

## **Towards the New Stage of ADB–PRC Partnership**

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The Asian Development Bank (ADB) and the People's Republic of China (PRC) have been collaborating since 1986. Thirty years signifies maturity in China, and ADB is eager to develop further, our mature partnership with China.

From 1978 to 2015, China not only achieved average annual growth of nearly 10%, but it also transformed its economy substantially: from a rather basic agriculture, mining and heavy industry dominated one to manufacturing and export led one, and then to the current service sector and consumption led one. Of particular importance was the fact that China has pursued policies conducive for rapid economic growth, especially by investing rigorously in infrastructure.

China joined ADB in 1986, and I am proud of ADB's contribution to China's rapid socioeconomic development over the past 30 years. Since the approval of our first loan to China Investment Bank in 1987, ADB approved a total of \$34 billion in loans by the end of last year, including \$3 billion for the private sector.

Half of our total assistance to China has been in the transport sector. Particularly in early years, ADB assistance focused on filling the “gaps” – such as the sections of north-south or east-west corridors in transport sector or to address generation and transmission capacity constraints in the power sector. In later years, the focus of ADB assistance has moved to less developed parts of China, and to address the issue of inclusiveness, environmental concerns or to introduce innovative approaches. Instead of expressways, we are now supporting feeder roads in rural areas or road maintenance and road safety. In the energy sector, Guangdong Energy Efficiency Power Plant, approved in 2008, was one of the first large-scale energy efficiency projects in China to demonstrate that energy efficiency improvements can even negate the need for a new power plant.

ADB has also supported China through our knowledge work. Since 1986, our approved technical assistance grants have amounted to \$430 million. These grants cover the preparation of infrastructure projects, sector reforms, public finance, environmental protection, and capacity development.

### **China's Persistent and Emerging Challenges and the Role of ADB**

China needs to continue transforming its economy, and move up the global value chain, advancing its productivity and labor force skills. At the same time, continuing efforts are needed to reach out to the remaining poor in the pockets of poverty, and to respond to emerging challenges such as aging population. There are also challenges in realizing “ecological civilization,” through protection and promotion of environment, and by investing in “livable cities.”

ADB is ready to help China's further transformation and address economic, social, and demographic challenges. We are now working with Guizhou Province and Guangxi Zhuang Autonomous Region to reform their technical and vocational education systems. ADB can also provide more assistance in elderly care, pharmaceutical industry reform, and health sector finance.

ADB is committed to providing strong support for the realization of the vision of an ecological civilization. We have been supporting Ministry of Environmental Protection (MEP) even before it became a ministry and we are having regular dialogue with MEP to strengthen our collaboration.

Climate change is another important area of our partnership. China is the world's largest energy consumer with the largest greenhouse gas emissions of 24% of the global total. With ADB's corporate target to double our climate financing from \$3 billion a year to \$6 billion by 2020, we are ready to

help China “green” its economy. I would like to highlight that last year ADB approved its first policy-based loan to China of \$300 million to improve air-quality in the Beijing-Tianjin-Hebei greater capital area and to reduce CO2 emissions.

### **Deepening and Widening the ADB–PRC Partnership**

This year, as China adopted its 13th Five-Year Plan, ADB adopted its new Country Partnership Strategy (CPS) with China for 2016–2020. The new CPS presents the intention of China and ADB to further deepen and widen our partnership in four different aspects.

First, ADB aims to increase our lending to China, along with ADB’s total lending capacity. The five priority areas are (i) environmental protection and climate change, (ii) promoting regional cooperation and integration, (iii) continuing efforts for inclusive development to address poverty and inequality, (iv) promoting innovation and knowledge-led development, and (v) supporting reforms and strengthening institutions.

Second, the new CPS presents a clear vision for deepening our partnership through knowledge. Our knowledge work in China and tacit knowledge created through our operations in China are useful to other developing countries in the region.

Third, ADB and China will work together to promote regional cooperation. We share a common goal of connectivity in transport, energy, and communications and trade facilitation across China, Central Asia, South Asia, and Southeast Asia. We will collaborate closely with China and other development partners including the newly established Asia Infrastructure Investment Bank and the New Development Bank.

Fourth, China is becoming a larger financial contributor to ADB operations. I appreciate that China has more than doubled its contributions to the Asian Development Fund, ADB’s concessional window, from \$45 million to \$100 million, in the recently concluded 12th replenishment negotiations. China also established the PRC Poverty Reduction and Regional Cooperation Fund at ADB in 2005, as the first China-financed trust fund in any multilateral development bank, and since then it contributed \$40 million to this facility.

The theme of this year’s ADB–PRC 30th anniversary celebration is “Partnership for the Better World.” As China’s importance in the region and globally increases, so too does the importance of further deepening and widening of our partnership.

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