as that member has ceased to be a member of the Board of Directors or until that member’s successor as chairperson has been elected.

(g) The Participants may, by unanimous decision at a Participants’ Meeting called for that purpose, change the size and composition of the Board of Directors set out in this Section 6.2.

Section 6.3 Meetings of the Board of Directors

(a) Meetings of the Board of Directors shall be called by the chairperson or the Trustee, provided at least 14 days’ written notice is given to each member of the Board of Directors and the Trustee stating the matters to be considered and the place, date and time of the meeting.

(b) The Board of Directors will meet, at a minimum, prior to the Annual Meeting in order to review the proposed Annual Budget as required by Section 6.1(b)(iv).

(c) With the prior written consent of all members of the Board of Directors, one or more members of the Board of Directors may participate in that meeting either:

(i) by telephone or other communications facilities as permit all members participating in the meeting to hear each other; or

(ii) by other electronic means;
and a member of the Board of Directors participating by such means is deemed for the purposes of these Regulations to be present at that meeting.

(d) No member of the Board of Directors shall receive any compensation from the Fund for its services as such, nor shall any member of the Board of Directors be entitled to payment or reimbursement from the Fund or Trustee for travel or other costs incurred in attending Board of Directors meetings.

Section 6.4 Voting

Every matter submitted to the Board of Directors shall be decided by the majority of the votes cast at the meeting where each member shall be entitled to cast one vote.

Section 6.5 Quorum

A majority of members of the Board of Directors shall constitute a quorum for the transaction of business.

Section 6.6 Action by Written Consent in Lieu of Meeting

Action required or permitted to be taken by the Board of Directors may be taken without a meeting if a consent in writing, setting out the action intended to be taken, has been signed in one or more counterparts by all members of the Board of Directors.

Section 6.7 Conflict of Interest

Each Participant shall disclose to the Trustee any interest of, or proposed participation by, the Participant in a Project considered for the Fund as soon as it shall become aware of the Trustee’s consideration thereof. Any representative of the Board of Directors of the Participant shall, at the request of the Trustee, recuse him- or herself from any meetings of the Board of Directors in which such Project is considered. The failure of the Participant or any Director nominated by it on the Board of Directors to so disclose its interest in a Project shall constitute a breach of the provisions of these Regulations and the provisions of Article VIII shall apply.

ARTICLE VII – FUND ADMINISTRATION

Section 7.1 Role of the Trustee

The role of the Trustee shall include:

(a) managing Fund Property in accordance with the terms of these Regulations;

(b) facilitating the interaction between the Participants, the Board of Directors and ADB;

(c) identifying, assessing and selecting Projects that comply with applicable Project Criteria and Portfolio Restrictions;
(d) undertaking legal, technical and any other due diligence in order to determine whether CERs or VERs may be produced by a Project;

(e) overseeing Registration, Verification, Certification and Issuance relating to a Project;

(f) managing the processes for the creation, Verification and distribution of VERs in accordance with the VER Policy;

(g) negotiating the terms and conditions of any ERPA, including the price for CERs and VERs;

(h) reviewing and monitoring the performance of the Projects financed by the Fund under the ERPAs;

(i) managing the disbursement of the Fund’s purchase payments to Project Entities for CERs and VERs;

(j) collecting CERs and VERs on behalf of the Fund and generally enforcing the terms of any ERPA;

(k) managing the receipt of Contributions from Participants (including by making requests for Contributions) and timely distribution by the Fund of CERs and VERs to Participants;

(l) preparing the Annual Budget for the Fund;

(m) liaising with the concerned authority, its agents and instrumentalities as necessary to assist the timely receipt by the Fund of CERs and VERs; and

(n) reporting to and communicating with Participants regarding the Fund portfolio and operations, Project status, timing of Contributions and purchase transactions, and the realization and transfer of CERs and VERs.

Section 7.2 Duties of the Trustee

The Trustee shall:

(a) hold all Fund Property in trust in accordance with these Regulations for the benefit of the Participants;

(b) manage and use Fund Property only for the purposes of, and in accordance with, the provisions of these Regulations; and

(c) exercise the same care in the discharge of its functions under these Regulations as ADB exercises with respect to its own affairs.
Section 7.3   Powers of the Trustee

(a) The Trustee is authorized to perform all acts and enter into all contracts and arrangements as it shall deem necessary or desirable to accomplish the objectives of the Fund in accordance with the terms of these Regulations.

(b) Provided that all of the income from its investments is credited to, and used exclusively for the purposes of the Fund, the Trustee is authorized to invest Fund Property and any other funds held by the Fund pending disbursement in such manner as it may decide, including:

(i) investing in such securities and other obligations as are authorized investments for other trust fund assets maintained by ADB;

(ii) retaining Fund assets in cash; and

(iii) exchanging any funds received from a Participant or any other Fund Property for one or more other currencies in order to facilitate the operation and administration of the Fund.

(c) The Trustee is authorized to exercise any and all rights, powers and privileges of ownership or interest in respect of any and all investments made in accordance with Section 7.3(b), including the right to consent and otherwise act in relation to those investments, and to designate one or more individuals, firms, associations or corporations to exercise any of the Trustee’s rights, powers and privileges. The Trustee shall not be limited to investing in obligations maturing before the possible termination of the Fund, nor shall the Trustee be limited by any law limiting the investments that may be made by fiduciaries.

(d) The Trustee is authorized to incur and pay any costs or expenses which in its opinion are necessary or desirable to realize the objectives of the Fund, including to make payments from Fund Property to itself as Trustee for the purpose of performing its duties as outlined in these Regulations.

(e) The Trustee shall have the power to collect all property due to the Fund and to pay all claims against Fund Property.

(f) The Trustee shall have the power to:

(i) engage in and to prosecute, defend, compromise, abandon, or adjust, by arbitration, or otherwise, any actions, suits, proceedings, disputes, claims, and demands relating to the Fund, including without limitation those relating to ERPAs; and

(ii) pay or satisfy out of Fund Property any debts, claims or expenses incurred in connection with ERPAs, including those of litigation. The power granted to the Trustee under this Section 7.3(f) shall include the power to dismiss any action, suit, proceeding, dispute, claim, or demand, derivative or otherwise, brought by any person, including a Participant in its own name or in the name of the Fund, whether or not the Fund or the Trustee is named individually or
the subject matter arises by reason of business for or on behalf of the Fund.

(g) The Trustee shall have the power to:

(i) employ or contract with such individuals or persons as it may deem desirable to conduct the business of the Fund;

(ii) enter into joint ventures, partnerships and any other combinations or associations;

(iii) subject to the terms of these Regulations, elect and remove such officers and appoint and terminate such agents or employees as it considers appropriate; and

(iv) purchase and pay for, out of Fund Property, to the extent available on commercially reasonable terms, such insurance as the Trustee deems desirable to protect it, the ADB, the Participants and any other individual or person entitled to indemnification by the Fund.

(h) The Trustee may from time to time appoint or otherwise engage one or more banks or trust companies or other financial institutions to serve as escrow agent(s) on behalf of the Fund in respect of Fund Property that may be deposited into an escrow account pending disbursement.

(i) Except as otherwise provided in these Regulations, the Trustee shall have the exclusive power to conduct the business of the Fund and carry on its operations wheresoever the Trustee deems necessary, proper or desirable in order to promote the interests of the Fund. Any determination made by the Trustee as to what is in the interests of the Fund shall be conclusive.

(j) In construing the provisions of these Regulations, the presumption shall be in favor of a grant of power to the Trustee.

(k) The enumeration of any specific power in these Regulations shall not be construed as limiting that power. Such powers of the Trustee may be exercised without order of or resort to any court or other authority.

(l) Nothing in these Regulations shall preclude the ADB from acting for its own account and from entering into or being interested in any contract or transaction with any person, including, but not limited to, any Participant, Host Country or Project Entity, with the same rights as it would have had if it were not acting as the Trustee, and ADB need not declare such interest nor account for any profit therefrom.

(m) Any power, duty or discretion to be exercised by the Trustee pursuant to the terms of these Regulations, unless otherwise provided:

(i) shall be exercised by the Trustee in its sole discretion; and
(ii) may be delegated in writing to a third party or entity, providing that such delegation does not remove or affect the fiduciary duty owed by the Trustee to the Participants.

Section 7.4 Parties to Contract

(a) Any payment, transaction or contract that is authorized under these Regulations may be made or entered into, as the case may be, with any person.

(b) The validity of any payment, transaction or contract made under Section 7.4(a) shall not be affected by the existence of any relationship between the Trustee and the person with whom that payment, transaction or contract is made.

(c) No person entering into a relationship pursuant to Section 7.4(a) shall be:

(i) liable solely because of that relationship for any loss or expense to the Fund relating to that payment, transaction or contract; or

(ii) accountable for any profit realized directly or indirectly from that relationship.

Section 7.5 Trustee Act 1925; Inconsistency

(a) To the extent of any inconsistency between the provisions of these Regulations and the provisions of the Trustee Act 1925, the provisions of such Act shall, to the maximum extent permitted by law, be inapplicable to the Trustee and the trust created hereunder.

(b) The power conferred upon the Trustee pursuant to these Regulations shall be in addition to any powers which may from time to time be vested in the Trustee by general law. Without prejudice to paragraph (a) above, to the extent that a provision of any applicable law is inconsistent or incompatible with these Regulations, then to the maximum extent permitted by law, such provisions shall be deemed to be expressly modified by these Regulations.

