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The Asian Development Bank (ADB) is at a crucial juncture in its history. The geopolitical and economic landscape of Asia Pacific has undergone dramatic changes in recent decades. East Asia and Pacific accounted for more than a third of global growth in 2017 and Asia's dynamic economies will lead global growth for the foreseeable future. Against this backdrop it is of utmost importance that ADB constantly adjusts to this fast-changing socio-economic environment in order to stay relevant to its widely diverse group of members. In particular, ADB will have to assist its growing middle-income membership in addressing their specific development challenges while at the same catering for the needs of its most vulnerable and fragile member states. In addition, ADB will need to adopt a more assertive position as the lead development agency of the Asia Pacific region. New development partners such as AIIB and the BRIC's new development bank will certainly provide opportunities for ADB to increase even further its development impact. The Sustainable Development Goals (SDGs) have set the stage for a new collaborative effort between private and public partners and will trigger a system-wide change. Strategy 2030, ADB's new long-term strategic framework, will play a crucial role in implementing these goals.

Strategy 2030

A strategy is a high-level plan to achieve goals under risks and uncertainties. It plays a crucial role in the optimal allocation of scarce resources and involves the definition of precise targets, decisive actions and the design of appropriate policies. The current draft of the Strategy 2030 often fails to address these challenges. We expect a more targeted approach with clear, specific and focused indicators that will help us measure progress. We also expect ADB to identify more concrete actions. Also, the amount of resources required remain unclear and we still do not know how to mobilize these resources. ADB should also be more selective and devise the long-term strategy considering its comparative advantages.

Notwithstanding these shortcomings, the draft of Strategy 2030 contains also very positive elements. We welcome that the gender target shall apply for the first time to non-sovereign operations. Addressing gender inequality is vital. Equality and non-discrimination are human rights, but there are also smart economics. Gender equality leads to higher productivity and long-term sustainable economic growth and development. On climate and energy, we welcome the ambition to scale up support to renewables and energy efficiency and encourage the Bank to adopt higher targets that urge the institution to do even more. In this context, we would also like to stress the important work that is being done by the European Space Agency and we very much welcome ADB's close cooperation with the former. We are convinced that satellite earth observations and geospatial analytics have far reaching potential to heighten the impact sustainable development works. We would also like the Bank to assist member states in phasing out fossil fuel subsidies. The carbon intensity of the region is declining. However total emissions are still growing and represent 40% of global CO₂ emissions. Against this backdrop, ADB's needs to focus more on supporting the necessary low-carbon transition in the energy sector, gradually phasing out support to fossil fuels and opting for the most energy-efficient technologies. Finally, we need more ambitious climate change targets.

Financial Sector

The proportion of adults (15 years and older) with a bank account or with access to a mobile money service provider grew from the beginning of this decade from 44% to 58% across ADB DMCs overall, and from 22% to 25% in the concessional assistance countries. However, in some of the region's poorest countries, more than 90% of people remain unbanked. Furthermore, finance sector operational performance at ADB still trails that of other sectors. Among the reasons are misaligned design, process, approval and volume incentives, lack of implementation focus, shortfalls in resources, skills, capabilities, and insufficient ability to capture staff knowledge and practical experience across ADB.

In face of the urgent need for a better access to finance and the operational challenges of ADB, it is of utmost importance to retain focus on finance sector development, inclusive finance, and infrastructure finance. We need to build capacities in emerging and innovative finance areas that have a cross-cutting impact. We urge ADB to add resources and upgrade staff skills to support emerging and innovative areas and to grow finance sector operations customized to specific DMC demand. There is a need to increase resources for both sovereign and non-sovereign operations to better serve client needs, including in frontier countries. We are convinced the financial sector – infrastructure finance, financial sector development, and inclusive finance – is a key area in the SDGs framework. It is one of five core areas in the current Strategy 2020 and must remain a priority for ADB.

Green Finance

The financing needs for climate-adjusted infrastructure in developing Asia is estimated at \$26 trillion till 2030. This necessitates crowding-in private corporations to bridge financing, efficiency, and technology gaps. Attaining the SDGs will not be possible without the private sector. Sustainability has become a top global priority. Luxembourg identified the need for green finance early on. The Luxembourg Green Exchange provides issuers and investors with a regulatory and rules-based environment that guarantees that securities issued and listed are truly green, social and sustainable. It ensures quality and allows investors to reliably compare green bonds. Luxembourg Green Exchange is nowadays the world's leading platform for green finance. We urge ADB to extend its offer of green finance products and we welcome the efforts undertaken for substantially raising commercial co-financing by 2030, with every dollar in financing for its private sector operations matched by two dollars of long-term co-financing from private sources.

Asian Development Fund

Climate change is affecting every country on every continent. However, it affects disproportionately the poorest and most vulnerable populations. The Asian Development Fund is a unique tool to help the poorest and most vulnerable member states to address the challenges created by global warming. ADF will also play a crucial role in positioning ADB strategically in a changing development landscape. Many economies have made the transition from low- to middle-income country. At the same time, some members are lagging and remain very vulnerable. 1.3 billion people in the region remain close to or below the extreme poverty line and inequality in the region is on the rise, albeit at a slower pace than in the past. A higher Gini-coefficient is of concern in some larger developing member countries and illustrates the need for ADB to focus on further strengthening the inclusiveness of its projects. ADB's overarching goal is fighting poverty, and the region's poorest countries need more assistance to pursue economic prosperity for their people while putting the emphasis on inclusive and sustainable development. In this sense, it is important to revive the discussions around the innovative ADB-ADF merger and aim for new ideas to make

ADF more relevant again, a scale up facility for ADF-only countries, and additional allocation for disaster risk reduction. In addition to the country performance criteria, indicators of fragility, conflict, and vulnerability, ought to be considered. Strategy 2030 needs to explain how ADF is utilized to pursue ADB's developmental objectives. ADF is too important for not being part of Strategy 2030.

In all these important and challenging endeavors ahead, let me assure you of Luxembourg's conviction and fullest support for ending extreme poverty and boosting shared prosperity. Finally let me express my warmest thanks to the Philippine authorities for their gracious hospitality.

Thank you.