

The Future of Asia Finance
- Its Many Needs and Many Forms

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Fifty years ago, ADB started its operation on a rented floor in a building of an insurance company facing Ayala Ave. in Makati. There assembled about a dozen professional staff, consisting of Japanese, Korean, Indian, Sri Lankan, Australian, American and Pilipino, led by the first President of the Bank, Mr. Takeshi Watanabe. I was honored to be one of them.

Our job was exactly what you describe as “to start from scratch”. We worked hard, and it was a rewarding and fascinating experience. Seven days a week, the gorgeous sunset on Manila Bay sent us good wishes.

President Watanabe was an outstanding leader. He had a

clear and unwavering view on the role of the ADB. He kept reminding us of the two fundamental principles that the ADB should live up to. The first is that the ADB should serve developing Asian members as a family doctor of a patient's family. A family doctor may not have a big hospital equipped with expensive & sophisticated instruments, but a family doctor knows every member of the family well through his long and close association with the family. He is easy to call, and he will rush to a patient's house on a bicycle. The second principle is that the ADB is not only a multinational agency to support the development of Asian member countries, but it should also be a sound bank. President Watanabe did know well that the ADB could not prosper unless it attracts private capital from the developed markets, including non-Asian countries. To gain access to developed markets, the ADB needs a high credit rating. To secure a high credit rating, the ADB needs a high-quality loan portfolio. President Watanabe disliked compromising the quality of the project for political considerations.

In hind sight, I believe these principles have served the ADB

well, to make it a responsible and maneuverable regional financial institution.

President Watanabe made it a goal to visit all member countries during his tenure of office, and accomplished it with only one exception, Tonga, which joined the bank a few months before his retirement. As the Special Assistant to the President, I was fortunate to have accompanied him on all his trips. Everywhere we went I was impressed by President Watanabe's eagerness to search for good candidates for bank staff. In the early days of the ADB, most of the senior officers were hand-picked during the President's trips, and whenever he was in developed countries. He always tried to establish a close association with leading private financiers in the market. In other words, on every trip he was trying to secure two indispensable resources for the ADB, i. e. competent staff and stable finance. A presidential trip, however, was an ordeal for me. President Watanabe did not drink a drop of alcohol. At official banquets at our destination, in order to forestall an embarrassing offer of a toast, he quickly declared that he could not drink at all, and

he brought an assistant who could perform the job on his behalf. You can imagine what would happen next. I still remember the dinner hosted by the Finance Minister in Taipei, China. I lost count how many glasses of Mao-tai I had to empty. I could manage to stand on my feet until I bade good night in front of the President's hotel room. The moment the door closed I collapsed on the corridor and remained there till the next morning. The President did not offer me any word of sympathy.

During the last fifty years, the world has changed, Asia has changed, and the ADB has changed. Fifty years ago Asia was an underdeveloped and poor region, struggling to feed itself. In fact, in the early days, the top priority for the ADB was to support regional members to enhance the production of rice. ADB accomplished the mission by promoting the Green Revolution. Since then Asia has made a phenomenal development, and become the powerhouse of the world economy. Throughout the process the ADB has always kept abreast of the changing situation, by re-focusing its priority from agriculture to industrialization, poverty reduction, environmental

protection, social infrastructure, human security, etc., etc. And I am happy to recognize that the ADB has succeeded in preserving its cardinal role, i.e. to serve as a robust and efficient regional bank of Asia. In conclusion, I would like to pay my utmost tribute to all staff-members who have worked with such devotion for the ADB. I am confident that the vision and hope we shared fifty years ago are still shining our way today.