**Speech by Federal Chancellor Dr Angela Merkel at the 49th Annual Meeting of the Asian Development Bank Board of Governors in Frankfurt am Main on 2 May 2016**

President Nakao, may I extend a very warm welcome to Germany to you and all representatives of the ADB. We are delighted to be able to hold this year's Annual Meeting of the ADB Board of Governors in Germany. I think it really is high time Germany had a chance to host the meeting.

I would of course like to thank Federal Minister Gerd Müller and Parliamentary State Secretary Hans-Joachim Fuchtel for having done their utmost to make you feel at home here. That is certainly the impression I get.

Naturally I am pleased that we have some high-level guests here today. I would like to extend a warm welcome to the President of the European Central Bank, Mario Draghi. Mr Mayor, I think you, on behalf of everyone in the city of Frankfurt, are a good host. You have plenty of experience of conferences and trade fairs. But you also have major competition. You are aware of how dynamically the countries of Asia are developing. Frankfurt will have to work hard to keep up with all the other places around the world where the ADB staff here today are also gaining experience.

I would also like to welcome all the members of the German Bundestag and the parliaments who are here today, including, I see just now, local matador Heinz Riesenhuber, whom I will greet as a representative of you all.

Ladies and gentlemen, the fact that so many people are attending this meeting is an expression of our great determination to do all we can to ensure sustainable development around the world, to gradually remove inequalities around the world and to create decent conditions for everyone in the world - over seven billion people now.

The 21st century is often referred to as the Asian Century. If we consider the progress we have made in terms of the Millennium Development Goals, it is clear that this progress would have been utterly inconceivable without Asia. Here is one piece of good news at least in a world in which we hear so much bad news every day: since the year 2000, we have succeeded in halving global poverty. That we have been able to do so is essentially due to the economic upswing in Asia.

But the rapid demographic development and speedy economic growth in some places do raise a few questions. What form should development cooperation take? What is still needed? Should our commitment not be directed at other regions now, or is Asia still the focus?

We need to remind ourselves that, depending on how you calculate it, up to two-thirds of the world's poor live in Asia. In other words, combating poverty is not yesterday's news in Asia either, but a very topical issue. When we think that in 2015 we set ourselves another ambitious goal, namely to eradicate absolute poverty by 2030, then we know it will be impossible to do this without Asia playing its part. Just as Asia has been so successful in relation to halving poverty over the past 15 years, so we, and of course you in the ADB, want it to be successful in implementing the Development Goals over the next 15 years.

If a region is seeing dynamic economic development, it goes without saying that development cooperation needs to approach different aspects. It is not only the case that the Asian countries already account for one-third of value added in global GDP; they are also contributing one-third to CO2 emissions, for example. In other words, the countries of Asia are particularly affected by climate change, and by the question of how to arrive at a carbon-free existence before the end of this century.

Last year did see another bit of good news, of course: an international agreement was reached in Paris. Work to implement this programme is now underway. So our development cooperation, too, concentrates very strongly on climate protection and climate change mitigation, in other words on attaining the two-degree goal. At our intergovernmental consultations in India last year, for example, we promised support to the tune of 1.5 billion euros, one billion of which will go towards developing the use of renewables in India. We want to expand such forms of cooperation.

We, the industrialised states, have pledged to provide 100 billion US dollars annually as of 2020 to support climate protection in poorer countries. The Federal Republic of Germany intends to double its climate funding by 2020. The Asian Development Bank has announced that it will do the same. This shows that our goals largely coincide. Today we have together launched the Asia Climate Financing Facility. The aim of the Facility is to promote the development of climate protection projects as well as climate risk insurance, which we consider to be very important, and, above all, private-sector climate funding.

Last year, when we held the G7 Presidency, one of our priorities was to try to support climate protection projects. We launched a G7 initiative aimed at insuring up to 400 million people in the world's poorest regions against the effects of climate change. I am profoundly convinced that insurance solutions like this will be very important in future.

At any rate, we need to move more towards realising that a combination of government and private-sector efforts is the solution. We will never be able to provide all the financing needed from the public purse, but instead need to use public money to find intelligent ways to offer state incentives, multilateral incentives for private investment. This was one of the things we talked about today, President Nakao.