ARTICLE VIII - DEFAULT AND REMOVAL OF PARTICIPANTS

Section 8.1 Default in Paying Contributions

If, after demand by the Trustee, a Participant (the "Defaulting Participant"): 

(a) fails to pay the whole or any part of an installment of its Contribution when due or to comply with any other material obligations of the Participant under its Participation Agreement or these Regulations; and

(b) such failure continues for 15 days,

the Trustee shall provide notice (each such notice an “Initial Default Notice”) to the Defaulting Participant of such default.
Section 8.2 Notice of Default

If:

(a) the Defaulting Participant fails to pay the amount requested pursuant to Section 8.1 within 30 days of the date of an Initial Default Notice; or

(b) a Participant, or any Director nominated by it on the Board of Directors, fails to disclose its interest in a Project in accordance with the relevant Participation Agreement (and that Participant thereby becomes a Defaulting Participant),

the Trustee shall provide notice (each such notice a “Default Notice”) to the other Participants in the Fund, which shall specify the pro rata interest of that Defaulting Participant’s in the Fund and the purchase price payable for such interest, which shall be equal to the fair market value (as determined by an independent third party selected by the Trustee) of such interest (the “Purchase Price”).

Section 8.3 Notice of Purchase

Between 15 and 30 days following the date of a Default Notice, any of the other Participants may provide notice (each such notice a “Purchase Notice”) to the Trustee that it intends to purchase the Defaulting Participant’s interest in the Fund.

Section 8.4 Sale of Defaulting Participant’s Interest

The Trustee shall:

(a) if only one Participant has provided the Trustee with a Purchase Notice, notify that Participant that it may purchase the Defaulting Participant’s interest in the Fund by making payment:

(i) to the Defaulting Participant, of the Purchase Price less any expenses incurred by the Trustee in connection with the sale; and

(ii) to the Trustee, of an amount equal to the sum of the unpaid installment due to the Fund from the Defaulting Participant and the amount of any expenses incurred by the Trustee in connection with the sale;

(b) if more than one Participant has provided the Trustee with a Purchase Notice, notify each such Participant that it may purchase that portion of the Defaulting Participant’s interest that corresponds to such Participant’s proportion of the interest of all the electing Participants’ interests in the Fund against payment of the relevant portion of the amounts referred to in Section 8.4(a)(i) and (ii) as set out therein; and

(c) if no Participant expresses interest in purchasing the Defaulting Participant’s interest in the Fund following the procedure provided in Section 8.2(b), arrange for a private sale of that interest to a third party acceptable to the Trustee [provided always that the Trustee may require this third party to agree, in form and substance acceptable to the Trustee, that it is bound by (a) the terms of these Regulations; and (b) the Participation Agreement entered into between the Trustee and the Defaulting Participant].
Section 8.5   Proceeds of Sale

If the Trustee arranges for a private sale of a Defaulting Participant’s interest pursuant to Section 8.4(c), the Defaulting Participant shall receive from the proceeds of such sale an amount equal to the sale proceeds, less an amount equal to the sum of (i) any expenses incurred by the Trustee or the Fund in connection with the sale and (ii) the amount of any unpaid installment due to the Fund from the Defaulting Participant.

Section 8.6   Remedies and Waivers

(a) No delay in exercising, or failure to exercise, any right, power or remedy accruing to the Trustee under these Regulations or the Participation Agreement, whether or not upon any default, shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default.

(b) No action by the Trustee in respect of any default, or any acquiescence by it in any default, shall affect or impair any right, power or remedy of the Trustee in respect of any other or subsequent default.

ARTICLE IX - RECORDS AND REPORTS

Section 9.1   Annual Reports to Participants

Not later than 30 days prior to each Annual Meeting of Participants, the Trustee shall provide the Participants with:

(a) a summary of the Fund’s activities for the previous Fiscal Year; and

(b) a proposed budget for the operation of the Fund for the forthcoming Fiscal Year.

Section 9.2   Quarterly Progress Reports

The Trustee shall within [90] days of the end of each calendar quarter prepare a report on the operation of the Fund for the preceding quarter and send a copy to each of the members of the Board of Directors and the Participants.

Section 9.3   Financial Statements

The Trustee shall prepare financial statements with respect to the Fund in accordance with the United States Generally Accepted Accounting Principles (or whatever other international accounting standard ADB chooses to adopt for its own operations) and denominated in USD. The financial statements shall be audited by the same auditors that are engaged by ADB from time to time and audited financial statements of the Fund shall be provided to the Participant within 30 days from the date of publication of the financial statements of ADB for the relevant Fiscal Year.
Section 9.4 Other Documentation

Subject to compliance with any confidentiality agreement between the Trustee and a Project Entity, the Trustee shall provide the Participants upon their written request with copies of all final documents (including any project concept notes, PDDs, project appraisal documents, validation reports and verification reports) prepared or received by the Trustee with respect to each Project to which the Fund is contributing resources.

ARTICLE X – FEES AND EXPENSES

Section 10.1 Administration Fee

The Trustee shall be entitled to receive an Administration Fee of \[1\%\] of the aggregate Commitments to compensate it for expenses incurred by ADB in establishing, and providing general administrative support for, the Fund (other than expenses paid or reimbursed pursuant to Section 10.2). This Administration Fee will be paid from the first Contribution paid by each Participant.

Section 10.2 Expenses

The Trustee is authorized to use Fund Property (including any Contributions paid by Participants) to pay or reimburse it or any other person, including ADB, for all direct costs and expenses incurred in the operation and administration of the Fund, including:

(a) costs of equipment, supplies, services, and office space;

(b) communication expenses, including, without limitation, mailing, telephone, internet, and facsimile expenses;

(d) salaries, benefits, travel, accommodation and subsistence expenses of all personnel directly assigned to the operation of the Fund, including, without limitation, those incidental to the appraisal, selection and supervision of Projects;

(e) expenses for documentary and other relevant requirements (including under the International Rules), including fees relating to the Registration of a Project and Verification, Certification and Issuance of CERs and the creation, Verification and distribution of VERs;

(f) any compensation and expenses of any consultant, agent, adviser, intermediary, contractor or subcontractor engaged by the Trustee for the operation of the Fund, including, without limitation, those incidental to the appraisal, selection and supervision of Projects;

(g) costs of market intelligence services necessary to develop the Fund’s operational strategy and determine periodical pricing bands;

(h) costs of marketing and advertising the Fund’s operations to prospective project developers, including with respect to the preparation of marketing publications and participation in events;
(i) costs of any insurance policies obtained in connection with, or on behalf of, the Fund, Participants or other persons; and

(j) costs of legal, accounting and auditing, public relations and communications services provided in respect of the Fund.

Section 10.3 Maximum expenses

The Fund shall not incur, or reimburse ADB for, costs and expenses referred to in Section 10.2 exceeding the Expense Cap, except for costs and expenses relating to the Registration of a Project or any other fees charged by the CDM Executive Board to cover the administration expenses of the CDM Executive Board.

Section 10.4 Excluded expenses

The Fund shall not pay for any expenses incurred by Participants or members of the Board of Directors in connection with any Participants' Meetings or meetings of the Board of Directors, respectively, or otherwise in connection with the rights and duties of Participants and members of the Board of Directors under these Regulations.

ARTICLE XI - INDEMNIFICATION

Section 11.1 Indemnification of Trustee and ADB

The Trustee, ADB, and any person who is, or has been, an officer, employee or agent of the Trustee, ADB or the Fund (each an "Indemnified Party") shall be indemnified out of Fund Property against any loss, liability, cost, claim, action, demand or expense (including, but not limited to, all reasonable costs, charges and expenses paid or incurred in disputing or defending any of the foregoing) that any Indemnified Party may incur or which may be made against any of them arising out of or in connection with the Fund's activities (including, without limitation, any such claims arising from Participants' actions or failure to act pursuant to these Regulations), except as may result from the Trustee's gross negligence or willful misconduct.

Section 11.2 Privileges and Immunities

The status, immunities, exemptions and privileges accorded to ADB pursuant to the Agreement Establishing the Asian Development Bank shall apply to the Trustee and its officers, employees and consultants engaged by it, the Fund Property, and the archives, operations and transactions of the Fund and nothing in these Regulations shall be considered to be a waiver of such status, immunities, exemptions and privileges.

Section 11.3 No Personal Liability

(a) Neither the Trustee, ADB and the Participants nor any of their officers, employees or agents shall be subject to any personal liability whatsoever to any third party in connection with the activities of the Fund, and all such third parties shall look solely to the Fund Property for satisfaction of claims of any nature arising in connection with the Fund activities.
(b) Every written obligation, contract, agreement, certificate or undertaking made or issued by the Trustee shall recite that the same is executed or made by it not personally or in its individual capacity, but as Trustee under these Regulations, and that the obligations of the Fund under any such agreement are not binding upon the Trustee or any of the Participants, personally or in their respective individual capacities, but bind only the Fund, and may contain any further recital which the Trustee may deem appropriate but the omission of such recital shall not affect the validity of such obligation, contract, agreement, certificate or undertaking and shall not operate to bind or obligate the Trustee or the Participants personally or in their respective individual capacities.

Section 11.4 No Duty of Investigation

No individual or person dealing with the Trustee or any officer, employee or agent of the Trustee or the Fund shall be bound to make any inquiry concerning the validity of any transaction purported to be made by the Trustee or by said officer, employee or agent or be liable for the application of money or property paid, loaned to or delivered to or on the order of the Trustee or of said officer, employee or agent. Every obligation, contract, agreement, certificate or undertaking, and every other act or thing whatsoever executed in connection with the Fund, shall be conclusively presumed to have been executed or done by the executors thereof only in their capacity as officers, employees or agents of the Trustee or the Fund.

