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**My vision for ADB: a bank at the service of the region
Achieving a prosperous, inclusive, resilient and sustainable
Asia and the Pacific**

1. Introduction

When ADB was established in 1966, our region, Asia and the Pacific, was poor and fragmented, with many people having difficulties even in getting food to feed their family.

Today, half a century later, Asia and the Pacific has morphed into an engine of the global economy, with its presence getting larger more than ever. Incidence of poverty has been reduced dramatically. Innovations changing people's life are abundant. More importantly, cooperation among private companies and governments has advanced significantly, cutting across national boundaries.

At the same time, we should not forget that our region still faces a number of existing and emerging development challenges such as: remaining pockets of poverty; rising economic and social inequalities; gender gap; climate change; and ageing. ADB's role in the region continues to be important.

Now that I am running for the Presidency of ADB, I would like to present my vision for how I would lead the institution. ADB has been a trusted partner of the region over half a century, supporting the region's strong growth that has changed the life of people. ADB must continue to be a trusted partner of the region, and the preferred choice of its clients and partners.

2. Asia and the Pacific today – what we have achieved and where we are heading to

Before elaborating on my vision, let me present how I see the achievements made so far and the remaining challenges of developing countries in Asia and the Pacific.

➤ **Strong and resilient growth**

Let me first emphasize that Asia and the Pacific is now an engine of the global economy. The region's share in the global economy exceeds one third with incidence of poverty dropping dramatically. Innovative companies abound, harnessing cutting-edge technologies. Trade and FDI within the region have increased significantly. Sound macroeconomic policy framework, covering both fiscal and monetary policies, has been underpinning the strong growth of the region – one of the lessons learned from the Asian Financial Crisis.

➤ **Diversity of the region**

Asia and the Pacific is a region rich in diversity, in many ways. Divergences can be seen across the board: leading industry, progress made in terms of social indicators, development agenda, and inter-regional disparities, just to name a few. Recognizing the rich heritage of our regional developing members in terms of culture, history, and religions is another important point.

➤ **Regional cooperation and integration**

Asia and the Pacific has also made great strides in terms of enhancing regional cooperation and integration, expanding the coverage of cross-border infrastructures while harmonizing rules and regulations in the region. ASEAN (Association of South East Asian Nations) and CAREC (Central Asia Regional Economic Cooperation) are good examples in this respect.

➤ **Challenges**

Economic development, combined with changes in external environment, has brought about a new set of development challenges. Let me raise eight challenges here.

Firstly, remaining poverty. Despite the increase in per-capita income, a large number of people are still locked in the poverty trap – with 260 million people living below the \$1.90/day poverty line in 2015. Expanding the scope to those

who could easily fall into extreme poverty by disease or unemployment, i.e., daily income below the \$3.20/day poverty line, poverty headcount reaches 1.2 billion. Investment in human capital as well as physical infrastructure is key to addressing such remaining poverty. In this regard, achieving Universal Health Coverage remains a challenge in many parts of the region.

Secondly, rising inequalities within national boundaries. Inequalities between urban and rural areas, on the one hand, and intra-city, on the other hand, are widening across the region. If not addressed properly, it may endanger social stability.

Thirdly, remaining gender inequalities. One should not forget gender dimensions of inequalities. Accelerating progress in gender equality is one of the most important challenges to be addressed.

Fourthly, climate change and environment. Asia accounts for a half of the global greenhouse gas emission. Another issue of concern is the marine plastic pollution that is propagating in the region. At the same time, ADB members, particularly those in the Pacific, are vulnerable to climate change and the resultant increase in the frequency and intensity of natural disasters. Climate change and environmental pollutions could jeopardize regional stability, as they may cause shortages in drinking water, food, and arable land.

Fifthly, infrastructure gap. Rapid urbanization, combined with the increase in the intensity of natural disasters, means that the region's infrastructure gap stands at a hefty sum of \$ 1.7 trillion/year. Addressing the infrastructure gap requires mobilization of private resources while enhancing the quality of infrastructure to enhance resilience against natural disasters. The recently released *G20 Principles for Quality Infrastructure Investment* is a good starting point for ADB and the region. Developing financial markets that can efficiently channel savings within the region for infrastructure investments in the region is another important issue we need to bear in mind.

Sixthly, changing demography. Ageing is rapidly advancing across many parts of Asia. At the same time, some countries need to provide decent jobs to the still increasing young generation. Combined with the rapid urbanization

and rural exodus, people's expectations of the public social security system is changing rapidly. Taking proactive actions in light of the changing demography is critically important to ensure that deficiencies in the public social security system does not impair the fiscal, economic, and social systems.

Seventhly, innovation: Innovations are beneficial to our society and economy. At the same time, we should take care of those who may lose their jobs due to such innovations. Harnessing new technologies while mitigating the resultant economic and social risks requires revamping our regulatory, fiscal, and education systems.

Eighthly, institutional capacity. Addressing these challenges hinges critically on building effective institutional capacity of our developing members, both at the central and the local government levels.

