

Statement by the Honorable Taro Aso  
Deputy Prime Minister of Japan and ADB Governor for Japan  
at the Forty-Seventh Annual Meeting of the Board of Governors of the Asian Development Bank  
(Astana, Kazakhstan, May 4, 2014)

**Introduction**

Mr. Chairman of the Board of Governors, Mr. President, Governors, and Distinguished Guests:

I would like to express my sincere gratitude to the Government of Kazakhstan and the citizens of Astana for their warm welcome. It is a pleasure to be here.

Before I begin, I would like to express my heartfelt sympathy to the families of those who lost their lives in the landslides in Afghanistan and in the ferry boat tragedy in Korea and to the families of passengers in the missing Malaysia Airlines flight.

The relationship between Japan and Central Asia, including Kazakhstan, has deepened year by year. This year, the “Central Asia plus Japan” Dialogue, a framework for promoting regional cooperation among Central Asian countries through a catalytic role Japan plays, marks the 10th anniversary of its establishment. I welcome the holding of the Annual Meeting this year in Kazakhstan in Central Asia, a country and a region with which we have such close ties.

Since its inception, the ADB has played a central role in Asia’s development. Under the strong leadership of President Nakao, the ADB is actively undertaking two initiatives that will help it to stay responsive to the region’s needs.

First, the ADB seeks to raise its lending capacity by combining the resources of the Asian Development Fund (ADF) and its Ordinary Capital Resources (OCR). This will enhance the ADB’s ability to meet the expanding financing needs of low-income countries. As the largest donor to the ADF, Japan welcomes this innovative idea. And I expect that discussions on this idea will lead to a positive outcome.

Second, the ADB has conducted a midterm review of its “Strategy 2020” that will help the ADB to better address evolving development challenges in the region. I welcome the ten strategic priorities identified in the review, which will help the ADB to focus its activities and address development needs more effectively.

Among strategic priorities, I would like to specifically highlight four areas: (1) infrastructure development, (2) disaster risk management, (3) capacity building, and (4) development of Asia’s financial market. We believe that these four areas are particularly important for Asia’s development

and have worked with the ADB to extend our support to these areas.

### **Infrastructure Development**

First, infrastructure development. Infrastructure is fundamental for sustainable growth. But developing countries face enormous infrastructure gaps that must be addressed if they are to realize their economic potential.

Over the years, the Japan International Cooperation Agency (JICA) and the Japan Bank for International Cooperation (JBIC) have provided co-financing with the ADB for a number of infrastructure projects such as roads and power plants.

We are committed to enhancing cooperation with the ADB in addressing Asia's growing infrastructure needs. We will not only provide financial support, but will also fully mobilize Japan's technologies, knowledge, and experiences toward this effort.

### **Disaster Risk Management**

Second, disaster risk management. Our region frequently experiences natural disasters that seriously disrupt economic development. That is why Asia needs to mainstream disaster risk management into its development agenda.

When the Typhoon Yolanda hit the Philippines last year, the ADB quickly provided assistance. Japan has strengthened its support for recovery and reconstruction by increasing the amount of "Stand-by Emergency Credit for Urgent Recovery" from 10 billion yen to 50 billion yen.

With our extensive knowledge and experience in addressing natural disasters, Japan is committed to working with the ADB to make disaster risk management an essential part of development assistance.

### **Capacity Building**

Third, capacity building. Human resource training, institutional development, and creating basic systems of government administration are crucial for growth of developing countries.

Based on this view, Japan has cooperated with the ADB to provide co-financing in the education sector. In addition, when co-financing ADB infrastructure development projects, we invite relevant officials from developing countries to Japan, where we provide training in infrastructure management.

In addition, Japan is inviting thirty thousand youths from the Asia and Pacific region to promote global understanding on Japan under "JENESYS 2.0," a youth exchange project.

## **Development of Asia's Financial Market**

Fourth, development of Asia's financial market. Asia has to pursue balanced growth that places a greater emphasis on domestic and intra-regional demand rather than demand from outside the region. To this end, Asia needs to make savings within the region flow into investment in the region by strengthening the function of financial intermediation. Japan has supported development of Asian bond markets in collaboration with the ADB.

Japan has a strong intention to contribute to sustainable growth in the region by offering the Financial Services Agency's (FSA's) comprehensive packages of technical cooperation with its counterparts in developing countries in Asia, and by utilizing its structural advantage as a single institution covering all the functions of legal planning, supervision and inspection in all the financial sectors of banking, securities and insurance.

Specifically, the cooperation will include: (1) support for institutional reform and establishment, such as legal planning; (2) support for financial infrastructure development including the upgrading of settlement systems with advanced IT systems, and the establishment and operation of stock exchanges; and (3) sharing the FSA's knowledge and experiences on financial policy administration and its implementation.

Furthermore, the FSA has established the Asian Financial Partnership Center (AFPAC) within the FSA to strengthen coordination with Asian financial authorities. The AFPAC will invite government officials from Asian financial authorities to work at the FSA as fellows and engage in regulatory/supervisory practices as well as research on such subjects as the challenges facing Asian financial markets. Through providing various AFPAC programs for the fellows, the FSA expects that the AFPAC would contribute to the capacity building of both the FSA and Asian financial authorities, and making a greater "Asian voice" at international discussions.

## **Conclusion**

Ladies and gentlemen, Japan has a long and fruitful history of cooperation with the ADB. And we are committed to further strengthening our joint efforts for Asia's development in the years ahead.

The ADB will mark its 50<sup>th</sup> anniversary of Annual Meetings in 2017. Japan would like to host the 50<sup>th</sup> Annual Meeting in 2017, which is the important milestone in the ADB's history. We deeply appreciate your understanding and support.

We are confident that the ADB, led by President Nakao, will continue to contribute to Asia's economic development by addressing challenges in an effective and innovative manner.

Thank you.

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