"Partnerships for Prosperity: Unlocking Regional Potential"

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Good morning, Ladies and Gentlemen,

Introduction

It is a great pleasure to join you at the 49th AGM of the Association of Development Financing Institutions (DFIs) in Asia and the Pacific. For nearly five decades, the association[1] has served as an important regional platform for DFIs, fostering cooperation and supporting sustainable development across the Asia-Pacific region. I commend the association for its longstanding contribution to strengthening development finance which is an important aspect these days and advancing partnerships across the region, and I am pleased to be part of this important gathering here in Sri Lanka.

- The theme of this year's meeting, "Partnerships for Prosperity: Unlocking Regional Potential," is particularly timely, as the Asia-Pacific region continues to offer significant opportunities for growth while also facing a more uncertain global environment that we all are going through now.
- Asia and the Pacific remains one of the most dynamic regions of the global economy, supported by strong economic linkages, growing markets, expanding digital capabilities, and significant investment potential. So our region is the growth of the global economy
- At the same time, geopolitical tensions, trade fragmentation, climate-related risks, and concerns over energy and food security are creating new challenges for our economies in the region. The resulting pressures are testing economic resilience.
- These developments remind us that resilience and prosperity can no longer be pursued entirely within national borders. In an increasingly interconnected world, shocks originating in one part of the world rapidly spill across borders through trade, finance, supply chain, and environmental channels. At the same time, emerging opportunities such as digital payments, e-commerce, renewable energy, logistics, and regional value chains are not confined to territorial boundaries.
- Therefore, the ability of our economies to respond to common challenges and seize any emerging opportunities increasingly depends on the strength of our regional connections and the quality of our partnerships. That is why it is important to strengthen our partnership.

[1] ADFIAP was established in 1976 and currently comprises 97 member institutions from 42 countries across the Asia-Pacific region. DFCC Bank PLC of Sri Lanka has been a founding and charter member of ADFIAP since its establishment.

What Can Unlock Regional Potential?

- A key element in strengthening these regional connections is deeper economic integration. As we all know, trade integration across the region is already significant, but regional integration is about much more than increasing trade. It also involves stronger investment and financial links, better-connected supply chains, and greater connectivity between markets, allowing businesses to access wider markets and economies to benefit from their respective strengths.
- Stronger regional supply chains can also enhance resilience by diversifying sources of inputs and enabling countries to participate in different stages of production. This can strengthen resilience while enabling firms, particularly SMEs, to integrate into regional value chains and access new markets. This is very important initiative, especially for SMEs.
- But economic integration cannot advance without the financial capacity to support it. Development finance has an important role in turning regional opportunities into actual investments, particularly in infrastructure and other areas where projects require long-term financing or face higher risks. As the ADB's Asian Economic Integration Report 2026 highlights, intraregional investment has remained resilient, but financial integration in the region remains relatively less developed. This suggests that there is still scope to strengthen the financial interconnectedness that can support investment across the region.
- The growing importance of digital connectivity adds another dimension. Digital financial services, fintech and more efficient payment systems can reduce barriers to economic activity, widen access to finance and enable businesses, particularly SMEs, to participate more effectively in regional markets and global supply chains.
- Further, interoperable payment systems can facilitate trade, tourism, remittances and investment, while appropriate safeguards remain essential to ensure security, consumer protection and confidence. ASEAN has already made significant strides in interoperable payment systems through cross-border QR payments and real-time payment linkages, enhancing regional connectivity and integration.
- We are seeing this trend taking shape in South Asia as well, where countries are linking domestic QR and fast-payment systems to make cross-border payments more convenient, especially through initiatives such as India's UPI.
- At the same time, the region's future growth must be compatible with a changing climate. Sustainable finance and climate finance will therefore be essential to directing investment towards renewable energy, resilient infrastructure and more sustainable production.

- Ultimately, the value of these developments will be measured by the opportunities they create for people and businesses. Ensuring that SMEs, women, youth and underserved communities can access finance, technology and markets is essential if regional integration is to translate into broad-based prosperity.

Role of Development Finance Institutions

- Development finance institutions have an important role to play in this process. The role of DFIs is evolving beyond traditional lending towards helping to connect development priorities with investment and available sources of capital.
- DFIs can help address financing and risk gaps through appropriate risk-sharing arrangements, guarantees, blended finance, and project development, while partnering with public and private sector institutions to mobilise diverse sources of capital and expertise.
- By strategically deploying development finance, DFIs can act as a catalyst for a wider pool of private capital to participate in productive and development-oriented investments, particularly where risks or long investment horizons may otherwise limit private participation.
- This role is particularly important in supporting SMEs, which often face greater constraints in accessing finance. By facilitating access to appropriate financing and supporting the development of stronger financial ecosystems, DFIs can help SMEs expand into regional markets and contribute to job creation and broader economic growth.
- Equally important is the knowledge and institutional capacity that DFIs bring. Across the region, institutions face many common challenges and can learn from each other’s experiences in areas such as project development, risk management, sustainable finance, digitalisation and inclusive finance.
- Development finance institutions such as the Asian Development Bank (ADB), Asian Infrastructure Investment Bank (AIIB), and ASEAN Infrastructure Fund (AIF) have been instrumental in fostering regional integration by financing cross-border infrastructure, connectivity, and economic cooperation initiatives across the Asia-Pacific region.
- In this context, the Association of Development Financing Institutions (DFIs) in Asia and the Pacific (ADFIAP) also provides an important platform for practical cooperation, knowledge sharing, and partnerships among DFIs across the Asia-Pacific region.

