



39TH ANNUAL MEETING

BOARD OF GOVERNORS

ASIAN DEVELOPMENT BANK

Hyderabad, India

4–6 May 2006

GS-14

PORTUGAL

Jose Moreno, Temporary Alternate Governor

It is a great honor for me to address this year's Annual Meeting in the city of Hyderabad—known as the meeting point between the north and the south of India.

The year 2005 was one of tragedy for the people of Asia, who had to face both the Indian Ocean tsunami and the South Asia earthquake. Avian influenza is another example of the region's constant vulnerability, which affects living standards.

Moreover, 2005 was also a year of increased awareness of the gap between countries that are making real progress in terms of eradicating extreme poverty, and those that are still lagging behind. Major challenges remain acute, namely poor and fragile nations, with weak political and economic performance.

Nine of the top ten recipient countries of Portuguese aid are considered to be fragile or conflict-affected states. Discussions in international fora on the issue of security and development, particularly relevant in the context of fragile states, have highlighted the need to adopt a more integrated and coherent approach through flexible aid instruments, taking into account the specific constraints of these countries.

Portugal would therefore welcome a more holistic approach toward “weakly performing states” in the Bank's second medium-term strategy (MTS II) and we hope that the announced intention to adopt a distinct strategic approach to these countries will be translated into action.

In addition, and stressing what has already been said in the Development Committee, ADB should also strengthen its results orientation in order to contribute to improved country outcomes. In this sense, we recommend the Bank to adopt, in the framework of MTS II, a clearer implementation framework for the three basic pillars of its poverty reduction strategy.

For ADB to improve its development effectiveness, it clearly needs to develop a time-bound action plan, to strengthen its human resource base and skills mix and to identify the budget resources needed to implement its strategy. In this context, the implementation of the reform agenda is crucial if ADB is to achieve better development results and become a more responsive and accountable regional development institution.

Furthermore, we believe that the Bank should carry out an in-depth review of existing technical assistance programs in order to optimize existing human and financial resources, as well as ADB's development performance at the country level. In this regard, special attention should be given to local capacity building activities, which are crucial tools for recipient countries in terms of their long-term sustainable development.



In another context, we note with satisfaction that ADB has included governance and anticorruption activities in its MTS II. Improving governance at all levels and containing corruption should, in fact, be one of the top strategic priorities within ADB. We look forward to the conclusions of the review of the governance and anti-corruption strategy, as well as to its new action plan.

Portugal reiterates its support for ADB's role as a leading development partner, focusing on its core objective of reducing poverty in the Asian and Pacific region. We particularly support the Bank's policy vis a vis country needs and we encourage Management to define leverage strategies in fragile states, so that ADB programs can be relevant and valued in these countries.

Timor Leste is a case in point. It is remarkable how this newly born country has successfully been able to undertake its state duties in a democratic and peaceful way. Notwithstanding these achievements, it still needs to make further efforts in fighting poverty, by promoting economic growth and social equity, as fundamental requisites to security and sustainable development.

Finally, let me also join previous speakers in congratulating Armenia and Brunei Darussalam on their new membership of ADB.