Section 11.5 Reliance on Experts

The Trustee and each officer and employee of the Trustee or the Fund shall, in the performance of its duties, be fully and completely justified and protected with regard to any act or any failure to act resulting from reliance in good faith upon the books of account or other records of the Fund, upon an opinion of counsel, or upon reports made to the Trustee or the Fund by any of its officers or employees or by any accountant, auditor, appraiser or other expert or consultant selected with reasonable care by the Trustee or by any officer, employee or agent of the Trustee or the Fund.

ARTICLE XII - DISTRIBUTIONS TO PARTICIPANTS

Section 12.1 Distributions

(a) The Trustee shall open and maintain such Registry Accounts as are required for the purposes of holding CERs Delivered to the Fund pursuant to ERPAs.

(b) the Trustee shall maintain a record of all CERs and VERs held by the Trustee on behalf of the Participants and transfers of CERs in and out of the Trustee's Registry Accounts.

(c) Within 30 days from the end of each calendar quarter commencing in Fiscal Year 2013, the Trustee shall:

(i) provide each Participant written notification of the number of CERs and VERs held by the Fund that are available for distribution to Participants;
(ii) initiate the transfer of such CERs to each Participant’s Registry Account notified to the Trustee in accordance with the related Participation Agreement; and

(iii) provide a transfer form for legal title to VERs to each Participant in accordance with the related Participation Agreement.

(d) If the Participant has failed to comply with its obligation to make any payments to the Trustee pursuant to these Regulations then the Trustee's obligation to transfer CERs and VERs to the Participant pursuant to these Regulations is suspended until any such outstanding payment has been made.

(e) The Trustee shall distribute CERs and VERs to Participants pro-rata according to their Contributions, subject to the provisions of Section 12.2.

Section 12.2 Opt Out

Subject to the terms of any Participation Agreement, the Trustee shall not distribute to Participants CERs or VERs generated by Projects that are subject to a Participant Illegality (“Non-Compliant Credits”) and the Trustee shall use it best endeavours, to distribute to such Participants alternative CERs or VERs that are not Non-Compliant Credits, provided that if such alternative CERs or VERs are not available for distribution before 31 March 2021, the Trustee shall refund to the Participant an amount equal to the pro rata share of Contributions made by the Participant in respect of the Project that generated such Non-Compliant Credits.

Section 12.3 Withdrawal

No Participant shall have the right to withdraw any part of its Commitment or any Contribution to the Fund or to receive any distributions from the Fund except as provided in these Regulations.

ARTICLE XIII - ASSIGNMENT OF PARTICIPANTS’ INTERESTS

A Participant may assign all, but not part, of any of its rights under the Participation Agreement to an Eligible Participant with the prior written consent of the Trustee, such consent not to be unreasonably withheld, provided that such assignee agrees, in form and substance acceptable to the Trustee, to be bound by:

(a) the terms of these Regulations; and

(b) the Participation Agreement entered into between the Trustee and the assignor Participant.

ARTICLE XIV – FUND DURATION; TERMINATION; AMENDMENT

Section 14.1 Extension of Term

On or before termination of the Fund under Section 14.2, by unanimous vote, the Participants may decide to continue the business of the Fund, provided that the Trustee will
continue to serve as trustee only with ADB’s written consent (which it may withhold in its absolute discretion).

Section 14.2 Termination

(a) Subject to Section 14.1, the Fund will be terminated on 31 December 2023, or the occurrence of one or more of the following, whichever shall be the earliest:

(i) failure to achieve the Operational Date prior to 30 June 2009;

(ii) the unanimous written consent of all Participants;

(iii) the prior consent of a Special Meeting of Participants decided by a two thirds majority of the votes cast by Participants represented at that meeting; or

(iv) resignation of ADB as Trustee, provided that ADB is only permitted to resign from its duties as Trustee of the Fund in circumstances where it is impossible or illegal for ADB to continue to perform its duties as Trustee in accordance with the terms of the Regulations.

(b) Notwithstanding anything in this Article 14, the Participants may, by a unanimous vote, decide to terminate the Fund, in which case Section 14.3 applies to the winding up and management of the Fund Property.

Section 14.3 Post Termination

(a) Following the termination of the Fund under Section 14.2:

(i) the Trustee shall carry on no business for the Fund except for the purpose of winding up its affairs;

(ii) the Trustee shall proceed to wind up the affairs of the Fund, and all of the powers of the Trustee under these Regulations shall continue until the affairs of the Fund shall have been wound up; and

(iii) after paying or adequately providing for the payment of all liabilities, and upon receipt of such releases, indemnities and refunding agreements as it may deem necessary for its own protection, the Trustee shall distribute the remaining Fund Property in cash or in kind, or a combination of both, among the Participants according to their respective rights (and such distribution shall include the repayment to a Participant of any prepaid Commitments that have not been applied by the Trustee to the operations of the Fund in accordance with the provisions of these Regulations).

(b) Any rights, interests or entitlements to be transferred under Section 14.3(a) may be assigned in writing by the Participant entitled to receive them to a third party, in
which case the Trustee will endeavor to transfer those interests, rights or entitlements to that third party at the cost of the Participant entitled to them, but will not be liable to the Participant if it is unable to do so.

Section 14.4 Amendment Procedures

(a) Subject to Section 14.4(b), these Regulations may only be amended with the unanimous consent of the Trustee, the Participants and, if required pursuant to ADB Operational Policies and Procedures, the Board of Directors of ADB.

(b) Notwithstanding Section 14.4(a), the Trustee may amend these Regulations without prior notice to or consent from the Participants if such amendment is

(i) to supply any omission, or cure, correct or supplement any manifest error or ambiguous, defective or inconsistent provision hereof; or

(ii) for any other purpose which does not adversely affect the rights of the Participants;

provided in either case that all Participants are notified of any such amendment within 15 days after the effective date of such amendment.

Section 14.5 Further Assurances

Upon the request of the Trustee, each of the Participants shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all such further acts, deeds, documents, agreements, assignments, transfers, conveyances, powers of attorney and assurances as may be necessary or desirable to effect the purpose of these Regulations and carry out its provisions.

ARTICLE XV – CONFLICTS OF INTEREST

(a) In order to avoid any potential conflict of interest between ADB (in its own capacity and in its capacity as trustee of the APCF) and the Trustee, and notwithstanding any other provision of these Regulations, the Trustee shall not have any obligation to prosecute, defend, compromise, negotiate, abandon or adjust, by arbitration or otherwise, any action, suit, proceeding, dispute, claim or demand, or any default or potential default by a Project Entity, under an ERPA (collectively a “Dispute”).

(b) If the Trustee determines that it will refrain from taking any such action, the Trustee shall so notify the Participants, and the Trustee and the Participants shall use their best efforts to endeavor to agree to satisfactory arrangements for dealing with such Dispute including the assignment and transfer of all or part of the Trustee’s rights and obligations under the relevant ERPA to the Participants, or to a third party acting on their behalf.

(c) The Trustee shall have no liability to the Participants as a result of the Trustee’s determination to refrain from taking any such action in respect of a Dispute or as a result of the failure of the Trustee and the Participants to reach such satisfactory arrangements in a timely manner or otherwise.
(d) Policies and procedures for managing potential conflicts of interest arising out of its role as Trustee of the Fund and as trustee of the APCF will be described in the Fund’s operational guidelines, as published from time to time.

ARTICLE XVI – GOVERNING LAW AND ARBITRATION

Section 16.1 Governing Law

These Regulations shall be governed by, and construed in accordance with, English law.

Section 16.2 Arbitration

Any dispute, controversy or claim out of or relating to these Regulations or any Participation Agreement, or the breach or termination or invalidity thereof, shall be settled by arbitration in accordance with the UNCITRAL Arbitration Rules as in force from time to time. The place of arbitration shall be London.
SCHEDULE 1

PROJECT CRITERIA and PORTFOLIO RESTRICTIONS

Section 1   Project Criteria

The Trustee shall select Projects in accordance with the following criteria. The Project shall

(a) be located in a DMC that is eligible to implement CDM projects or otherwise host project activities that generate Post-2012 CERs or VERs at the time of ERPA signature;

(b) be (i) financed by ADB through a loan, equity investment, or guarantee, have entered into an agreement(s) with ADB for financing the project and such agreement(s) shall have been declared effective prior to, or concurrently with, the Fund’s entering into an ERPA with respect to the Project, or (ii) supported with technical assistance from ADB, provided that the Project has committed financing (on terms satisfactory to the Trustee) for development and implementation of the Project other than the financing provided pursuant to the proposed ERPA;

(c) have been validated as a CDM Project by an Operational Entity or validated as an emission reduction project in accordance with the VER Policy; and

(d) comply with applicable ADB Operational Policies and Procedures.

