

# Orientation Program for DMC Officials

Presentation by

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# LTSF Review

# ADB's Objective

**Charter**: The purpose of the Bank shall be to foster economic growth and co-operation in the region and to contribute to the acceleration of the process of economic development of the developing member countries in the region, collectively and individually.

## **1999 Poverty Reduction Strategy and LTSF**

**2001-2015**: Reduction of poverty is ADB's overarching goal.

# Growth

- Asian DMCs grew on average at 6.7% in the past 5 years
- Region's per capita GDP increased from \$424 in 1990 to \$1,030 in 2005 (in constant 2000 US\$)

# Poverty

- Percentage of people living on less than \$1/day declined 34.6% in 1990 to 18.0% in 2005
- Still 603.9 million people live on less than \$1/day, 1.7 billion people on less than \$2/day
- Many countries are off track in achieving non-income MDGs by 2015
- By 2020 region's poverty incidence would further fall to 2 – 10% with 80-390 million people.

# Social Disparities and Threats to the Environment

- Increasing disparities within countries and between countries
- Increasing strains on the environment:  
e.g., natural resources depletion, industrial pollution, urban environment (mega cities), climate change

# Regional Integration

- More than 50% of region's trade is intra-regional
- Strengthening of regional cooperation after 1997 crisis
- ASEAN +3; East Asia Summit

# Region rich with financial resources but with wide financing gaps

- High savings rate
- More than \$3 trillion of foreign exchange reserves
- Still huge financing gap for development (\$200 billion/year for infrastructure)

# Results of Regional Consultations on LTSF Review

## ADB's Vision

### General support:

General support was given on ADB's Vision to remain "*Asia and Pacific Region free of Poverty*".

### Additional comments:

ADB's vision should not be limited to poverty reduction – could include improving quality of life and prosperity.

# Results of Regional Consultations on LTSF Review

## Strategic Directions

### General support:

ADB should pursue its vision through

- inclusive growth
- environmentally sustainable growth; and
- regional cooperation and integration

# Results of Regional Consultations on LTSF Review

## Selectivity and Operational Focus

### General support on:

Infrastructure  
Financial Sector  
Energy and environment  
Regional cooperation and integration

### No decisive views on:

Agriculture  
Health  
Education

# Next Steps

- Late Dec '07 - Circulation of a draft paper to the Board
- Late Jan '08 - First Board Meeting
- Early Mar '08 - Circulation of the final paper to the Board
- Late Mar '08 - Second Board Meeting
- Early May '08 - Governors' Seminar at the Annual Meeting

**ADF X**

**ADB**

# ADF Countries

- Many of them growing only at 3% - 4% a year
- 100 million people on less than \$1/day, additional 300 million less than \$2/day
- Many are off track in achieving non-income MDGs by 2015.

# ADF X (2009-2012)

- Last replenishment to support MDGs by 2015
- Heavy reliance of ADF countries on ODA
- Diminishing share of ADF
- Need for scale-up

# Strategic Priorities of ADF X

- Inclusive growth
- Environmentally sustainable growth
- Regional cooperation and integration
- Good governance and capacity development

# Focal Sectors for ADF X

Infrastructure  
Education

Agriculture  
Finance  
Health

# Key Discussion Agenda

- Effectiveness
- Strategic priorities
- Performance-Based Allocation
  - Possible cap for large blend countries
  - Post-conflict countries
  - Regional project pool
  - Portfolio performance

# Financing Issues

- Reflows
  - Significant increase
  - Impact of grant operations
  - Impact of HIPC debt relief
- OCR net income
- New donor contributions

# Reforms in ADB

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- Results orientation
- Selectivity and Focus
- Responsiveness to Clients' needs
- Strengthening of portfolio management
- Transparency
- Harmonization and Alignment
- Human Resource Management

# Initial Outcomes

- Increase in lending (OCR, PSO)
- Improvement of quality at entry
- Increase in disbursements
- Improvement in portfolio
- Increased project success rate

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**Thank you.**