



**The 2008 Annual Meeting in Madrid, Spain**  
**Opening Address**  
**by the**  
**Chair, Board of Governors and Governor for Spain, Mr. Pedro SOLBES MIRA**

It is truly an honour to welcome you to Spain and to the city of Madrid for the 41st Annual Meeting of the Asian Development Bank.

The planning for this auspicious event has been an example of the strong partnership Spain has built with Asia and the Pacific countries and with ADB; of our commitment to promote and foster growth, sustainable development and poverty reduction in the region.

I would like to thank the regional and local authorities from Madrid's Autonomous Region and the City of Madrid for their support in organizing this Annual Meeting.

*(Global Economic Situation and Outlook)*

As we gather here today to deliberate the future of Asia and ADB's ongoing role, a shadow looms over the global economy. But even as the slowdown that began in the US is now spreading to Europe and Japan, the Asia and Pacific region remains strong. Developing Asian economies are set to grow by 7.6% this year, after last year's 8.7%, which was the highest growth rate in almost two decades.

Economic growth, while necessary for reducing poverty, is not sufficient on its own. The Asia and Pacific region still faces many challenges in improving the lives of the poor. Rising food prices are putting poor people into precarious circumstances. Asia's large energy demands are increasingly adding to the threat of climate change and environmental degradation. And recent reports suggest that even this fastest growing region of the world will not achieve all the non-income Millennium Development Goals.

There are still large financing gaps. But these also need to be accompanied by good governance and sound public policies to ensure the benefits reach the poor and disadvantaged. The region's policy makers are to be commended for maintaining macroeconomic stability, integrating into the global economy, and improving the region's business and investment climate. These efforts must continue to ensure that future growth is adequate to support ongoing poverty reduction.

Regional partnerships are also paramount to support and sustain economic growth and financial stability, and to solve shared problems. Increasing regional cooperation and integration in Asia is a positive development not only for Asia, but for all participants in the global economy.

*(Europe and Asia-Pacific Partnerships)*

We all know that European cooperation and economic integration has significantly narrowed income gaps and increased economic growth. There is no better time than now to accelerate the process of regional cooperation and integration so that more countries and more individuals can enjoy the benefits of Asia's growing prosperity.

I am pleased to note that, in March of this year, ADB and the European Commission held a joint conference in Brussels in which many of the experiences and challenges of the two regions were shared and debated, strengthening the partnership between Asia and Europe. Our respective regions have become increasingly interdependent: total trade between Asia and Europe of almost \$1 trillion in 2006. Asian portfolio investments in Europe and European assets invested in Asia have also both grown substantially and, in 2006, each represented more than \$1 trillion.

Ongoing reforms will be needed to further improve the environment for private sector investment. We are pleased that ADB, under its new long-term strategic framework, will take on more work with the private sector. But for the private sector to become a true engine for growth in these countries, they also need sound regulatory and institutional frameworks and infrastructures that allow competitive participation of the different economic agents. Conditions which the Bank can, undoubtedly, promote.

*(ADB's Role in Development)*

Ladies and gentlemen, ADB's contributions to the growth of Asia and the Pacific, and to poverty reduction, have been substantial. ADB remains an important regional partner, and a conduit for all of us to participate in the region's progress.

I am very pleased that we have been able to successfully conclude the Asian Development Fund replenishment negotiations here in Madrid. This will allow us to substantially increase our development efforts in the poorest countries.

2008 is an important year for ADB. Last month, the Board of Directors approved the new long-term strategic framework – Strategy 2020 –. This strategic framework, to be completed with ADB's results framework, sets out an ambitious agenda. I would like to highlight two areas.

On the one side, infrastructure operations, with a wide approach to include not only physical assets but also the delivery of related services and institutional capacity building. In this sense, we welcome the emphasis placed on public-private partnerships in this sector, especially in the light of our own experience here in Spain.

On the other, I would like to mention the activities carried out by the Bank in the field of climate change. Asia's growth prospects and energy needs make it clear that one of the biggest battles against environmental deterioration will take place in this region. The fight against climate change is therefore a key goal which should be addressed, horizontally, in all the activities of the Bank.

To meet the expectations of ADB's members, we have to manage and resource ADB efficiently and appropriately. The Bank should also be able to offer new financing solutions and reinforce its human resources with the required capacities to strengthen the new core areas; with the

appropriate tools to the changing needs of developing member countries. I look forward to future discussions on these very important issues.

*(Spain, Asia and ADB)*

Let me turn now to Spain and to our long-standing partnership with the Bank.

Today, Spain is a dynamic and modern economy, with high living standards. We are the second largest investor in Latin America. I am convinced that our experience and lessons learnt in our internationalization process, can prove really helpful for Asia and the ADB.

And we are increasingly looking towards Asia. In recent years, Spain has seen its economic relations with Asia become more and more intertwined. Investments in the region have grown and an increasing share of our imports comes from developing Asia. These trends will be consolidated in the years to come, strengthening the links between Spain and the region.

Surely the celebration of this Annual Meeting in Spain opens a new era in the bilateral relations between our country and the ADB. I truly believe that the bank's regional focus and its more than 40 years of operations in the region make the Bank an excellent platform through which Spain can effectively contribute to the development process of the Asia-Pacific region. It is therefore only natural that we would like to underpin this engagement with a larger participation in the capital of the bank. In this regard, we are awaiting with interest the forthcoming debate on a General Capital Increase.

But we cannot remain complacent. Challenges are vast and resources scarce. We expect the Bank to work efficiently. Measuring results and learning from experience. Partnering with others and becoming more responsive to the development needs of its partners. Yet, reform is underway. We commend the Bank for the progress achieved so far, but we urge to keep momentum going. Much remains to be done.

We welcome the initiatives the Bank has undertaken in recent years in the areas of water, clean energy and energy efficiency, carbon markets, climate change, regional integration and urban development.

I am pleased to announce that Spain will contribute with \$ 17 million to support ADB activities on water, clean energy and urban development. We consider these sectors are crucial to improving the living standards, tackling climate change and making progress toward the achievement of the Millennium Development Goals.

Spain has also agreed to significantly increase its contribution to the recent replenishment of the Asian Development Fund, recognizing that we must redouble our efforts with the poorest countries while acknowledging, at the same, time your commitment, President Kuroda, and that of your team, to continue with the reforms needed to effectively deliver this assistance.

*(Concluding Remarks)*

Ladies and Gentlemen, the Asia and Pacific region has come a long way. But we cannot forget the crucial challenges that prevail in the world's most populous region. Let me reaffirm our support to ADB and our commitment to create a brighter future not only for Asia's poor, but for

all of us in this global community. Spain has been and will remain a dedicated partner in this effort.