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PAPUA NEW GUINEA
Charles Abel, Governor

Mr. Chairman, Mr. President, fellow Governors, distinguished representatives, ladies and gentlemen. It is a great honour and privilege to deliver my statement as Governor for Papua New Guinea (PNG) on this occasion of the 51st Annual Meeting of the Asian Development Bank (ADB).

At the outset, let me take this opportunity to express my country's appreciation to President Nakao and the ADB and of course the Government and beautiful people of the Philippines for hosting this year's Annual Meeting, and for the warm hospitality extended to us.

As always, we look forward to representing our country, our region and contributing to the **"Linking People and Economies for Inclusive Development"** theme of this meeting.

I take this opportunity, on behalf of the Government and people of PNG, to convey our sincere appreciation and gratitude to the ADB for its timely provision of grant support, to help with our relief and recovery efforts after the 7.5 magnitude earthquake and aftershocks that struck the Highlands of PNG on 26th February this year. This small intervention points to the broader issue in the Pacific and elsewhere of the innovations required in terms of financing fragile and vulnerable States, particularly in terms of climate and other natural disasters.

We commend the ADB on the work being done here and we request that there be a coordinated effort by all development partners in this space to pool resources and minimise transaction costs and inefficiencies. Indeed coordination of development financing activities in general needs to be further addressed given the multitude of existing institutions and new players such as the AIIB.

We thank the Bank and staff generally for its ongoing efforts in pursuing its mandate to develop an Asia and Pacific region free of poverty.

We welcome the ADB's new long-term Corporate Strategy 2030, which reinforces and strengthens the Bank's mission and objectives of achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific.

We acknowledge the Bank's continued efforts and commitments to improve and explore innovative modalities to respond meaningfully to unique development needs of member countries. PNG has and continues to benefit from the Multi-Tranche Financing Facility, an innovative PNG tailored modality that complements our medium term development plans and fiscal strategies, and should the environment be appropriate in our region, we stand ready to assist Member countries and the ADB from our experiences.

As the largest of the Pacific Developing Member Countries (PDMC), PNG is a good barometer of some of the benefits and strengths of the multilateral participation in our region and of course some of the areas that we strive to improve.

We are in the process of finalising a PPP arrangement for the upgrade and operation of Port Moresby International Airport and completed a PPP arrangement in the operation of our upgraded main sea ports of Lae and Port Moresby with the support of the ADB.

We also acknowledge the ADB's efforts in streamlining procurement processes that permits more flexibility and dynamism in the bidding process allowing multiple stage bidding for complex procurement. In particular, we welcome the use of agency procurement systems that we believe will help pave way for greater use of country systems.

We support the intentions of the Bank to improve in the area of program monitoring and evaluation.

PNG aspires to be a net contributor in terms of climate security, energy security, food security, and overseas development assistance.

It has the globally significant elements in terms of natural resources that make this aspiration credible.

The solution to true sustainability in a holistic sense and addressing the basis of issues like climate change, lies in supporting countries like PNG transition to a new low carbon, low population paradigm economy that monetizes its natural assets in a sustainable manner.

We face development pressures, internal and external, that places this at risk and we ask multilateral agencies, such as the ADB, World Bank and the WTO to help manage these risks in the interests of sustainable development.

Issues such as cross border interactions of a criminal or illicit nature, profit shifting, transfer pricing tax avoidance, multinational corporation resource agreements, illegal fishing, and even WTO obligations can transfer wealth from vulnerable countries and compromise natural assets such as forest and tuna stocks.

The economic growth of PNG was sluggish in 2017 owing to the contraction associated with the natural declines of the oil fields, lower production and export of logs and the continued softness and sluggish rebound of the global economy. But we have taken the opportunity to address the mistakes of our past with public financial management reforms and now make that an essential part of any multilateral investment in our country.

In 2018, the economy was expected to pick up modestly, expanding by 2.4 per cent, however our recent earthquake has dampened this growth forecast. The full assessment of the impact will be documented in our mid-year economic and fiscal outlook report. The non-mining sector remains buoyant driven by factors such as the hosting of the APEC meetings, higher domestic Government spending such as required from the reconstruction efforts post the earthquake, the reduction in the foreign exchange imbalance due to a substantial increase in external financing, an improved coffee season and expectations of increased demand for copra and coconut oil.

Over the medium term the PNG economy is expected to grow at an average of 2.4 per cent driven largely by the non-mining sectors of the economy, particularly our value-added agriculture, fishery and forestry sectors.

To ensure this growth translates into economic benefits for our people, our Government is addressing a range of structural reform and policy areas that are crucial for inclusive growth and development. These include supporting policy priorities in the: financial; education; health; infrastructure; agriculture; and MSME sectors.

PNG commends the choice of Fiji as host of the 2019 Annual Meeting.

We support the membership application of Niue to the ADB and look forward to them participating as a fully-fledged member next year.

To conclude, let me say that the PNG Government commends the work of the ADB in our country and the region more generally. We value the relationship we have with the ADB, and look forward to continue working in partnership in addressing our development challenges.

Thank you.