

Fourth ADB Business Opportunities Fair (BOF 2013)
Welcome Remarks by
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Asian Development Bank
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Good morning Ladies and Gentlemen.

On behalf of the Asian Development Bank, I extend a very warm welcome to you all. You come from more than 30 of our member countries across the globe. And a special welcome to the Hon Craig Foss, Minister of Commerce, Consumer Affairs and Broadcasting of New Zealand – who heads the New Zealand Trade Mission delegation.

Today's turnout is the largest thus far for the ADB Business Opportunities Fair, now running on its fourth year, with more than 500 individuals registered. I thank you for your continued interest, past collaboration and assistance.

The annual Business Opportunities Fair is all about strengthening our partnerships. Almost all of ADB's portfolio is delivered in conjunction with consultants, contractors and suppliers like yourselves. We want to share information to help you submit responsive bids, proposals and expressions of interest to meet better the needs of our developing member country clients. ADB-funded projects can only benefit from the more competitive procurement of high-quality goods, works, and diverse consulting expertise.

Let me put this in the context of regional opportunities and challenges we face.

REGIONAL ECONOMIC CHALLENGES AND OPPORTUNITIES

We are all aware that the economic slowdown in the major industrial economies of the United States, Europe, and Japan continues to drag on. This in turn is impacting developing Asia's major economies, including India and China. However both India and China are adopting policy measures that could result in adjusted growth rates this year of 8% and 6.5%, respectively, based on December 2012 updates from our Asian Development Outlook.

Growth in Central Asia continues to soften amidst difficulties in the sub-region's two largest economies, Azerbaijan and Kazakhstan, where lower oil output in the former, and a weakened industrial sector and lower agricultural output in the latter point to a 5.7% growth forecast.

One positive development is that ASEAN countries are exhibiting encouraging indicators and prospects, particularly as the bloc moves toward greater economic integration by 2015. A stronger-than-expected third quarter 2012 performance in Malaysia and the Philippines and a fourth quarter rebound in Thailand has led our economists to forecast a 5.8% growth for ASEAN-5 in 2013, and 5.5% growth for the entire Southeast Asia.

Myanmar is undertaking serious reform, and receiving support for its efforts in re-engagement with the international community. The Philippines is striving to improve its governance and investment climate. The rest of Southeast Asia continues to pump-prime domestic demand. The weak global economy is only modestly impacting Pacific economies, as tourism remains a key growth engine for some Pacific Island countries, and major infrastructure projects - particularly in Papua New Guinea and Timor-Leste - appear to be supporting regional growth. And most of South Asia remains relatively resilient.

We all know that challenges present opportunities. The ADB continues to assist developing member countries to reduce poverty and improve living conditions and quality of life in Asia and the Pacific. The Bank has a capital base exceeding 160 billion dollars as of end-2012, and a concessional lending window, the Asian Development Fund, of more than 35 billion dollars. Over the next three years through 2015, ADB operations are projected to reach 60 billion dollars.

ADB's STRATEGY 2020

Allow me to provide you an overview of 'Strategy 2020'- our long-term strategic framework - which you may have heard about. Strategy 2020 serves as the ADB's corporate planning document and focuses ADB operations into five core areas that best reflect our comparative strengths in supporting developing member countries' needs, while complementing efforts by development partners. Infrastructure – including transport, energy and water, Environment – including climate change, Regional Cooperation and Integration, Finance Sector Development and Education are core sectors. In addition, we have some operations in agriculture and natural resources, public sector management and health sectors.

ADB operations are also informed by five drivers of change: private sector development and private sector operations, partnerships, good governance and capacity development, gender equity and knowledge solutions. These drivers of change cut across all sectors.

Promotion of inclusive growth will require us to maintain momentum for economic growth, alongside a focus on human capital development, job creation, and upgrading of infrastructure and delivery of services which meet the needs of the wider population. Interventions are also required to address prevailing inequalities and to ensure that the most vulnerable groups are not left behind by the region's economic success.

Let me now focus on some particular areas of challenge and opportunity - infrastructure development, and the role of the private sector and partnerships.

INFRASTRUCTURE AND PUBLIC-PRIVATE PARTNERSHIPS

By our estimates, emerging Asia will need about 750 billion dollars a year in infrastructure financing alone, for both hard and soft infrastructure, to support current levels of economic

growth. Infrastructure development spans across sectors and disciplines, in urban and rural scenarios, clean energy, power transmission, efficient public and cross-border transport, communications, and freight logistics management systems; farm-to-market roads, irrigation, and product value chains; water and wastewater treatment and sanitation technologies; facilities for higher education; public procurement reform; climate change adaptation and mitigation measures; disaster preparedness and response: the list goes on. ADB brings knowledge solutions and best practices along with public sector lending for infrastructure development.

However, a significant portion of these massive infrastructure investment requirements will have to come from the private sector. But this must also be premised on an enabling environment of government policies that foster innovative projects and businesses. Governments around the world are increasingly turning to private infrastructure investors to upgrade country systems and technologies and to deliver cost efficiencies as well as innovation. The ADB is proud to be helping to catalyze high technology infrastructure investment through innovative financial and technical support, as evidenced for example by approved ADB-financing for privately developed solar power projects in some countries. We believe that long-term private infrastructure investment can attract novel technologies to very basic infrastructure services. And we expect significant scale-up of our private sector development operations to up to 50% of ADB total operations by the year 2020.

While the ADB recognizes the private sector as a critical engine of sustainable growth and poverty alleviation, we also see tremendous value in governments working in partnership with the private sector, and of including communities into this partnership to ensure inclusiveness. Specialized private sector investors are increasingly looking at these infrastructure challenges as an investment opportunity, specifically in the Public-Private Partnership (PPP) space. Hence, one of the thematic presentations scheduled for tomorrow will be on ADB's Strategy for PPPs, which I understand is a first for the Business Opportunities Fair.

The ADB is also shifting increasing attention towards ensuring quality of implementation and tracking of results, which requires more rigorous project management. Let me update you on some recent actions.

IMPROVING GOVERNANCE THROUGH EFFICIENT PROJECT IMPLEMENTATION AND PROCUREMENT MANAGEMENT SUPPORT

Renewed focus on efficient project implementation and portfolio management through improved procurement processes was demonstrated by the upgrading in 2012 of the former Central Operations Services Office (otherwise known as 'COSO') to a full line department known as the Operations Services and Financial Management Department. The President of ADB also recently approved important procurement governance reforms. Improving governance through better procurement processes in our developing member countries is a priority of the ADB. This includes, among other things, upgrading public procurement systems to make the process more transparent, competitive and fair. ADB together with other development partners is working to increasingly utilize country systems.

Experience has shown that the most common cause of delays in project implementation is managing procurement. Thus, in continuing to streamline ADB processes, there should be fewer and larger contracts rather than many small contracts. In addition, there should be increased use of innovative contracts, such as those with incentives to complete quality work on time and within budget, or large contracts that encourage joint ventures between international and local contractors. A Procurement Accreditation program for ADB staff has been introduced to enhance staff's skills. And in close collaboration with development partners, the ADB is pursuing harmonized procurement procedures, and is adopting a common approach to capacity development.

CONCLUSION

In conclusion, let me say, you have a full 2-day program of sessions ahead of you, which will cover our procurement system, procurement integrity, sector-specific opportunities, emerging themes, and other key ADB requirements, interwoven with opportunities for practical discussion. You will hear from a range of ADB colleagues from different work areas, and there will be networking opportunities on the side.

I wish you a successful Forum and a productive visit to the ADB. I look forward to meeting some of you at the end of the day during drinks.

Thank you.

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