

**Consultations with Stakeholders from Australia and New Zealand  
on “Road to 2030”: ADB’s New Strategy  
Note-to-File**

**A. Introduction**

1. A mission led by Indu Bhushan, Director General, Strategy and Policy Department consulted government officials in Australia and New Zealand and representatives from Australian civil society organizations (CSOs) during 24–27 October 2016.<sup>1</sup> Participants of the consultations provided useful insights to help ADB define its mission, strategic priorities, value addition and operational and institutional approaches for its new strategy leading to 2030 that is being currently prepared. The list of officials and stakeholders consulted is attached.

**B. Main Inputs from Stakeholders**

2. Participants appreciated ADB’s important role in helping developing member countries (DMCs) overcome poverty and address emerging development challenges. They affirmed ADB’s plan of broadening its mission under the new strategy to tackle the region’s new development challenges amidst the growing diversity of its clients. Stakeholders supported ADB’s proposed strategic agendas of economic prosperity, social inclusiveness and environmental sustainability. They welcomed the highly consultative process that ADB is undertaking to prepare the new strategy.

3. Australian government officials recognized that ADB’s thinking and approach on the new strategy is in line with the 2030 global development agenda. However, they cautioned ADB to not be over ambitious in its new strategic priorities; and suggested that it should carefully assess its capacity to deliver on these priorities in the new strategy. They noted that formulating a strategy that under-promises but then potentially over-delivers would be a prudent approach to follow. New Zealand officials stressed that building on its past achievements in helping DMCs reduce poverty and improve quality of lives, ADB should now brace for change to remain relevant and responsive for the challenges of the future. They noted that ADB’s proposed strategic directions are consistent with those of the New Zealand government to promote prosperity and development in the Pacific island countries. They emphasized the need for ADB to promote a country-focused approach in the new strategy.

4. Australia and New Zealand both strongly endorsed ADB’s approach to pursue differentiated approaches for its diverse client base. They highlighted the special circumstances and needs of small Pacific island countries and urged ADB to continue to expand its support and improve the delivery of its assistance to have a bigger impact on reducing poverty and vulnerability in these countries.

5. CSO representatives supported ADB’s emerging directions and suggested that clear and specific targets should be established for the proposed strategic business areas to allow for a clear assessment of progress made under the new strategy. CSOs urged ADB to help reduce economic and social inequality in DMCs, and committed to provide their support in this regard.

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<sup>1</sup> The mission included Safdar Parvez, Principal Planning and Policy Economist; and Jane Barcenas-Bisuña, Strategy and Policy Officer. The mission met with (i) representatives from civil society on 24 October in Sydney (where several ADB staff and consultants also participated); (ii) Australian government officials on 25 October in Canberra (the session was part of the annual ADB-Australia High-Level Consultations led by VP Stephen Groff); and (iii) New Zealand government officials on 27 October in Wellington. The mission thanks the Pacific Liaison and Coordination Office for its active support in arranging the CSO consultations in Sydney.

They also stressed the need for ADB to prioritize support for governance improvements and capacity building of institutions, particularly in the small Pacific island states.

6. A summary of the main inputs and perspectives emerging from the consultations is as follows.

- a) **ADB's mission and strategic agendas.** ADB's diagnostics on the emerging trends in Asia and the Pacific clearly demands broadening of support to go beyond reducing poverty and embracing issues of inequality, vulnerability, resilience and sustainability. Therefore, ADB's proposed strategic agendas of economic prosperity, social inclusiveness and environmental sustainability are well thought out. However, ADB needs to carefully consider the comprehensiveness of the 2030 agenda, understand the role of the other development partners on this agenda, select areas where it can add the most value, and ascertain its capacity to deliver in the selected areas.

ADB's role in helping address climate change and providing disaster response—especially for Pacific countries—is highly critical going forward. ADB should facilitate countries' access to global climate funds (while working with other development partners who are playing a similar role in this regard), invest in climate-friendly infrastructure and renewable energy, and undertake climate-proofing for all its projects. Climate change should be looked at as a crosscutting theme across all projects.

ADB should consider ways to maximize the development impact while continuing to specialize in areas of its comparative advantage such as infrastructure. ADB should also provide more support in education, skills development, and other related areas to help prepare the youth in small Pacific island countries find gainful livelihood opportunities, and cut the current high incidence of unemployment. ADB should also increase its commitment in the health sector, including on promoting regional health security. ADB should explore new and innovative approaches in its operations, including through the use of information and communication technology in urban development, health, transport and other operational sectors.

- b) **ADB's value propositions.** ADB should continue to scale up its financing capacity together with developing greater risk-bearing capacity to provide new and innovative development solutions for clients. It should optimize its balance sheet, leverage and mobilize more private funds for development projects, and generally upscale assistance for private sector development and operations in the Pacific. Private sector projects should be more effectively integrated in overall ADB operations.