Sri Lanka's Perspective

- Sri Lanka's own recent experience provides a useful perspective on this broader discussion. Following the severe economic crisis, the restoration of macroeconomic stability has provided a stronger foundation for the next phase of development for our country.
- This progress has also been recognised by the upgrade of Sri Lanka's sovereign rating by Fitch Ratings to 'B-' from 'CCC+', with a Stable Outlook, announced yesterday, reflecting the continued progress in macroeconomic stabilisation and reforms. The focus now is on transforming this stability into sustainable investment, higher productivity, and long-term growth.
- In this regard, Sri Lanka is strengthening its financing architecture for a more resilient and sustainable economy. The recently launched National Climate Finance Strategy 2025–2030[2] provides a coordinated framework to integrate climate priorities into fiscal planning and investment decisions, while mobilising and managing financial resources for climate action. The Strategy seeks to attract domestic and international investment and channel resources towards climate-resilient infrastructure, sustainable agriculture, renewable energy, and other priority areas, supporting national resilience and long-term economic stability.
- Complementing these efforts, the Central Bank of Sri Lanka has continued to strengthen the financial environment to support this transition. The Central Bank of Sri Lanka's Sustainable Finance Roadmap 2.0 for 2025–2029 provides a framework for further strengthening sustainable finance and directing financial resources towards sustainable economic activities.
- Together, these initiatives can help channel greater financing towards climate action and broader sustainability priorities, while creating opportunities for DFIs to play a catalytic role by supporting climate and sustainable development projects through longer-term financing, risk-sharing, and mobilisation of private capital.
- The Central Bank has also supported the development of a more efficient and accessible digital payments ecosystem, including initiatives such as LANKAQR and GovPay, in collaboration with other stakeholders. These initiatives are helping to expand access to digital payment systems for individuals, businesses, and

[2] National Climate Finance Strategy of Sri Lanka (2025–2030), launched by the Ministry of Finance, Planning and Economic Development on 24 October 2025. The Strategy identifies twelve key financial instruments and mechanisms designed to attract both domestic and international investment for climate action. These include disaster risk insurance, public-private partnerships, subsidies for Good Agricultural Practices, green, blue, and sustainability/sustainability-linked bonds, green loans, increased official development assistance, natural capital accounting, sustainable tourism, entrance fees, a Green Revolving Fund, Environmental, Social and Governance (ESG) swaps, and a carbon market.

government services, while supporting greater efficiency, inclusion, and participation in the formal economy.

- Importantly, Sri Lanka has also taken steps to strengthen the regional integration of its national payment infrastructure. The integration of LANKAQR with regional and international payment platforms, including UnionPay, UPI, Alipay+, WeChat Pay and NepalPay, enables tourists to make convenient payments at local LANKAQR participating merchants and strengthens Sri Lanka's connectivity with regional markets.
- The National Payment System Roadmap 2026–2027 also provides a framework for further developing a secure, efficient, inclusive, and globally connected payment system.
- Looking ahead, stronger partnerships will be important in converting Sri Lanka's economic stability into sustainable growth. By working together, policymakers, DFIs, financial institutions, and the private sector can help mobilise investment, strengthen competitiveness, and enable Sri Lanka to engage more deeply with regional markets.

Partnerships That Deliver

- Partnerships are essential to turning these opportunities into practical outcomes and ensuring that the benefits of regional integration are widely shared.
- The opportunities we have discussed cannot be realized by individual institutions acting alone. They require different capabilities to come together, with regulators, financial institutions, businesses, and development partners contributing their respective strengths.
- Such partnerships can help share risks, combine different sources of finance, transfer technical expertise and technology, and open access to markets that may otherwise remain beyond the reach of individual institutions or businesses.
- By pooling resources and expertise, regional partnerships can also help smaller and developing economies benefit from economies of scale, improve resilience to external shocks, and participate more effectively in regional and global markets, and supply chains.
- There is also considerable scope for stronger cooperation among DFIs themselves. Joint financing, sharing knowledge and financing models, and collaboration in addressing emerging risks can help institutions learn from one another and support projects with wider regional benefits.
- The objective should be to move from partnerships as a means of discussion to partnerships as a means of delivery, from exchanging ideas to developing projects, mobilising investment and creating tangible opportunities across the region.

Concluding Remarks

- Ladies and Gentlemen, unlocking regional potential is ultimately about turning connections into action.
- Opportunities before us are closely connected across different dimensions of our economies and societies. Realizing these opportunities requires partnerships that bring these strengths together and translate them into tangible outcomes.
- Let us therefore connect our economies, institutions and people; invest in infrastructure, businesses and resilience; innovate in the way we mobilise and deploy finance; and cooperate across borders to turn shared opportunities into shared outcomes.
- Together, we can strengthen the foundations for resilient, sustainable and inclusive growth across the Asia-Pacific, and turn the region's potential into shared prosperity.

Thank you.