Statement by

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On behalf of the Asian Development Bank, I thank the Development Committee for the invitation to attend its 88th meeting as an observer. Today, I would like to discuss three issues: first, the views of the Asia-Pacific region about post-2015 development agenda; second, the mid-term review of ADB’s long-term strategy; and third, progress of the multilateral development banks, or MDBs, on transport since Rio+20.

A. Development Challenges in Asia: Views from Asia-Pacific Region

Last month, ADB joined with UNESCAP and UNDP to launch our eighth joint report on the Millennium Development Goals – the MDGs – in Asia and the Pacific. The assessment shows that while no country will achieve all goals, neither will any country fail on all of them. The region has made remarkable progress in reducing income poverty, increasing access to safe drinking water, and achieving gender parity in education. It has achieved near-universal primary school enrolment, and primary completion rates indicate clear progress. The spread of infectious diseases has been contained, and the loss of forest cover or areas with protected status has been reversed.

But the region still faces a significant unfinished agenda. People in the Asia Pacific region remain vulnerable to extreme poverty, jobless growth, and hunger and food insecurity. The bias against women and girls persists, as evidenced by continued strong son-preference in most countries and differential access to health services and nutrition. The incidence of non-communicable diseases is rising, and improvements in maternal and child health are limited. We also see growing concerns around the quality of education as access alone does not result in productive work opportunities.

The region’s challenges were only partially addressed by MDGs, and new challenges are emerging. Growing inequalities in income and opportunities are emerging as a major development challenge. These increasing inequalities have reduced the impact of economic growth on poverty reduction and can potentially impede the growth process itself. With unplanned urbanization, municipal capacities are stretched. And our changing demographics – with both an aging population and a youth bulge – reveal deficits in social protection and job creation. The quest for growth is increasing the pressure on natural resources, while the growing exposure to disasters and threat of climate change could reverse hard-won development gains. Emerging challenges need greater attention in a fast changing Asia and Pacific region where aspirations today are higher than 20 years ago.

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To respond to these challenges, based on extensive regional consultations conducted with government officials, civil society representatives and academia, the regional MDG report calls for bringing together the three pillars of sustainable development – economic prosperity, social equity and environmental responsibility. A post-2015 global agenda should be underpinned by inclusive and environmentally sustainable growth, customized to national development needs. It should also be backed by identified sources of finance, founded on partnerships, and monitored with robust statistical systems. Development priorities identified during the regional consultations include strong support for the core agenda of eradicating poverty, and the requisites for meeting that agenda – food security, job opportunities, health, quality education, sanitation, access to safe water and infrastructure. It is also essential to prioritize accountable and responsive governance and environmental responsibility.

B. Mid-Term Review of Strategy 2020

Now let me turn to my second topic – the review of ADB’s long-term strategy framework, Strategy 2020. Strategy 2020 was approved by ADB’s shareholders in 2008 as the main corporate-wide strategy and planning document. It provides a clear mandate and direction to ADB in its vision of an Asia and Pacific region free of poverty, with three strategic agendas of inclusive growth, environmentally sustainable growth, and regional integration. As the mid-point of Strategy 2020 approaches, ADB is undertaking a review with the objective of improving our responsiveness and effectiveness.

ADB’s operations rose to more than $65 billion during 2008–2012, the first 5 years of Strategy 2020 implementation, representing an increase of about 75% over the 5-year period preceding the strategy’s adoption (2003-2007). Non-sovereign private sector operations more than doubled over the same period. ADB assistance has supported faster growth in DMCs, helped fill their infrastructure gaps, and contributed to their progress on poverty reduction and the MDGs. ADB obtained positive ratings in external performance reviews.

ADB’s support for infrastructure development is the main contributor to Strategy 2020’s agendas. Infrastructure operations comprised 72% percent of ADB operations during 2008-2012. These operations supported economic growth and improved the enabling environment for private sector investments, encouraged greater direct foreign investments and enabled greater innovations. Infrastructure investments supported inclusive growth by creating jobs and economic opportunities and linking the poor to markets. The share of infrastructure projects addressing climate change and contributing to regional integration increased significantly.

The review also identifies areas needing major improvements. Success rates of completed projects have not yet reached the 80 percent target that ADB set. Delays in project startup and implementation have been noted and require serious attention. Procurement processes are still prolonged. Steps are being taken to improve project readiness, procurement and implementation. Skills shortages continue in specific technical areas as well as in project management and project finance.

Strategy 2020 identified nine key challenges facing the region which could derail its progress—poverty, increasing inequalities, demographic transition, stress on environment, infrastructure deficit, less than optimal regional integration and financial systems, insufficient innovation, and weak governance. These challenges remain valid. In fact, some of these challenges have become more pressing now, including increasing inequalities and climate change. The vast potential for regional integration is still not being harnessed fully. Large gaps for infrastructure financing remain. In addition, some new issues have become more prominent, such as higher vulnerabilities and the “middle income trap” faced by some DMCs.
Sovereign credit ratings have improved in several developing member countries (DMCs) in the region since the adoption of Strategy 2020, which has enhanced their capacity to borrow for their development needs both locally and internationally. However, due to substantial variations in institutional capacity, and development needs, the role of multilateral development financing remains critical. Moreover, following the serious liquidity crunch stemming from deleveraging in the aftermath of the 2008/9 financial crisis, it has become clearer that public sector investments and finance will need to play an important role to sustain growth. Some DMCs regard ADB’s present financing as being too small to adequately meet their large development needs, especially for infrastructure.

Moving forward, ADB’s potential future strategic priorities will focus on (i) continued support for infrastructure investments as a major focus of ADB operations; (ii) increased emphasis on inclusiveness; (iii) stronger support for climate change and environment; (iv) more proactive support for regional cooperation and integration; (v) stronger relevance for middle income countries; (vi) stronger support for private sector development and private sector operations; (vii) better mainstreaming of knowledge solutions; (viii) ensure adequate financial resources; (ix) delivering best value for money; and (x) strengthening skills, incentives and institutional arrangements to ensure that ADB can effectively respond to the varying DMC needs. These strategic priorities will be further refined as we consult with all stakeholders on this midterm review.

C. Progress since Rio+20 with Focus on Transport

My third topic is transport. Transport is integral to the activities, goods and services needed to improve people’s lives.

During last year’s Rio+20 Conference, ADB participated in a group of eight MDBs in jointly pledging US$175 billion for transport in developing countries, over the next 10 years. This commitment will support more sustainable forms of transport, such as public transport and non-motorized transport in cities, and railways and water for long distance freight transport. Our commitment was widely recognized as one of the biggest achievements of the Rio+20 Conference.

Since then, our institutions have been working hard to maintain the momentum of the Rio+20 outcomes. In May this year, the heads of transport operations of each of our eight MDBs met for the first time in The Hague, and agreed on an operational plan to jointly implement our commitment.

Among the MDBs we have established a technical working group to develop a common monitoring and reporting framework on sustainable transport, and to prepare a first progress report on the sustainability of our transport operations by end of this year. This group met in August at the EBRD headquarters in London, and has already made significant advances against the aforementioned tasks. Further work is being undertaken as we speak.

Such efforts are also contributing to the wider efforts of the international community to firmly embed transport within the Post-2015 Sustainable Development Framework.

At ADB, we assist our DMCs in building transport infrastructure and services that contribute towards low-carbon, safe, and accessible and affordable transport systems. Transport has been one of the ADB’s main sectors over the last four decades, comprising nearly 32% of total ADB lending.

Once again, thank you for this opportunity. ADB remains firmly committed to working with all partners for an Asia and Pacific free of poverty.