

**BOARD OF GOVERNORS
6-7 MAY 2017, YOKOHAMA, JAPAN**

**STATEMENT BY H.E. DATO' WIRA OTHMAN AZIZ, DEPUTY FINANCE MINISTER I AND GOVERNOR AD INTERIM
FOR MALAYSIA**

1. On behalf of the Government of Malaysia, please allow me to express my heartfelt gratitude to the Government of Japan for hosting the 50th Annual Meeting of the ADB Board of Governors in this wonderful city of Yokohama. I also wish to express my appreciation to Mr. Takehiko Nakao as well as the ADB management and staff for their relentless effort in organising this Annual Meeting under the theme "Building Together the Prosperity of Asia".

Excellencies,

2. As we meet today here in Yokohama, growth momentum in the global economy continued to record gradual improvement across major economies and modest expansion in the emerging market and developing economies. Global economy is estimated to gain momentum in 2017 led by a pick-up in emerging markets and developing economies as well as an improved growth in advanced economies. As global economic activity improves, downside risk remains. The potential introduction of protectionist trade policies and inward looking approach would impact countries as it creates more uncertainties. Therefore, in sustaining growth and mitigating risks, a comprehensive, well-balanced and well-communicated policy mix is essential. This includes sound policies on infrastructure development, investment in education as well as structural and fiscal reforms.

3. Home to more than half of the world's population, Asia remains the engine of global growth. From 12% of global GDP in the early 1960s to almost one third today, Asia's economic growth has been nothing less than impressive. Its GDP grew at 5.7 percent in 2016. After more than two decades of rapid economic development, incomes rose across all segments of Asia's population. Though millions have been lifted out of poverty thanks to the growth dividend alone, economic development has not benefited the region's populations equally or at the same pace, causing the region's income disparity to grow. Indeed, income inequality has risen in most of Asia, in contrast to most regions. In some larger countries, spatial disparities, in particular between rural and urban areas, explain much of the increase. As explained in the roundtable discussion earlier, in developing Asia, inequality has widened in 12 of the 28 economies with comparable data since the early 1990s. Asia and the Pacific region remains home to two-thirds of the world's poor, a staggering 1.2 billion people live below the poverty line of USD3.10 a day. Lack of access to education and health services can worsen education and health outcomes, hampering productivity and perpetuating income inequality. The inadequate access to financial services also constrains the ability of people, particularly low-income individuals, to borrow for investment and to finance education spending.

Excellencies,

4. Governments have taken considerable amount of measures in combating inequality. Given limited social safety nets, well-designed fiscal policies may be able to alleviate inequality without stifling the region's wealth-creating growth. When the ADB was established in 1966, Asia and Pacific was one of the poorest regions in the world with an annual per capita income of about USD100. But for the past 50 years, ADB has supported many countries in fostering economic growth and cooperation through infrastructure development. This is a tremendous achievement, but I would like to emphasise that there is still much needed work to be done. ADB can produce more evidence and studies to assist countries in formulating policies and programmes that promote inclusive and sustainable growth for the region. More policy dialogues with member countries should be held to facilitate member countries in designing sound policies, implement structural reforms and carry out well-targeted initiatives that would alleviate inequality, bolster potential growth and reduce potential vulnerabilities.

Excellencies,

5. In 2015, countries have adopted a set of goals to end poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda. This agenda comprises 17 goals with 169 associated targets to be

achieved over the next 15 years which include combating climate change and ensuring sustainable development in areas such as infrastructure and economic growth. As such, developing countries will benefit from progress that takes into account the sustainability and environmental aspects through the adoption of technology and practices from advanced economies.

6. In addition, infrastructure investment plays an important role in attaining these Sustainable Development Goals (SDGs). The McKinsey Global Institute has published a study on “Bridging Global Infrastructure Gap” in 2016 which identified enormous needs for infrastructure development. The study stated that for the period 2016 - 2030, a global infrastructure spending of USD49.1 trillion is needed, with some 60% of this total needed in emerging market countries. Therefore, we believe it is imperative to increase the level of the private sector investment in infrastructure as Government alone cannot do this. Investment can be done in various ways such as the public-private partnership projects (PPPs). Well-designed PPPs have proven to be better than traditional public sector delivery approaches as it brings market expertise and discipline in managing infrastructure projects. Governance framework can be developed through innovative forms of PPPs as well as Islamic sukuk financing which enable infrastructure sustainability and facilitate private financing. The private sector can play a more significant role in stimulating economic growth by providing employment opportunities and reducing income disparity.

7. The ASEAN Infrastructure Fund (AIF) and Credit Guarantee and Investment Facilities (CGIF) are also initiatives that could be further enhanced through smart partnership with the private arm of ADB. We hope that the AIF, CGIF and ADB can continue to work together to fund infrastructure development in the less privileged countries in order to boost their economic growth. Additionally, we welcome ADB's collaboration with the Asian Infrastructure Investment Bank (AIIB) in infrastructure development projects such as the One Belt One Road (OBOR) initiative and we hope this collaboration can further facilitate regional economic growth.

8. Therefore, I hope ADB would continue to catalyse on regional cooperation particularly in new areas including emerging technologies that would help put the region on a sustainable growth path and reduce income disparity. Malaysia remains committed and supportive towards the role that ADB plays and its mission to help developing member countries reduce poverty and improve the quality of life of the people in Asia. I am looking forward to working more closely with ADB and member countries in promoting inclusive growth in the region. In line with this year's Annual Meeting theme “Building Together the Prosperity of Asia”, Malaysia views the ADB as an important partner in a broad spectrum of areas of cooperation and has contributed greatly to our regional growth. Balancing economic prosperity, social equity, and environmental responsibility will continue to be a challenge for every country in the Asia and the Pacific. Nevertheless, I believe ADB would continue to support countries in this region to achieve sustainable development and shared prosperity. Rest assured, we are ready to enhance collaboration with ADB to build Asia's prosperity together.

Excellencies,

9. To conclude, allow me on behalf of Malaysia, to congratulate ADB for 50 successful years in working towards eliminating poverty in the Asia Pacific. We look forward to the next 50 years in seeing the Asia Pacific transformed into a region with equitable, inclusive and sustainable development.

 [Download PDF \(/pdf/ucapan/2017/Speech_YBTMK1_Jepun.pdf\)](/pdf/ucapan/2017/Speech_YBTMK1_Jepun.pdf)