Section 2   Portfolio Restrictions

The Trustee shall ensure that the Fund shall only enter into ERPA’s if entering into such ERPA would:

(a) not result in the Fund’s aggregate payments to a single Project exceeding 25% of the aggregate amount of the Commitments of all Participants;

(b) not result in the Fund’s aggregate payments to Projects in a single Host Country exceeding 50% of the aggregate amount of the Commitments of all Participants;

(c) not result in the Fund’s aggregate payments to non-energy Projects exceeding 50% of the aggregate amount of the Commitments of all Participants; and

(d) not result in the aggregate amount of payments for CERs and VERs to be paid upon delivery, as calculated at the date of execution of the respective ERPA’s entered into by the Fund, exceeding 33% of the aggregate amount of the Commitments of all Participants.
LIST OF DELEGATES

Afghanistan

Head of Delegation
Gul Maqsood Sabit
Deputy Finance Minister
Ministry of Finance

Temporary Alternate Governor
Ahmed Jalali
Director General Budget
Ministry of Finance

Temporary Alternate Governor
Shah Mehrabi
Senior Advisor to Minister of Finance
Ministry of Finance

Adviser
Gretchen Biery
Advisor to Minister of Finance
Ministry of Finance

Adviser
Tia Raappana
Advisor to Minister of Finance
Ministry of Finance

Alternate Governor
Hon. Bob McMullan
Parliamentary Secretary for International Development Assistance
Government of Australia

Temporary Alternate Governor
David Gruen
Executive Director
The Treasury

Temporary Alternate Governor
Richard Moore
Deputy Director General - Asia
Australian Agency for International Development (AusAID)

Adviser
Kevin Playford
Manager - Development Banks Unit
The Treasury

Adviser
Adam Wand
Chief of Staff to Senator the Hon Nick Sherry
Australian Government

Adviser
Leslie O’donoghue
Assistant Director, Development Banks, AusAID
Australian Agency for International Development (AusAID)

Adviser
Sabina Curatolo
Chief Advisor to The Hon Bob McMullan
Government of Australia

Adviser
Bruce Soar
Director, International Economics and Finance
Australian Department of Foreign Affairs and Trade

Adviser
Neil Richardson
Minister-Counsellor (Economic)
Australian Embassy, Jakarta

Armenia

Governor
Hon. Nerses Yeritsyan
Minister of Economy of RA/ADB Governor
Ministry of Economy of RA

Australia

Head of Delegation
Hon. Nick Sherry
Minister for Superannuation and Corporate Law
Australian Government

Printed on Wed 13 May 09 at 15:51:45
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Economist (South East Asia)
Australian Embassy, Jakarta

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AusAID

Adviser
Sonya Neufeld
Public Affairs Manager
AusAID

Austria

Head of Delegation
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Director and ADB Alternate Governor
Federal Ministry of Finance

Adviser
Johanna Wohlmeyer
Advisor
Federal Ministry of Finance

Adviser
Walter Höfle
Commercial Counsellor
Austrian Embassy Commercial Section

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Minister of Finance
Ministry of Finance

Temporary Alternate Governor
Azar Mursagulov
Assistant to the Minister
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Adviser
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Alternate Governor
Md. Musharraf Hossain Bhuiyan
Secretary
Economic Relations Division

Temporary Alternate Governor
Md. Aminul Bhuiyan
Alternate Executive Director
Asian Development Bank

Temporary Alternate Governor
Saifuddin Ahmed
Joint Secretary
Economic Relations Division

Temporary Alternate Governor
S. M. Anisul Haque
Acting Ambassador
Government of Bangladesh

Belgium

Head of Delegation
Franciscus Godts
Administrator
Ministry of Finance

Bhutan

Governor
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Finance Minister
Government

Temporary Alternate Governor
Tshering Penjor
Hon. Member of Parliament
Brunei Darussalam

Head of Delegation

Dato Ali Apong
Permanent Secretary
Ministry Of Finance

Temporary Alternate Governor
Haji Muhammad Irwan Haji Rahsid
Finance Officer
Ministry of Finance

Temporary Alternate Governor
Muhammad Lutfi Abdullah
Director of Research and International Division
Ministry Of Finance

Temporary Alternate Governor
Pehin Husin Ahmad
Ambassador
Brunei Embassy

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Adviser

Mei Hui Yung
Senior Manager
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Adviser

Osfinita Tahir
Second Secretary
Brunei Embassy

Cambodia

Head of Delegation

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Secretary of State
Ministry of Economy and Finance

Temporary Alternate Governor
Vissoth Vongsey
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Ministry of Economy and Finance

Adviser

Seilava Ros
Deputy Secretary General
Ministry of Finance

Adviser

Samrith Chhuon
Chief of Division
Ministry of Economy and Finance

Adviser

Chuon Naron Hang
Secretary General
Ministry of Economy and Finance

Adviser

Se Ly
First Deputy Director
Ministry of Economy and Finance

Adviser

Chanthana Neav
Deputy Governor
National Bank of Cambodia

Adviser

Sokha Nguon
Deputy Director General
National Bank of Cambodia

Adviser

Thirong Pen
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Adviser

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Ministry of Economy and Finance
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Canadian International Development Agency

Adviser
Ian Macdonald
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China, People's Republic of

Governor
Hon. Xuren Xie
Minister of Finance
Ministry of Finance

Alternate Governor
Yong Li
Vice Minister of Finance
Ministry of Finance

Temporary Alternate Governor
Xiaosong Zheng
Director General
Ministry of Finance

Temporary Alternate Governor
Amb. Zhang Qiyue
Ambassador

Temporary Alternate Governor
Wencai Zhang
Executive Director
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Deputy Director General
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Adviser
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Adviser
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Director
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Adviser
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Ministry of Finance

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Deputy Director
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Adviser
Yangzi Hu
Officer
Ministry of Finance

Adviser
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Adviser
Yan Liu
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Adviser
Hongna Li
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Adviser
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Adviser
Zhongxia Jin
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Adviser
Xiangyan Song
Director
People’s Bank of China

Adviser
Bin Wang
Section Chief
People’s Bank of China

Adviser
Qiuchen Fang
Counsellor
Embassy of PRC in Indonesia

Adviser
Jia Chen
Attache
Embassy of PRC in Indonesia

Cook Islands

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Minister of Finance
Government of Cook Islands

Alternate Governor
Sholan Ivaiti
Financial Secretary
Government of Cook Islands

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Head of Delegation
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Temporary Alternate Governor
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Head of Section
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Prime Minister and Minister of Finance
Government of Fiji

Alternate Governor
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GOVERNOR
RESERVE BANK OF FIJI

Temporary Alternate Governor
Pita Wise

Temporary Alternate Governor
John Arun Satyendra Prasad
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Government of Fiji

Temporary Alternate Governor
Aseri Rokoura
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Under-Secretary of State
Ministry for Foreign Affairs

Finland

Governor
Marjatta Rasi
Under-Secretary of State
Ministry for Foreign Affairs
Temporary Alternate Governor
Pekka Hukka
Director
Ministry for Foreign Affairs

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Special State Protection Service of Georgia

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Parliamentary State Secretary
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Adviser
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MP
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KfW Development Bank

Adviser
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DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH

Adviser
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First Vice President
KfW Development Bank

Adviser
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Chief Executive Director
InWEnt - Capacity Building International

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Adviser
Corinna Friesen
Interpreter
BMZ

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Division Head, Senior Executive Office
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Temporary Alternate Governor
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Ashok Lahiri
Executive Director, Board of Directors
Asian Development Bank

Temporary Alternate Governor
Loretta Vas
Additional Secretary, Department of Economic Affairs
Ministry of Finance, Govt of India

Temporary Alternate Governor
Govind Mohan
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Adviser
Rachna Shah
Director’s Advisor
Asian Development Bank

Adviser
Anuradha Thakur
Director
Ministry of Finance, Govt of India

Indonesia

Governor
Sri Mulyani Indrawati
Governor
Ministry of Finance

Alternate Governor
Paskah Suzetta
Head of Delegation
Ministry of National Planning

Temporary Alternate Governor
Anggito Abimanyu
Delegation
Ministry of Finance

Temporary Alternate Governor
Lukita Dinarsyah Tuwo
Delegation
Ministry of National Planning

Adviser
Chatib Basri
Delegation
Ministry of Finance

Adviser
Ahmad Fuad Rahmany
Delegation
Ministry of Finance

Adviser
Mahendra Siregar
Delegation
Coordinating Ministry of Economic

Adviser
Yetti Susilowati
Delegation
Ministry of Finance

Adviser
Rahmat Waluyanto
Delegation
Ministry of Finance

Ireland

Head of Delegation
Amb. Richard Anthony O’Brien
Ambassador to Indonesia
Ireland Embassy in Jakarta
Temporary Alternate Governor
Alice Salam
ADB Desk Officer
Department of Finance

Italy

Head of Delegation
Carlo Monticelli
Director for International Financial Relations
Ministry of Economy and Finance

Temporary Alternate Governor
Gisella Berardi
Senior Advisor
Ministry of Economy and Finance

Temporary Alternate Governor
Pietro Ginefra
Chief Representative
Bank of Italy

Japan

Governor
Hon. Kaoru Yosano
Minister of Finance
Ministry of Finance

Temporary Alternate Governor
Hirohide Yamaguchi
Deputy Governor
Bank of Japan

Temporary Alternate Governor
Naoyuki Shinohara
Vice Minister of Finance for International Affairs
Ministry of Finance

Temporary Alternate Governor
Masakazu Sakaguchi
Executive Director for Japan
Asian Development Bank

Temporary Alternate Governor
Masashi Nagaosa
Deputy Director-General, International Bureau
Ministry of Finance

Temporary Alternate Governor
Daikichi Monma
Deputy Director-General, International Bureau
Ministry of Finance

Adviser
Koji Shiojiri
Ambassador Extraordinary and Plenipotentiary of Japan to Indonesia
Embassy of Japan in Indonesia