3. ADB at the service of the region

Let me now elaborate on how I would steer ADB if elected as President, following the big pictures sketched out in the *Strategy 2030* recognizing the diversity of the region.

Operations

- **Focus on quality and impact.** Maximizing development impact of ADB's operations is key. To this end, ADB's priority should continue to be placed on fragile and vulnerable members and small island developing states (SIDs). Project management is important, both at the preparation and the implementation phase. Incorporating lessons learnt from closed and ongoing projects into new project design is critical to enhance quality. Investing in quality infrastructure will continue to be on the top agenda, while mobilizing private funding to the extent possible. ADB should put further emphasis on building human capital, with its operations in the education and health sectors.

- **Focus on country and local context.** ADB's core value is the strong mutual trust with its members: an intangible and yet the most valuable

asset that has been nurtured over half a century. If elected as President, I would steer ADB to continue focusing on country and local context and provide the most appropriate set of assistance in the most effective and timely manner. ADB should continue to respect and learn from the specific context of each recipient member, such as political, economic, social, historical and cultural backgrounds, as well as each of their external surroundings.

ADB's Resident Mission should play a central role in this regard. Country Partnership Strategies are the core tool of ADB's operations and should reflect the changing development needs of our recipient members. Regarding ADB's engagement with upper middle-income countries that can tap international financial markets on reasonable terms on their own, ADB should carefully consider it from a broad perspective, including how ADB can bring about additionality in the most efficient and effective manner.

- **Focus on Knowledge and Innovation.** Rising per-capita income across ADB recipient members signifies that ADB should build its own capacity to help members cope with new technologies, such as digitalization, while providing cutting-edge expertise in a manner tailored to the local context.
- **Focus on Regional Cooperation and Integration.** With its deep knowledge of the region and as a trusted partner in the region, ADB is in a strong position to provide an enabling platform for promoting regional cooperation and integration. Further efforts would be made to advance the on-going efforts such as GMS (Greater Mekong Subregion) and SASEC (South Asia Subregional Economic Cooperation) initiatives.

Institutional management

- **Harnessing staff potential.** Highly motivated staff with deep expertise across various fields are at the core of ADB's value, together with the trust that it has developed with its members over five decades. ADB should continue its efforts in keeping the motivations of its staff high. ADB's human resource system, including staff performance management, staff

salary and benefit, and recruitment system should be fine-tuned on a continuous basis. Investing in IT systems and reviewing the internal procedure is also a priority, as they are key to raising productivity and efficiency. ADB should nurture a corporate culture that promotes mutual respect among staffs at all levels while ensuring that everyone can contribute in the most effective manner, regardless of nationality, gender, sexual orientation, way of thinking, and religion.

- **Breaking departmental silo** : ADB's unique feature and strength can be found in the fact that private sector operations and sovereign operations are sitting together under one roof, and sharing the same balance sheet. ADB should take full advantage of this feature – in undertaking its operations as well as in devising various strategies. The *One-ADB* approach would be further strengthened going forward, so that all expertise, both tangible and intangible, could be consolidated on a seamless basis and provided to recipient members in a timely manner.

- **Ensuring financial sustainability.** Thanks to the merger of the ADF lending operations with the OCR balance sheet, ADB has a solid capital base. ADB should be able to sustain the growing private sector portfolio with its strong capital base, coupled with strong budget and risk management frameworks. On resource mobilization, diverse and innovative approaches should also be considered on resource mobilization. Examples include thematic bonds, local currency denominated bonds, partnerships with philanthropic funds and other international organizations, and further use of guarantees and Public-Private-Partnerships.

4. Final words – my passion for ADB

Half a century ago, ADB started as a “home doctor” in a region plagued with absolute poverty. Despite the rapid progress made by the region, which transformed the region into an engine of the global economy, ADB should not forget where it started: a home doctor who listens carefully to the development needs of the region.

Asia and the Pacific today is the leading growth center of the world, with many tribulations of the past in the rear-view mirror. That said, Asia and the Pacific are more and more exposed to new types of development challenges that the other regions have not experienced before, such as rapidly changing demography. Going forward, ADB is poised to develop new development models that could eventually be replicated across the globe.

As a young staffer at ADB 30-odd years ago, I was touched by the passions of the then President Tarumizu and ADB staffs, each dedicated to the development cause of Asia and the Pacific. Today, I am thrilled with the opportunity to return to Manila, where I could dedicate myself for ADB members in the region and beyond, while listening carefully to their voices. With the expertise of ADB staff, and by further enhancing its effectiveness and efficiency, I am confident that ADB can stand up to the challenges that the region faces.

If elected as President, I would do my best to achieve a more prosperous, inclusive, resilient, and sustainable Asia and Pacific. This hinges on building trust with member authorities, represented in Manila by board members, as well as with bilateral and multilateral partners. And of course, it would be my great pleasure to work closely with highly motivated and dedicated ADB staff.

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