ADB should continue being a champion of regional cooperation in Asia and Pacific. ADB should promote greater intra-regional trade among countries in the Pacific. Governance and capacity building remain critically important for the Pacific countries and other DMCs and ADB should continue focusing on these aspects in its operations.

ADB is seen as an excellent knowledge and technical assistance partner for DMCs as well as for development partners and other stakeholders. ADB should use this strength to generate regional and national baseline data that could be used for analytical and evaluative work and for informing strategic policy dialogue on key issues in DMCs. ADB should also conduct more impact evaluations on its completed operations to better assess the impact of projects on beneficiaries, and to determine ADB's contribution to achieving higher-level goals such as reducing poverty and inequality in the region.

- c) **ADB's engagement principles.** ADB's proposed prioritization of poor and vulnerable countries and use of differentiated approach for its diverse clients is very much welcome. In adopting differentiated approaches, ADB should carefully delimit the breadth of what it can offer, learn from evaluation of strengths and weaknesses of past operations, and specialize in areas that cater to the changing needs of clients. ADB should build viable partnerships, bearing in mind that it is not the only development partner in its client DMCs. In the case of the Pacific, ADB already engages well with other development partners to provide coordinated support to DMCs.

ADB's graduation policy needs to change to adapt to the changing landscape in DMCs, and considering the graduation policies of other multilateral development banks. Eventually, when DMCs can support and finance their own development, ADB still has an important role in supporting regional public goods, which if left to DMCs themselves, would remain under-invested. ADB also needs to take into account the potential impact on its balance sheet from graduating upper middle-income countries from regular assistance.

The use of country systems is important. However, ADB's systems—particularly its safeguard systems—are very strong and the international standards they uphold should not be compromised. Consequently, ADB should continue to help countries improve and upgrade their systems such that equivalence is ultimately reached with these standards as a critical milestone in adopting country systems.

- d) **Policies, business processes, products and organization.** In expanding its agenda of support to DMCs, ADB should continue to find ways to innovate and strengthen its business processes and its staff and institutional capacity to deliver. ADB should ensure that it has a fit-for-purpose organization to implement the new strategy. ADB should also cut down on the transaction costs associated with accessing its support. In the case of the Pacific, ADB's procurement processes are still seen to be cumbersome compared with other development partners and can be streamlined and improved. ADB should also continue to improve gender balance in its staff, particularly at more senior levels. ADB has made commendable efforts in establishing local presence and representation in Pacific island countries. This should be further strengthened going forward.

ADB should explore new and innovative financing modalities to cater to the needs of its diverse clients, particularly upper middle-income countries. Policy-based lending is an important instrument and should be continued in the right circumstances, especially when it helps improve the country's business environment through reforms in the area of private sector development, fiscal management, and functioning of state-owned enterprises reforms. The Pacific Private Sector Development Initiative is a pioneering example of its support to help improve the enabling business environment for the private sector. Results-based lending is also important to support medium- and long-term government investment programs in DMCs.

- e) **Partnerships.** ADB's efforts to continuously dialogue with CSOs in strategy and policy development are appreciated. Going forward, ADB should partner more actively and meaningfully with CSOs, including the academia, to bring in external knowledge and expertise in its operations. ADB should explore joint partnerships with think tanks, universities and centers of excellence much more than it has done in the past. These institutions could also be tapped or commissioned to undertake specialized knowledge

work for ADB, including impact evaluations. Graduate students from universities could be tapped to contribute to impact evaluations. ADB should work with partners to actively encourage and promote collection of vital economic and social data and information for informed policy development.

**C. Next Steps**

7. ADB will consider the valuable views and perspectives gathered from these consultations in developing on the new strategy. This note on the feedback from the consultations is also being shared on the ADB's Road to 2030 website.