Adviser
Takashi Shimada
Personal Secretary to the Minister
Ministry of Finance

Adviser
Naokatsu Hikotani
Personal Secretary to the Minister
Ministry of Finance

Adviser
Tadashi Nunami
Director-General, International Department
Bank of Japan

Adviser
Yasuo Takamura
Director, Office of the Vice Minister of Finance for International Affairs
Ministry of Finance

Adviser
Akihiro Tsuchiya
Director, Public Relations Office
Ministry of Finance

Adviser
Koji Uemura
Section Chief, Office of the Vice Minister of Finance for International Affairs
Ministry of Finance

Adviser
Daisuke Watanabe
Deputy Director, Development Institutions Division
Ministry of Finance

Adviser
Masanori Yoshida
Director, Regional Financial Cooperation Division
Ministry of Finance

Adviser
Yasuto Watanabe
Alternate Executive Director
Asian Development Bank

Adviser
Aki Tsuda
Director’s Advisor (Japan)
Asian Development Bank
Adviser  
**Takafumi Mafune**  
Section Chief, Development Institutions Division  
Ministry of Finance

Adviser  
**Yasunaga Matsuki**  
Official, Public Relations Office  
Ministry of Finance

Adviser  
**Takeshi Nishino**  
Deputy Director, Research Division of International Bureau  
Ministry of Finance

Adviser  
**Kaori Nishiyama**  
Section Chief, Regional Financial Cooperation Division  
Ministry of Finance

Adviser  
**Kentaro Ogata**  
Deputy Director, Development Institutions Division  
Ministry of Finance

Adviser  
**Kazuya Okuno**  
Deputy Director, Regional Financial Cooperation Division  
Ministry of Finance

Adviser  
**Nobuki Sato**  
Deputy Director, Office of the Vice Minister of Finance for International  
Ministry of Finance

Adviser  
**Eiichi Suzuki**  
Consul General  
Consulate-General of Japan

Adviser  
**Madoka Takemoto**  
Vice Consul  
Consulate General of Japan

Adviser  
**Tetsuaki Yoneyama**  
First Secretary, Embassy of Japan in Indonesia  
Embassy of Japan in Indonesia

Adviser  
**Toshinori Doi**  
Director, Development Institutions Division  
Ministry of Finance

Adviser  
**Norio Hida**  
Director, International Department  
Bank of Japan

Adviser  
**Kota Iijima**  
Director, Secretary to Deputy Governor Yamaguchi, Secretariat  
Bank of Japan

Adviser  
**Hideaki Imamura**  
Deputy Director, Regional Financial Cooperation Division  
Ministry of Finance

Adviser  
**Takamitsu Ishii**  
Section Chief, Public Relations Office  
Ministry of Finance

Adviser  
**Naoko Ito**  
Section Chief, Regional Financial Cooperation Division  
Ministry of Finance

Adviser  
**Ichitaro Ehara**  
First Secretary, Embassy of Japan in Indonesia  
Embassy of Japan in Indonesia

Adviser  
**Kohichiroh Hamaguchi**  
Second Secretary, Embassy of Japan in Indonesia  
Embassy of Japan in Indonesia

Adviser  
**Shusaku Hirashima**  
Consul  
Consulate-General of Japan

Adviser  
**Makoto Iyori**  
Counsellor, Embassy of Japan in Indonesia  
Embassy of Japan in Indonesia

Adviser  
**Akiyuki Kataoka**  
Vice-Consul  
Consulate General of Japan

Adviser  
**Naoki Kawarazaki**  
Consul  
Consulate-General of Japan
Adviser
Kyo Nakata
Second Secretary, Embassy of Japan in Indonesia
Embassy of Japan in Indonesia

Adviser
Kazakhstan

Governor
Hon. Bakyt Sultanov
Minister for Economy and Budget Planning
Ministry for Economy and Budget Planning

Temporary Alternate Governor
Alibek Bakayev
Adviser to the Minister, Chief of the Protocol
Ministry of Economy and Budget Planning

Temporary Alternate Governor
Zhanna Baidasheva
Adviser to the Minister
Ministry of Economy and Budget Planning

Adviser
Temirlan Nurgissayev
Adviser to the Minister
The Ministry of Economy and Budget Planning

Kiribati

Governor
Hon. Natan Teewe
Minister of Finance and Economic Development
Ministry of Finance and Economic Development

Temporary Alternate Governor
Tiimi Kaiekieki
Ag Director of Planning
NEPO, MFED

Korea, Republic of

Governor
Hon. Jeunghyun Yoon
Minister of Strategy and Finance
Ministry of Strategy and Finance

Temporary Alternate Governor
Ju Yeol Lee
Senior Deputy Governor
Bank of Korea

Temporary Alternate Governor
Jeyoon Shin
Temporary Alternate Governor
Ministry of Strategy and Finance

Adviser
Byeong Ha Yoo

Adviser
Eunbo Jung
Deputy Director General
Ministry of Strategy and Finance

Adviser
Yongjin Kim
Chief of staff to the Minister
Ministry of Strategy and Finance

Adviser
Sangche Lee
Advisor to the Minister
Ministry of Strategy and Finance

Adviser
Junkyu Lee
Advisor to the Minister
Ministry of Strategy and Finance

Adviser
Kangho Lee
Director for Int’l Financial Institutions Division
Ministry of Strategy and Finance
Seungtae Kim
Deputy Director
Ministry of Strategy and Finance

Kyungsuk Lee
Staff to the Minister
Ministry of Strategy and Finance

Eunsuk Park
Deputy Director
Ministry of Strategy and Finance

Junhyung Bae
Deputy Director
Ministry of Strategy and Finance

Hyunwoo Park
Assistant director
Ministry of Strategy and Finance

Yoonsoo Kim
Assistant Director
Ministry of Strategy and Finance

Ji Hye Kim
Consultant
Ministry of Strategy and Finance

Jihae Park
Interpreter
Ministry of Strategy and Finance

Ajung Shunwoo
Interpreter
Ministry of Strategy and Finance

Chiun Chun
Interpreter
Ministry of Strategy and Finance

Bok Won Lee
Deputy Director
Ministry of Strategy and Finance

Jeong Yeun Cho
Ministry of Strategy and Finance

Kyu Sam Jung
Deputy Director
Ministry of Strategy and Finance

Seung Jae Lee
Director
Ministry of Strategy and Finance

Sung Hee Chun
Ministry of Strategy and Finance

Yi Han Kim
Deputy Director
Ministry of Strategy and Finance

Keun Man Yook
Director General
Bank of Korea

Yongpil Moon
Deputy Director
Bank of Korea

Dong Jun Park
Deputy Director
Bank of Korea

Donghyun Lee
Deputy Director
Bank of Korea

Min Ho Son
Head
Bank of Korea

So-young Park
Economist
Bank of Korea
Adviser
Song Oh
Minister Counsellor
Korean Embassy in Jakarta

Adviser
Yun Jeong Chang

Kyrgyz Republic

Governor
Hon. Marat Sultanov
Minister
Ministry of Finance

Temporary Alternate Governor
MIRLANBEK BAI贡CHOKOV
Head, External Aid Coordination Department
Ministry of Finance

Temporary Alternate Governor
TINARA SHAILDAEVA
translator
Ministry of Finance

Lao People's Democratic Republic

Governor
Hon. SOMDY DOUANGDY
Minister of Finance
Ministry of Finance

Alternate Governor
SOMPHAO PHAYSITH
Deputy Governor
Bank of the Lao PDR

Temporary Alternate Governor
BOUNLEUA SINXAYVORAVONG
Deputy Director General of External Finance Department
Ministry of Finance

Temporary Alternate Governor
BOUNTHOM LOMANY
Director of Division of Fiscal Policy Department
Ministry of Finance

Temporary Alternate Governor
PANOM LATHOULY
Deputy Director General
Bank of the Lao PDR

Adviser
BOUNHEUANG DETVONGSONE

Adviser
KHANTHALY DOUANGDY

Adviser
PHOUVONG KITTAVONG
Director of Division
MOF

Adviser
DOUANGTA MATMANISONE

Adviser
CHANSAANMAONE CH. SISOULATH

Adviser
VANNALOUN KEOTHAMMAVONG

Adviser
PHONENALY KEOVITHAM

Adviser
SOUPHAPHONE KHAMSENNAM
Lao National Chamber of Commerce and Industry

Adviser
SENGDAVANH VONGSAY

Adviser
BOUALITH KHOUNSY
Director of Division of Fiscal Policy Department
Ministry of Finance

Adviser
SOULYSAK THAMNUVONG
Secretary to the Deputy Governor
Bank of the Lao PDR
Adviser
Phengsy Phengmuong
Director of Division
Bank of the Lao PDR

Adviser
Theutthoune Soukaloun
Technical Official
Ministry of Finance

Luxembourg

Head of Delegation
Arsène Jacoby
Senior Advisor-Head of Delegation and ADB Alternate Governor
Ministry of Finance

Adviser
Cedric Crelo
Advisor to Executive Director
Asian Development Bank

Malaysia

Head of Delegation
Hon. Dato’ Ahmad Husni Mohamad Hanadzlah
Minister of Finance II
Ministry of Finance

Temporary Alternate Governor
Maliami Hamad
Deputy Secretary
Ministry of Finance

Temporary Alternate Governor
Sang Kuang Ooi
Deputy Governor
Central Bank of Malaysia

Temporary Alternate Governor
Mohd Irwan Serigar Abdullah
Undersecretary
Ministry of Finance

Adviser
Ahmad Fareedzal Abu Bakar
Principal Assistant Secretary
Ministry of Finance