The ADB and other development banks, for instance the AIIB, can set standards; they have the know-how and expertise; they can drive developments. The whole thing needs to be combined with efforts by the private-sector. The ADB is the world's biggest regional development bank. The reform of the Asian Development Fund has given it greater room for manoeuvre. I believe this is a step in the right direction.

President Nakao, you personally did a great deal to bring about these changes. For that I wish to thank you most sincerely. Because the Bank is now in the position to work more consistently towards the agreed climate and sustainability goals and, in this context, to do precisely what I was just talking about, namely get private banks onside. I think we should regularly talk to each other about how the private sector can be better involved.

We were also talking earlier about how we can make the projects financed by the ADB more sustainable, more long-term. You need to be the trendsetter and, as it were, set benchmarks for the question of how long such projects are viable. Short-term action is no longer enough.

Let me assure you that Germany stands ready as a partner. What can we as a partner offer you? We know from our own experience in Germany that growth and energy consumption can be decoupled. We are convinced that competitiveness and sustainability can be reconciled, that they are not mutually exclusive. We believe that structural reform for climate protection will pay off in the long term and indeed even in the medium term. We have also proven that more efficient technologies can create jobs, resulting in employment and, in turn, in prosperity.

In many countries undergoing very dynamic economic development, we get the feeling that the people escaping from poverty and forming a new middle class have new demands when it comes to quality of life. Ultimately, there can only be a good quality of life if there is good environmental protection.

In our view, economic growth in the 21st century needs to be both socially and ecologically sustainable. You know that we are from the land of the social market economy. Ludwig Erhard is the symbol of this social market economy, which evolved from an economic theory to a practical model of society, a model of community life, in which everyone bears responsibility - not only the employers, but also the workers. I believe that this model is fit for the future and that we can apply it just as well to the environmental dimension.

Of course, in a social market economy you often hear this question: how can we create decent working conditions? That is why we, and in particular Federal Minister Müller, have taken up what is undoubtedly a tough challenge, namely watching international supply chains, such as the chain from the cotton plants to the t-shirts sold in the world's rich industrialised countries.

Supply chains are something like bridges between poorer and richer countries. Given that we all know that the digital age, the internet age, is an age of transparency, we can definitely assume that it will be impossible to hide terrible working conditions in a country of production from the consumers in a rich country for ever. Consumers in richer countries increasingly want to know under what conditions a product has been made.

The subject of supply chains is one we want to take up in the G20 Presidency after our G7 Presidency and which we are already discussing with our Chinese colleagues, as we are cooperating in a troika. I don't think we should let ourselves become discouraged.

One piece of good news I heard today is that in future all ADB projects are to be oriented to the agreed ILO standards on supply chains. Here the ADB is setting a good example and making these standards better known. We must continue along this path.

One last point I would like to touch on today is the subject of vocational training and expertise, which will become more important in connection with the issue of supply chains. I am pleased that the German Government and the ADB are cooperating on this too. How well are workers trained? How good is their knowledge? How well can they cope with new developments? How well are they protected against accidents at work? - I think there will be more and more questions like these in the next few years. Germany will be happy to cooperate with you on dual vocational training, as we call it in Germany.

Ladies and gentlemen, the few challenges I have mentioned today - climate protection and the quality of the environment, particularly in large cities, supply chains, fair trade, transparency regarding working conditions, fair sharing, training for people in all countries - are in themselves enough to show that you are facing huge challenges, but also that you are taking them up and facing up to them. That's why I hope that this meeting will bring you to the greater attention of lots of private banks ready to enter into cooperation and that the ADB can engage in a valuable exchange of experience in its regional work for Asia and also of course across the bridges it builds to non-regional supporters, among which Germany is happy to number itself.

I wish you all the best and fruitful talks! Everything you do, every project you get up and running, helps us to combat poverty, helps us to enable more people to share in success. Germany's experience with the many refugees who have come to our country is that if we do not tackle the root causes of flight, if we do not ensure development everywhere, then people will set off on journeys which are far more dangerous for them and far more complicated for us all. That is why I wholeheartedly wish you every success and a good meeting here in Germany.

I hope you will be able to take some time to enjoy Frankfurt and its quality of life. One thing you must do, I think, is try Frankfurt's green sauce. That's a speciality here. It has nothing to do with environmental protection, but is a concoction of herbs. So, whenever you get the chance, try green sauce and ask all about the ingredients.

All the best to all of you. Thank you.