



ITALY

Fabio Panetta, Governor

President of ADB,
Fellow Governors,
Distinguished Guests,
Ladies and Gentlemen,

Italy is honored to host the 58th Asian Development Bank (ADB) Annual Meeting, a pivotal moment to deepen and reaffirm our joint commitment to sustainable development and economic resilience in Asia and beyond.

Italy is a founding member and long-standing partner of ADB. This prestigious event represents an opportunity to further strengthen our collaboration and highlights Italy's dedication to promoting economic development and multilateral cooperation. It is an important occasion to reinforce cooperation among nations, and a forum to strengthen ties, share expertise, and contribute to global efforts in addressing key development challenges, as embodied in the theme "*Sharing Experience, Building Tomorrow*", which is at the heart of this Annual Meeting.

The global economy has continued to expand, albeit at a moderate pace by historical standards and with differences across regions and sectors. Developing Asia's growth has remained robust and higher than in other regions, confirming the strong economic dynamism and potential of the area. However, various downside risks and challenges persist, including geopolitical tensions, policy uncertainties in key economies and high debt levels.

In the current global context, the role of ADB and other multilateral institutions is more crucial than ever in promoting international cooperation, fostering dialogue and resilience, and catalyzing investment towards sustainable development. As trade disruptions, supply chain vulnerabilities and economic uncertainties intensify, the financial resources, policy advice and technical assistance provided by ADB are a key source of support for its poorer and more vulnerable members.

We commend the increase in ADB's non-sovereign operations recorded in 2024 and support further efforts in this direction, acknowledging the key contribution that the private sector can make in developing and implementing effective and innovative solutions for members. In this regard, Italian companies have long been recognized for their expertise in engineering, design and industrial innovation, which can be leveraged to support economic development in Asia and the Pacific. Their know-how aligns well with the region's development priorities. We emphasize



the importance of procurement policies and procedures that ensure a high level of quality in all the bank's operations, while adhering to globally recognized standards and promoting efficiency, competition and transparency.

We welcome the updated corporate strategy and the ambitious targets set by the capital utilization plan, building on the enhanced lending capacity generated by the various balance sheet optimization measures undertaken by the bank in recent years. Italy has been a strong champion of the Capital Adequacy Framework (CAF) Agenda, which was launched during its G20 Presidency in 2021. Moreover, the Bank of Italy has given a substantial contribution to the literature on making multilateral development banks' (MDBs) capital more efficient. Despite the significant results already achieved, work is far from complete. In this context, we support the removal of the Charter Lending Limitation from the Agreement Establishing the ADB.

Additional resources could be unlocked by further exploring and implementing all relevant CAF recommendations. Priorities should include taking forward the work on better incorporating the risk mitigation value of callable capital into internal capital adequacy frameworks and promoting more consistent methodologies for assessing preferred creditor status and portfolio concentration risk. This is a collective agenda and requires joint efforts with the other MDBs, including on the necessary engagement with credit rating agencies.

Strengthening inter-institutional collaboration and partnership is at the heart of MDBs' overall agenda and covers several areas, with the aim of achieving greater impact by working as a system and building on each institution's comparative advantages. One of these areas concerns the harmonization of standards and policies among the MDBs to reduce the administrative burden on client countries, speed up project implementation, facilitate co-financing, and ultimately achieve better outcomes for borrowing countries. In this regard, we commend the Full Mutual Reliance Framework, the first of its kind among MDBs, signed by ADB and the World Bank. We hope this can serve as a model for deeper collaboration with other MDBs, allowing for mutual reliance without compromising standards.

Development effectiveness and impact can be further enhanced through improved cooperation with the wider network of national development and promotional banks, as well as with the vertical climate and environmental funds, building also on the independent review conducted by the G20.

The scale of investment required to make substantial progress towards the Sustainable Development Goals is clearly well beyond the resources available to MDBs and other development partners. In this context, raising the level of ambition and the capacity to mobilize private capital is not an option but a necessity, and requires a very active role for ADB in bridging the gap between the supply of investable assets and the demand from private investors.



This involves prioritizing ADB's support to members in designing and implementing appropriate policy and regulatory reforms to remove bottlenecks to private capital and foster an enabling investment environment. It also calls for greater use of blended finance and risk-sharing instruments such as guarantees, while exploring ways to enhance the capacity to originate, package, and aggregate a variety of transactions and structures, de-risk investments, and transform individual projects into marketable securities.

Digital transformation has become a key driver of economic development, boosting productivity and growth. Digital payments, e-commerce, and artificial intelligence (AI) are revolutionizing traditional business models and creating new economic opportunities. We therefore fully support ADB's work to explore how AI can be used to improve internal processes and address real development challenges faced by member countries.

Italy put a strong focus on AI during last year's G7 Presidency, culminating in a High-level Panel of Experts' report to the G7 outlining, among other things, the technological uncertainties involved, the macroeconomic implications (including for economic growth, labor productivity and inequality), and a set of non-binding policy recommendations to enhance the preparedness of economic and financial authorities.

These insights can be highly relevant as Asian economies continue their digitalization journeys, to harness the benefits of AI while mitigating the associated risks.

Efficient cross-border payment systems are essential for trade, remittances, financial integration and inclusion, and ultimately economic growth. Making cross-border payments cheaper, faster, and easily accessible is a key goal on the international community's agenda and would bring huge benefits to businesses and households alike, especially in emerging markets and developing economies. Asia and the Pacific is one of the most active regions in terms of domestic payment system reforms and cross-border initiatives. Through the provision of technical assistance and funding, international organizations can contribute to ongoing efforts to further develop domestic systems for cross-border payments.

Finally, as we embark in this new chapter for ADB, we extend our deepest gratitude for the wise and invaluable leadership of former President Asakawa and welcome Masato Kanda as our new President of the bank. Masato's proven track record in managing complex financial challenges and fostering international cooperation makes him the ideal leader to guide us as we build on our strengths and seize new opportunities to deliver targeted and impactful solutions to our developing member countries.