Adviser
Albert Ch’ng Chun Meng
Private Secretary to Minister of Finance II
Ministry of Finance

Adviser
Jaya Kumaran
Principal Assistant Secretary
Ministry of Finance

Adviser
Nik Mahmood Nik Ramlah
Managing Director
Securities Commission

Adviser
Mohd Mahayidin Shamsuddin
Deputy Director
Central Bank of Malaysia

Adviser
Shamsudin Shamsul Bahriah

Adviser
Wan Nurzila Wan Abdul Rahman
Press Secretary
Ministry of Finance

Adviser
Lay Hua Yap
Senior Principal Assistant Secretary
Ministry of Finance Malaysia

Maldives

Governor
Hon. Ali Hashim
Minister of Finance and Treasury
Ministry of Finance and Treasury

Temporary Alternate Governor
Hamdhy Ageel
Executive Director
Ministry of Finance and Treasury

Marshall Islands, Republic of the

Governor
Hon. Jack Ading
Minister of Finance
Marshall Islands Government

Temporary Alternate Governor
Jefferson Barton
Secretary of Finance
Marshall Islands Government
Mongolia

Governor
  Hon. Bayartsogt Sangajav
  Minister for Finance
  Ministry of Finance

Alternate Governor
  Purevdorj Lkhanaasuren
  President (Alternate Governor)
  Bank of Mongolia

Temporary Alternate Governor
  Tserenpurev Gotov
    Director
    Bank of Mongolia

Adviser
  Zolzaya Tsedendamba
    Senior Specialist
    Ministry of Finance

Adviser
  Unurjargal Nyambuu
    Economist
    Bank Of Mongolia

Myanmar

Head of Delegation
  Hla Thein Swe
    Deputy Minister
    Ministry of Finance and Revenue

Temporary Alternate Governor
  Maung Maung Win
    Deputy Governor
    Central Bank of Myanmar

Temporary Alternate Governor
  Myat Myat So
    Deputy Director General
    Foreign Economic Relations Department, Ministry of National Planning

Temporary Alternate Governor
  Ommar Sein
    Advisor(Director)
    Central Bank of Myanmar

Head of Delegation
  Ryke Solomon

Alternate Governor
  Adrian Chippindale
    Secretary for Finance
    Department of Finance

Nepal

Head of Delegation
  Kapil Dev Ghimire
    Joint Secretary
    Ministry of Finance

Temporary Alternate Governor
  Sri Ram Poudyal
    Senior Economic Advisor
    Ministry of Finance

New Zealand

Head of Delegation
  Mike James
    Deputy Secretary
    The Treasury

Temporary Alternate Governor
  Cushla Thompson
    Analyst
    The Treasury (New Zealand)

Norway

Head of Delegation
  Ingrid Glad
    Assistant director general
    UD

TemporaryAlternate Governor
  Ingjerd Haugen
    Advisor
    Ministry of Foreign Affairs

Pakistan

Head of Delegation
  Hon. Hina Rabbani Khar
    Minister for State
Alternate Governor  
Farrakh Qayyum  
Secretary  
Economic Affairs Division

Temporary Alternate Governor  
Siraj Shamsuddin  
Alternate Executive Director  
Asian Development Bank

Temporary Alternate Governor  
Zafar Reza  
Joint Secretary  
Ministry of Economic Affairs

Adviser  
Rizwan Bashir Khan  
Director’s Advisor  
Asian Development Bank

Palau

Governor  
Hon. Kerai Mariur  
Vice President and Minister of Administration  
Ministry of Finance

Temporary Alternate Governor  
Warren Umetaro  
Chief of Staff  
Office of the Vice President

Papua New Guinea

Governor  
Hon. Patrick Pruaitch  
Minister for Treasury and Finance  
Ministry of Treasury and Finance

Alternate Governor  
Simon Tosali  
Secretary  
Department of Treasury

Temporary Alternate Governor  
Joseph Lelang  
Secretary  
Department of National Planning and Monitoring

Temporary Alternate Governor  
Pomat Manuai  
Executive Chairman  
Border Development Authority

Temporal Alternate Governor  
Paul Tiensten  
Minister for National Planning and District Development  
Ministry of National Planning and District Development

Adviser  
Joseph Konu  
MINISTER

Adviser  
Manu Momo  
First Assistant Secretary, Economic Policy Division  
Department of Treasury

Adviser  
John Uware  
Assistant Secretary-ADB Branch  
Department of Treasury

Adviser  
Andrew Oaeke  
Assistant Secretary-General Economic Policy Branch  
Department of Treasury

Adviser  
Kingsley Lore  
Assistant Director-Aid Coordination  
Department of National Planning and Monitoring

Adviser  
Loia Vaira  
Senior Aid Coordinator (ADB)  
Department of National Planning and Monitoring

Philippines
Governor
Hon. Margarito Teves
Secretary
Department of Finance

Alternate Governor
Amando Jr. Tetangco
Governor
Bangko Sentral ng Pilipinas

Temporary Alternate Governor
Rolando Jr. Andaya
Secretary
Department of Budget and Management

Temporary Alternate Governor
Ralph Recto

Adviser
Roberto Tan
Undersecretary
Bureau of Treasury

Adviser
Diwa Guinigundo
Deputy Governor
Bangko Sentral ng Pilipinas

Adviser
Rosalia De Leon
Undersecretary
Department of Finance

Adviser
Edna Villa
Director
Bangko Sentral ng Pilipinas

Adviser
Thomas Benjamin Marcelo
Deputy Director
Bangko Sentral ng Pilipinas

Adviser
Rey Anthony David
Consultant
Department of Finance

Head of Delegation
Emanuel Santos
Deputy Minister for Finance and Secretary of State for Budget
Portuguese Ministry of Finance and Public Administration

Temporary Alternate Governor
Nuno Pereira
Director-General
Office for Planning, Strategy, Evaluation and International Relations

Temporary Alternate Governor
Enrique Galan
Head of Division for Multilateral Affairs
Office for Planning, Strategy, Evaluation and International Relations

Samoa

Governor
Hon. Nickel Lee Hang
Minister of Finance
Ministry of Finance

Alternate Governor
Hinauri Petana
Chief Executive Officer
Ministry of Finance

Temporary Alternate Governor
Tommy Scanlan
Governor
Central Bank of Samoa

Temporary Alternate Governor
Iosefo Bourne
Deputy Governor
Central Bank of Samoa

Temporary Alternate Governor
Noumea Simi
Assistant CEO, Economic and Aid
Ministry of Finance

Singapore

Governor
Hon. Tharman Shanmugaratnam
Minister for Finance
Ministry of Finance

Alternate Governor
Ming Kian Teo
Permanent Secretary for Finance
Ministry of Finance

Portugal

Emanuel Santos
Deputy Minister for Finance and Secretary of State for Budget
Portuguese Ministry of Finance and Public Administration
Temporary Alternate Governor
Wai Choong Ng
Deputy Secretary for Policy Group
Ministry of Finance

Temporary Alternate Governor
Hong Yuen Poon
Director (Economic Programmes)
Ministry of Finance

Temporary Alternate Governor
Sing Chiong Leong
Executive Director
Monetary Authority of Singapore

Temporary Alternate Governor
Frederick Choo
Head (International Relations)
Ministry of Finance

Temporary Alternate Governor
Mark Chen
Adviser, Associate (International Relations)
Ministry of Finance

Adviser
Daisy Goh
Ministry of Finance

Adviser
Chua Lina
Assistant Director
Monetary Authority of Singapore

Adviser
Rohini Singh
Associate (International Relations)
Ministry of Finance

Adviser
Sharon Tan
Monetary Authority of Singapore

Adviser
Winston Chun Leong Wee
Head (Integrated Services)
Ministry of Finance

Adviser
Yong Kai Vincent Wong
Personal Security Officer
Singapore Police Force

Adviser
Seng Lin David Ho
Personal Security Officer
Singapore Police Force

Solomon Islands

Governor
Hon. Snyder Rini
Minister of Finance
Ministry of Finance

Alternate Governor
Shadrach Fanega
Permanent Secretary
Ministry of Finance

Temporary Alternate Governor
Denton Rarawa
Governor to Central Bank of SI
Central Bank of Solomon Islands

Adviser
Martin Sopage
Politician
Solomon Islands Government

Adviser
Mckinnie Dentana
Acting Director, Economic Reform Unit
Ministry of Finance

Spain

Head of Delegation
Maria Jesus Fernandez
General Director for International Finance
Ministry of Economy and Finance

Temporary Alternate Governor
Gonzalo Ramos
Deputy Director
Ministry of Economy and Finance

Temporary Alternate Governor
Inmaculada Martinez

Adviser
Luis Canete
Adviser
Jose Antonio Varea
ADB Liaison Officer
Embassy of Spain

Sri Lanka

Head of Delegation
Sarath Amunugama
Hon. Deputy Minister of Finance and Planning
Ministry of Finance and Planning

Alternate Governor
Sumith Abeyesinghe
Secretary to the Treasury
Ministry of Finance and Planning

Temporary Alternate Governor
Sujatha Cooray
Director General
Department of External Resources

Temporary Alternate Governor
Malanie Gamage
Additional Director General
Department of External Resources

Sweden

Head of Delegation
Tomas Danestad
Head of Division
Ministry for Foreign Affairs

Temporary Alternate Governor
Björn Gustavsson
ADB Desk Officer and Temporary Alternate Governor
MFA

Adviser
Anneli Hildeman
Senior Analyst/Coordinator
Sida

Switzerland

Governor
Amb. Beatrice Luz Maser Mallor
Governor
State Secretariat for Economic Affairs