## **List of Persons Consulted**

### **I. Australia**

#### **Government Officials**

1. Ewen McDonald, Deputy Secretary, Department of Foreign Affairs and Trade (DFAT)
2. Natasha Smith, First Assistant Secretary, Multilateral Development and Finance Division, DFAT
3. Pablo Kang, Acting First Assistant Secretary, Pacific Division, DFAT
4. Elly Lawson, Acting First Assistant Secretary, South-East Asia Maritime Division, DFAT
5. Alison Chartres, Acting First Assistant Secretary, Development Policy Division, DFAT
6. John Larkin, Assistant Secretary, Banks and Finance Branch, Multilateral Development and Finance Division, DFAT
7. David Holly, Assistant Secretary, Intellectual Property, Aid for Trade and Other Issues Branch, DFAT
8. Robert Christie, Assistant Secretary, Pacific Aid Effectiveness & Advice Branch, Pacific Division, DFAT
9. Alice Cawte, Assistant Secretary, Pacific Regional Branch, Pacific Division, DFAT
10. Richard Sisson, Assistant Secretary, Pacific Bilateral and New Zealand Branch, Pacific Division, DFAT
11. Geoff Tooth, Assistant Secretary, Papua New Guinea Branch, Pacific Division, DFAT
12. James Hall, Assistant Secretary, Pakistan, Afghanistan and Central Asia Branch, South and West Asia Division, DFAT
13. Lisa Wright, Assistant Secretary, South-East Asia, Mainland Bilateral Branch, South-East Asia Mainland and Regional Division, DFAT
14. Michael Wilson, Assistant Secretary, Governance and Fragility Branch, Development Policy Division, DFAT
15. Heidi Bootle, Acting Assistant Secretary, South-East Asia Strategies Branch, South-East Asia Mainland and Regional Division, DFAT
16. Jeremy Guthrie, Acting Assistant Secretary, Private Sector Infrastructure & Agricultural Development Branch, Multilateral Development and Finance Division, DFAT
17. Beth Delaney, Director, Asian Infrastructure Investment Bank Section, Banks and Finance Branch, Multilateral Development and Finance Division, DFAT
18. Stephen McElhinney, Assistant Director, Regional Banks Section, Banks and Finance Branch, Multilateral Development and Finance Division, DFAT
19. Dominic Morice, Assistant Director, Regional Banks Section, Banks and Finance Branch, Multilateral Development and Finance Division, DFAT
20. Rosemary O'Hehir, Policy Officer, Regional Banks Section, Banks and Finance Branch, Multilateral Development and Finance Division, DFAT
21. Leesa Croke, Division Head, International Policy and Engagement Division, Macroeconomic Group, The Treasury
22. Gillie Kirk, Manager, International Development Unit, International Policy and Engagement Division, The Treasury
23. Georgina Atkin, Analyst, International Development Unit, International Policy and Engagement Division, The Treasury

## **Representatives from Civil Society, Think Tanks, Academia and Consultants**

1. Jonathan Pryke, Project Director, Aus-PNG Network, Lowy Institute
2. Katie Richmond, International Development Coordinator (Resources), University of Sydney
3. Fariborz Moshirian, Professor of Finance, Director, Institute of Global Finance, University of New South Wales
4. Katrin Bock, Business Analyst, European Investment Bank (EIB)
5. Joy Kyriacou, Fair Economies Advocacy Manager, Oxfam
6. Jinita Prasad, General Manager, PLN Advisory
7. Martin Michalik, Director, Stantons International
8. David Kim, Associate Professor, University of Sydney
9. Chris Hoy, Researcher, University of Sydney
10. Ghislaine Llewellyn, WWF-Australia
11. Frank Yourn, Australia-Papua New Guinea Business Council, Australia Fiji Business Council and Australia Pacific Islands Business Council
12. Melissa Dayrit, Private Sector Development Initiative (PSDI)
13. Syna When, PSDI
14. Luke Dunstan, PSDI
15. Liliana Wanid, PSDI
16. Amanda Lucas, PSDI
17. Aaron Levine, PSDI
18. Jack Whelan, Pacific Region Infrastructure Facility (PRIF)
19. Michael Dorval, PRIF

## **II. New Zealand**

### **Government Officials**

1. Deborah Collins, Divisional Manager, Partnerships, Humanitarian and Multilateral Division (PHM), Ministry of Foreign Affairs and Trade (MFAT)
2. Peter Shackleton, Unit Manager, Multilateral, PHM, MFAT
3. Stan van der Syp, Development Manager, IFIs, PHM, MFAT
4. Sarah Short, Development Manager, Pacific IFIs, PHM, MFAT
5. Matt Allen, Development Manager, Pacific IFIs, PHM, MFAT
6. Karen Murray, Acting Divisional Manager, Sustainable Economic Development (SED) Division, MFAT
7. Don Higgins, High Commissioner, Solomon Islands, MFAT
8. Richard Griffith, Unit Manager, Environment & Fisheries, MFAT
9. Glennys Karran, Unit Manager, Development Planning & Results, MFAT
10. Matt Howell, Unit Manager, Samoa, Tonga, Tuvalu, MFAT
11. Cathy Maclean, Development Manager, Samoa, MFAT
12. Sean Buckley, Development Manager, Cook Islands, MFAT
13. Okesene Moananu, Development Manager, Tuvalu, MFAT
14. Jocelyn Ng, Senior Policy Officer, Pacific Regional, MFAT
15. Benjamin De Geest, Development Officer, Practice & Research, MFAT
16. Tim Ng, Director, Economic System, Treasury Management
17. Chris Nees, Team Leader, International, Treasury Management
18. Amy Thomson, Analyst, International, Treasury Management