

**THE THIRD ASIAN THINK TANK DEVELOPMENT FORUM
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PULLMAN HOTEL, PUTRAJAYA**

ADVANCING INNOVATION AND INCLUSION FOR A PROSPEROUS ASIA

KEYNOTE ADDRESS

BY

**YBHG TAN SRI DR MOHD IRWAN SIREGAR BIN ABDULLAH
SECRETARY GENERAL OF THE TREASURY
MINISTRY OF FINANCE, MALAYSIA
AND
MEMBER BOARD OF TRUSTEES MIER**

YBhg. Tan Sri Dr. Sulaiman Mahbob, Chairman, Telecom Berhad
and Chairman, Board of Trustees MIER

Mr Juzhong Zhuang, Deputy Chief Economist & Deputy Director
General ADBI

Professor Emeritus Dr Zakariah Abdul Rashid, Executive Director,
MIER

Representatives from Asian Think Tank Network

Ladies and Gentlemen

1. First and foremost, allow me to thank the joint-organisers – the Asian Development Bank and MIER. It is indeed a pleasure and a great honour for me to deliver this keynote address at the Third Asian Think Tank Development Forum 2015. To our foreign delegates, let me welcome you the Malaysian way “SELAMAT DATANG.” I hope you will enjoy your stay in Malaysia, and find time to visit the attractions in Putrajaya, the administrative capital of Malaysia.

2. I am happy that the third ADB – Asian Think Tank Forum is held in Malaysia. We certainly welcome this forum that provides a platform for the think tanks in the region, which covers Asia and the Pacific, to join hands in sharing knowledge and experiences. This

will enable us to cooperate, share cutting edge development practices, debate policy options, tease out what works and avoid pitfalls to avoid. This is in essence the spirit of sharing knowledge and learning from each other. Such sharing of experiences and insights is even more important now as we are faced with increasing uncertainty in the global environment. Policies makers are challenged to respond innovatively and purposefully to address if not mitigate these challenges to reduce the adverse impact on the domestic economies and the well-being of its citizens.

Ladies and Gentlemen

3. At this juncture I would like to commend the Asian Development Bank for playing a critical role in bringing together leading think tanks in the Asia Pacific Region. As a premier multilateral Development Bank in this region, it is expected that it uses its convening power to discuss, share and develop novel approaches to resolve or mitigate the most pressing issues confronting the region.

4. This year's theme of the third ADB-Asian Think Tank Forum, "Accelerating Innovation and Inclusion for a Prosperous Asia" is timely and appropriate. The theme is also close to my heart.

Innovation can indeed drive growth as reflected in the success of innovation-driven economies like the US, South Korea and Japan.

True to this theme we , need to understand the nexus between innovation, entrepreneurship and growth. The notion that growth can be driven by ideas and knowledge leading to innovation in products, processes, services is very attractive. Indeed many of the leading companies of the world very entrepreneurial and are driven by innovation.

Likewise, inclusion is a sine quo non for long term social stability which forms the bed rock for growth and prosperity. The benefits of growth and development must be enjoyed by all segments of society. No segment of society should be left out in the pursuit of growth and income generation. We need to recognize that the well-being of the citizens is multidimensional encompassing among others access to education and health; quality of environment, equitable income; water, transport, sanitation and other infrastructure.

In Malaysia, we have emphasized the well-being of the people as central to policy making. In fact the 11th Malaysia Plan the last 5 year plan towards our goal to be a high income nation by the year 2020

has a theme anchoring on people. We aspire to be fully developed- economically, politically, socially, spiritually, psychologically and culturally. The prosperity we envisage for the country is inclusive. To be inclusive, we will focus our attention on the bottom 40 of households. They must be feel and benefit from the growth. We will address income and wealth ownership in the B40; address cost of living issues; build their capacity to participate in high productivity and innovative economic activities. The bottom line is to make them independent and sustain themselves with less reliance on government assistance.