Alternate Governor
Juerg Benz
Swiss Agency for Development and Cooperation

Temporary Alternate Governor
Juerg Schneider
Senior Advisor
State Secretariat for Economic Affairs

Temporary Alternate Governor
Pascal Raess
Swiss Agency for Development and Cooperation

Taipei, China

Governor
Fai-nan Perng
Governor
Central Bank

Alternate Governor
Ming-chung Tseng
Administrative Deputy Minister
Ministry of Finance

Temporary Alternate Governor
Chin Tien (timothy) Yang
Representative
Taipei Economic and Trade Office

Adviser
Susan Chang
Chairperson
Bank of Taiwan

Adviser
Hsien-nung Kuei
Counselor
Executive Yuan

Adviser
Lien-gene Chen
Secretary General
International Cooperation and Development Fund
Adviser
Wen-liang Chang
Director General
Ministry of Foreign Affairs

Adviser
Chyi-hway Gong
Director
International Cooperation and Development Fund

Adviser
Chi-fu Lin
Assistant Director General
Central Bank

Adviser
Yen-dar Den
Assistant Director General
Central Bank

Adviser
Jui-chen Chen
Section Chief
National Treasury Agency, Ministry of Finance

Adviser
Hsiao-tzung Ko
Assistant to the Representative
Taipei Economic and Trade Office

Adviser
Mei-chyi Chiou
Auditor
National Treasury Agency, Ministry of Finance

Adviser
Tsung-ching Lin
Assistant Specialist
Central Bank

Tajikistan

Governor
Matlubkhon Davlatov
State Adviser to the President on Economic Policy
President’s Office

Temporary Alternate Governor
Sharif Rahimzoda
Chairman
National Bank of Tajikistan

Thailand

Governor
Hon. Korn Chatikavanij
Minister of Finance / ADB Governor
Ministry of Finance

Alternate Governor
Suparut Kawatkul
Alternate Governor
Ministry of Finance

Temporary Alternate Governor
Somchais Sujjapongse
Temporary Alternate Governor
Ministry of Finance

Temporary Alternate Governor
Pongpanu Svetarundra
Alternate Governor
Ministry of Finance

Temporary Alternate Governor
Chakkrit Parapuntakul
Temporary Alternate Governor
Ministry of Finance

Temporary Alternate Governor
Amb. Akrasid Amatayakul
Ambassador
The Royal Thai Embassy

Temporary Alternate Governor
Chaiyuth Sudthitanakorn
Advisor
Fiscal Policy Office

Temporary Alternate Governor
Acksiri Buranasiri
Advisor
Fiscal Policy Office

Adviser
Kitirat Panupong
First Secretary
The Royal Thai Embassy
Adviser
Narongchai Akrasanee
Chairman of the Board of Directors
Export-Import Bank of Thailand

Adviser
Vachira Arromdee
Director, International Economics Department
Bank of Thailand

Adviser
Apichai Boontherawara
President
Export-Import Bank of Thailand

Adviser
Thitinan Itarat
Assistant Vice President, Treasury Department
Export-Import Bank of Thailand

Adviser
Sukuman Ladpli
Advisor
Fiscal Policy Office

Adviser
Hatitit Mahasukon

Adviser
Ekniti Nitithanprapas
Advisor
Fiscal Policy Office

Adviser
Surawadee Pituksang
Secretary
Ministry of Finance

Adviser
Srittha Satayanon
Director of International Cooperation Division
Public Debt Management Office

Adviser
Sirot Setabandhu
Advisor
Ministry of Finance

Adviser
Nithiwadee Soontornpoch
Senior Economist
Bank of Thailand

Adviser
Kaweevudh Sumawong
Team Executive
Bank of Thailand

Adviser
Jananya Svetarundra

Adviser
Kulaya Tantitemit
Fiscal Policy Office

Adviser
Trairak Tengtrirat
Advisor
Ministry of Finance

Adviser
Patraporn Thanapoomikul
Advisor
Fiscal Policy Office

Adviser
Warinlapa Tintamusik
Advisor
Fiscal Policy Office

Adviser
Kunteera Ujjin
Advisor
Ministry of Finance

Adviser
Ruecha Varatorn
Advisor
Fiscal Policy Office

Adviser
Kirati Veruwan
Director of Fund Management Bureau
Neighbouring Countries Econ. Dev. Cooperation Agency, Ministry of Finance

Adviser
Porametee Vimolsiri
Senior Advisor
NESDB
Adviser
Perames Vudthitornetiraks
Advisor
Fiscal Policy Office

Adviser
Atchana Waiquamdee
Deputy Governor
Bank of Thailand

Adviser
Kitchar Yokying
Advisor
Fiscal Policy Office

The Netherlands

Head of Delegation
Kees Pieter Rade
Director, UN & IFI
Netherlands Ministry of Foreign Affairs

Temporary Alternate Governor
Timor El-dardiry
Policy Adviser
Netherlands Ministry of Foreign Affairs

Timor-Leste, Democratic Republic of

Governor
Hon. Emilia Pires
Minister of Finance
Ministry of Finance

Alternate Governor
Joao Mendes Goncalves

Temporary Alternate Governor
Joao Mariano Saldanha
Interim Director General/ Senior Management Advisor
Ministry of Finance

Adviser
Balbina Soares
Executive Assistant
Ministry of Finance

Tonga

Governor
H. E. Feleti Sevele
Prime Minister
Prime Minister’s Office

Alternate Governor
`asake Eke
Secretary for Finance and Planning
Ministry of Finance and Planning

Temporary Alternate Governor
Robert Solomon

Temporary Alternate Governor
Siosiu Ika

Turkey

Head of Delegation
Memduh Aslan Akçay
Director General For International Economic Relations
Turkish Treasury

Adviser
Selcan Santay
CENTRAL BANK OF TURKEY

Adviser
Huseyin Zafer
General Manager
Central Bank of the Republic of Turkey

Adviser
Utkan Oktay
Associate
Turkish Treasury

Adviser
Mehmet Alper Batur
Advisor to the Undersecretary
Undersecretariat of Treasury

Turkmenistan

Head of Delegation
Nurgeldi Meredov
Alternate Governor
Muhammetgeldy Atayev

Tuvalu

Governor
Hon. Lotoala Metia
Minister
Tuvalu Government

Adviser
Aunese Simati

United Kingdom

Head of Delegation
Michael Foster
Alternate Governor, Head of UK Delegation
Department for International Development

Temporary Alternate Governor
Keith Thompson
Policy Adviser
DFID

Adviser
Adrian Davis
Head, DFID North and East Asia, Beijing
DFID

Adviser
Victoria Randell
Advisor, UK Delegation

United States

Head of Delegation
Karen Mathiasen
U.S. Government Official
U.S. Department of the Treasury

Temporary Alternate Governor
Paul William Curry
Alternate Executive Director
Asian Development Bank

Temporary Alternate Governor
Rex Logan Sturm, Jr.
Director’s Advisor
Asian Development Bank

Adviser
Susan Baker
Financial Attache for SE Asia
US Department of the Treasury

Adviser
Stephen Gooch
International Economist
US Treasury

Adviser
Robert Kaproth
Financial Attache
U.S. Department of the Treasury

Adviser
Atticus Weller
Deputy Director, Office of South and Southeast Asia
U.S. Department of Treasury

Adviser
Catherine (trina) Rand
International Economist
US Treasury

Adviser
Christopher Winship
Director, Office of East Asia
US Department of the Treasury

Adviser
Rachel Leatham
Financial Economist
U.S. Department of State

Uzbekistan

Head of Delegation
Hon. Rustam Azimov
First Deputy Prime Minister
Ministry of Finance

Governor
Saidakhmat Rakhimov
The Chairman of the Board
The National Bank for FEA of the Republic of Uzbekistan
Temporary Alternate Governor
Elyar Ganiev
Minister
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Temporary Alternate Governor
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Executive Director
Fund for Reconstruction and Development

Temporary Alternate Governor
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First Deputy of Major
Administration of the Tashkent city

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Rustam Shaabdurakhmonov
Deputy Minister
Ministry of Economy of the Republic of Uzbekistan

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Chairman of the Board
Uzbekturizm

Temporary Alternate Governor
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Deputy Chairman of the Board
Uzbekairways

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Head of Department
Ministry of Finance

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National Bank for Foreign Economic Activity of Republic of Uzbekistan

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Temporary Alternate Governor
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Vanuatu

Governor
Hon. Sela Molisa
Minister of Finance and Economic Management
Ministry of Finance and Economic Management

Alternate Governor
Georges Singara Maniuri
Director General
Ministry of Finance and Economic Management

Temporary Alternate Governor
Odo Tevi
Governor
Reserve Bank of Vanuatu

Adviser
Augustine Garae
Ministry of Finance and Economic Management

Viet Nam, Socialist Republic of

Governor
Nguyen Van Giau
Governor
State Bank of Vietnam

Temporary Alternate Governor
Vu Van Ninh
Minister
Ministry of Finance

Temporary Alternate Governor
Le Minh Hung
Director Genera, ICD, State Bank of Vietnam
State Bank of Vietnam
Adviser
Pham Tien Phong
   Director, ICD, State Bank of Vietnam
   State Bank of Vietnam

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   State Bank of Vietnam

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   State Bank of Vietnam

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   Ministry of Finance

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   Ministry of Finance of Vietnam

Adviser
Au Duong Khanh
   Expert
   Ministry of Finance

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   State Bank of Vietnam

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   Ministry of Finance

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Dao Viet Anh
   Deputy General Director
   Ministry of Finance

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   Expert
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Andrey Smorodin
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Michael Tay

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Carribean Development Bank

Compton Bourne

Council of Europe Development Bank

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Walid Mohamad Abdelwahab

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**Mekong River Commission**
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Siliphone Saysouvanh Sisavath

**Multilateral Investment Guarantee Agency**
Peter Cleary

**Nordic Development Fund**
Bjorn Moller
Leena Saavalainen

**Nordic Investment Bank**
Nils Erik Emilsson
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**OPEC Fund for International Dev.**
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Iman Alshammari
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**Pacific Islands Forum Secretariat**
Sanjesh Naidu

**Secretariat of the Pacific Community**
William Parr

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Vinay Mohan Kwatra
Sheel Kant Sharma

**UN Convention to Combat Desertification**
Luc Gnacadja

**UN ESCAP**
Eduard Rene Bastiaans
Noeleen Heyzer
Julian Howard Payne

**UN Environment Programme**
Young-woo Park

**World Bank**
Annette Dixon

**World Customs Organization**
Yoko Odashima

**World Economic Forum**
Sushant Palakurthi Rao

**World Health Organization**
Alex Ross
Ludy Suryantoro
<table>
<thead>
<tr>
<th>Director</th>
<th>Alternate Director</th>
<th>Advisor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phil Bowen</td>
<td>Dereck Rooken-Smith</td>
<td>Agnes Cheung</td>
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<tr>
<td>Howard Brown</td>
<td>Torben Bellers</td>
<td>Jacob Rooimans</td>
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<tr>
<td>Curtis Chin</td>
<td>*Paul W. Curry</td>
<td>Christopher Grewe</td>
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<tr>
<td>Ceppie Kurniadi Sumadilaga</td>
<td>CJ (Stan) Vandersyp</td>
<td>Maeva Natacha Betham Vaai Kilisitina Tuaimaiapi</td>
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<tr>
<td>Md. Saad Hashim</td>
<td>Siew Juan Aw</td>
<td>Than Htoo</td>
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<tr>
<td>Kyung-Hoh Kim</td>
<td>Tsuen-Hua Shih</td>
<td>Jaehoon Kim</td>
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<tr>
<td>*Ashok Kumar Lahiri</td>
<td>*Md. Aminul Islam Bhuiyan</td>
<td>*Rachna Shah</td>
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<tr>
<td>Michele Miari Fulcis</td>
<td>Joao de Almeida</td>
<td>Martin Gisiger</td>
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<tr>
<td>*Masakazu Sakaguchi</td>
<td>*Yasuto Watanabe</td>
<td>*Aki Tsuda</td>
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<tr>
<td>Marita Magpili-Jimenez</td>
<td>*Siraj Shamsuddin</td>
<td>*Rizwan Bashir Khan</td>
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<tr>
<td>Eduard Westreicher</td>
<td>Richard Edwards</td>
<td>Tobias Orischnig</td>
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<tr>
<td>*Wencai Zhang</td>
<td>Fangyu Liu</td>
<td>*Xia Lu</td>
</tr>
</tbody>
</table>

* Also listed as Delegate
### ADB Principal Officers and Senior Staff

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
</tr>
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<tbody>
<tr>
<td>President</td>
<td>Haruhiko Kuroda</td>
</tr>
<tr>
<td>Vice-Presidents</td>
<td>Xiayu Zhao</td>
</tr>
<tr>
<td></td>
<td>C. Lawrence Greenwood, Jr.</td>
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<tr>
<td></td>
<td>Ursula Schaefer-Preuss</td>
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<tr>
<td></td>
<td>Bindu Lohani</td>
</tr>
<tr>
<td>Managing Director General</td>
<td>Rajat Nag</td>
</tr>
<tr>
<td>The Secretary</td>
<td>Robert Dawson</td>
</tr>
<tr>
<td>Assistant Secretary</td>
<td>Ajay Sagar</td>
</tr>
<tr>
<td>General Counsel</td>
<td>Jeremy H. Hovland</td>
</tr>
<tr>
<td>Director General, Strategy and Policy Department</td>
<td>Kazu Sakai</td>
</tr>
<tr>
<td>Deputy Director General</td>
<td>Christopher MacCormac</td>
</tr>
<tr>
<td>Senior Advisor</td>
<td>Tatsuya Kanai</td>
</tr>
<tr>
<td>Director General, Regional and Sustainable</td>
<td>Xianbin Yao</td>
</tr>
<tr>
<td>Development Department</td>
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<tr>
<td>Deputy Director General</td>
<td>Ma. Carmela Locsin</td>
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<tr>
<td>Director, Environment and Safeguards Division</td>
<td>Nessim Ahmad</td>
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<tr>
<td>Director, Poverty Reduction, Gender, and Social</td>
<td>Bartlet W. Edes</td>
</tr>
<tr>
<td>Development Division</td>
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<tr>
<td>Director, Sustainable Infrastructure Division</td>
<td>Woochong Um</td>
</tr>
<tr>
<td>Assistant Chief Economist, Macroeconomics and</td>
<td>Joseph Ernest Zveglich, Jr.</td>
</tr>
<tr>
<td>Finance Research Division</td>
<td></td>
</tr>
<tr>
<td>Assistant Chief Economist, Economic Analysis and</td>
<td>Juzhong Zhuang</td>
</tr>
<tr>
<td>Operations Support Division</td>
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<tr>
<td>Position</td>
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<tr>
<td>Director General, South Asia Department</td>
<td>Kunio Senga</td>
</tr>
<tr>
<td>Deputy Director General</td>
<td>Frederick Roche</td>
</tr>
<tr>
<td>Director, Financial Sector, Public Management and Trade Division</td>
<td>Ashok Sharma</td>
</tr>
<tr>
<td>Director General, Central and West Asia Department</td>
<td>Juan Miranda</td>
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<tr>
<td>Deputy Director General</td>
<td>Sean O’ Sullivan</td>
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<td>Director General, Southeast Asia Department</td>
<td>Arjun Thapan</td>
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<td>Deputy Director General</td>
<td>Thomas Crouch</td>
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<tr>
<td>Country Director, Indonesia Resident Mission</td>
<td>James Nugent</td>
</tr>
<tr>
<td>Director General, Private Sector Operations Department</td>
<td>Philip Erquiaga</td>
</tr>
<tr>
<td>Director, Infrastructure Finance Division 1</td>
<td>Michael Barrow</td>
</tr>
<tr>
<td>Director General, East Asia Department</td>
<td>Klaus Gerhaeusser</td>
</tr>
<tr>
<td>Director General, Pacific Department</td>
<td>Sultan H. Rahman</td>
</tr>
<tr>
<td>Director, Pacific Operations Division</td>
<td>Sirpa Helena Jarvenpaa</td>
</tr>
<tr>
<td>Director, Pacific Strategy and Special Operations</td>
<td>Sungsup Ra</td>
</tr>
<tr>
<td>Treasurer</td>
<td>Mikio Kashiwagi</td>
</tr>
<tr>
<td>Deputy Treasurer concurrently Assistant Treasurer, Funding Division</td>
<td>Jingdong Hua</td>
</tr>
<tr>
<td>Officer-in-Charge, Financial Policy and Planning Division</td>
<td>Tobias Hoschka</td>
</tr>
<tr>
<td>Director General, Budget, Personnel, and Management Systems Department</td>
<td>Masayuki Tamagawa</td>
</tr>
<tr>
<td>Director, Human Resources Division</td>
<td>Rober Y. Siy, Jr.</td>
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<tr>
<td>Director General, Independent Evaluation Department</td>
<td>H. Satish Rao</td>
</tr>
<tr>
<td>Principal Director, Office of Cofinancing Operations</td>
<td>Werner Liepach</td>
</tr>
<tr>
<td>Director</td>
<td>M. Teresa Kho</td>
</tr>
<tr>
<td>Auditor General</td>
<td>Philip Daltrop</td>
</tr>
<tr>
<td>Position</td>
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<tr>
<td>Senior Director, Department of External Relations</td>
<td>Ann Quon</td>
</tr>
<tr>
<td>Chairman, Office of Compliance Review Panel</td>
<td>Rusdian Lubis</td>
</tr>
<tr>
<td>Special Project Facilitator, Office of the Special Project Facilitator</td>
<td>Robert C. May</td>
</tr>
<tr>
<td>Head, Office of Regional Economic Integration</td>
<td>Jong-Wha Lee</td>
</tr>
<tr>
<td>Senior Director</td>
<td>Srinivasa Madhur</td>
</tr>
<tr>
<td>Senior Advisor</td>
<td>Masato Miyachi</td>
</tr>
</tbody>
</table>
OFFICERS OF THE BOARD OF GOVERNORS AND PROCEDURES COMMITTEE

2008/2009
BOARD OF GOVERNORS

Chair: Indonesia
Vice-Chairs: Denmark, Georgia

PROCEDURES COMMITTEE

Bhutan, Philippines
People’s Republic of China, Switzerland
Georgia, Thailand
Japan, United Kingdom
The Netherlands, United States
New Zealand, Vanuatu

2009/2010
BOARD OF GOVERNORS

Chair: Uzbekistan
Vice-Chairs: Papua New Guinea, Spain

PROCEDURES COMMITTEE

Canada, Malaysia
People’s Republic of China, Pakistan
Cook Islands, Portugal
India, Turkey
Japan, United States
Kiribati, Uzbekistan