5. Asia has gained a fair measure of recognition not the least going by the size of their economies, international trade and investment credentials. Asia a region with 57.5 per cent of the world's population (2015-IMF) of just over 4 billion people has witnessed average GDP growth rate between 2010-2014 of 6.28 per cent, which is much higher than the world's at 3.96 per cent during the same period. The Region is expected to register an average of 5.48 per cent GDP growth for the period 2015-2020 compared to global economy as a whole of only 3.81 per cent.

6. ASEAN as a region collectively is the 7th largest economy, with the 3rd largest market with total trade of over USD2.5 trillion. The ASEAN Economic Community with free flow of goods, services, investments and freer flow of capital and skilled labor will result in a much more competitive region with strong linkages with the global economy. The growth story and potential is impressive. However, the Asia Pacific Region still has many challenges.

As a result of the tremendous growth in the region millions have been lifted out of poverty. A large middle class with consumer power has emerged. At the same time this tremendous growth registered in the recent past has also led to frictions and constraints in many economies. Urbanization is one impact. There are many benefits out of this rapid urbanization. Cities contribute a significant share of GDP and are responsible for much of the exports. Many of the megacities are in Asia. The livability of cities which includes transport, public and affordable housing, health, education is important elements for progress and to sustain higher living standards. Yet many cities struggle to provide basic infrastructure and enhance quality of city living.

Climate change and its devastating impact especially on the poor and vulnerable in the region must also be addressed. Increasingly natural disasters are more frequent and damaging. We have seen cyclones and typhoons wiping whole villages and crippling effect on many island economies island in the Asia Pacific region. Global warming and rising sea levels threatened the very existence of many island nations and impacts significant population living in coastal and riverine regions.

Recent global economic developments are affecting a larger number of countries in the region. Slower growth in China, expected policy tightening in the US; potential policy divergence in advanced economies; oversupply in the crude oil markets have led to prices declining by 50%. This is compounded by prices declines of many commodities including palm oil, rubber, coal and iron. The combination of these factors has severely impacted many emerging economies in the region. I note that session 1 will explore in detail the Global and Regional Economic outlook.

The impact of these developments on the ordinary people must be addressed. This is where think tanks can play a significant role. You

have the knowledge and expertise to foresee vulnerabilities and engage policy makers early before full blown crisis hits economies.

I have just mentioned some issues that confront the region. I am made to understand that ADB will convene roundtable discussions on initiating institutional partnerships between ADB and centers of excellence across Asia and the Pacific. This will cover those knowledge areas critical to region's continued development. They will also seek inputs and support from the participating key stakeholders in establishing joint work programs for successful knowledge partnerships.

In this light, the panel of think tanks and experts are key actors in high-impact knowledge partnerships to demonstrate best practices and innovative policy making. I would urge the ADB and ADBI to use the centers of excellence in policy relevant research to leverage their knowledge and finance to address regional and local issues in the Asia Pacific region. This will generate timely and accessible policy-oriented research that effectively engages policy makers, the press, and the public on the critical issues of the day.

Think-tanks have an important role to play. They can guide practical policy. They need to engage, advocate through their intellectual rigor and evidence to better inform public policy debate. While you engage and form collaborative networks amongst yourselves, it is

also equally important that you engage policy makers, opinion leaders, and students on the most pressing issues. Good diagnostics and analytics must be followed by practical and pragmatic policy notes, guides and recommendations. While public advocacy is important, think tanks must be deft in reading the circumstances and be tactful and diplomatic in providing insights and policy recommendation.

Going through the Forum program I am happy to note that transiting from middle income status and social inclusion for shared growth as topics for deliberation among delegates. These are topics which are very close to policy makers in Malaysia and I would like to see the deliberations published in a readily accessible format.

In addition, I also applaud the organizers for recognizing capacity building among think tanks as a topic worthy of careful deliberations. This is important to ensure that think-tanks continue to have the knowledge and expertise to provide evidence based policy advocacy, build reputation and be a magnet to attract the best and brightest to have stint and be associated with an esteemed think tank.

Ladies and Gentlemen

I would like to thank ADB and MIER again for the invitation to deliver the keynote address. I wish the delegates fruitful discussions and a productive forum. On that note, I now declare open the Third Asian Think Tank Development Forum.

Ministry of Finance
Putrajaya

8 September 2015