



## **PORTUGAL**

**Rosa Caetano**, Head of Delegation

Mr. President,  
Mr. Chairman,  
Dear Governors,  
Ladies and gentlemen,

It is a great pleasure for me to attend the first Annual Meeting of the Asian Development Bank Board of Governors in a Pacific country. I would like to express my gratitude to the city of Nadi and to the Government of Fiji for the warm welcome and hospitality.

As you may be aware, 2018 was a notable year for the Portuguese economy. Allow me to share a few positive aspects with you: (i) the GDP growth rate of 2.1%, above euro area average for the second consecutive year; (ii) the rise of employment by 2.3% and the fall in the unemployment rate to 6.7% in the last quarter of 2018 (and most recently – in February 2019 - to 6.3%), the lowest since 2002; (iii) supported by an increase in investment and exports, at 4.4% and 3.7%, respectively; (iv) the overall general government deficit of 0,45% of GDP, the lowest ever in democracy; (v) a reduction of 3.3 p.p. in public debt (also in % of GDP), following the positive trend observed in 2017, which represented the largest reduction in 20 years, with 4.4 p.p.; and (vi) the conclusion of the process of the debt rating upgrade to investment grade levels by all rating agencies.

These favorable developments in our economy allowed us also to deepen our engagement with ADB, which we perceive as a strategic partner and a catalyst for international economic cooperation in Asia. The proof of our commitment with ADB is given by the subscription, in December 2018, of the shares of ADB's Fifth General Capital Increase. With the recovery of our fiscal and macroeconomic situation, we look forward to ways to strengthen our collaboration with ADB.

2018 was also a prosperous year for the ADB. Annual commitments reached a record US\$ 35.8 billion, a 13% increase when compared to 2017 but an even more significant increase of 41% when compared to 2016. We see these numbers as a very positive development, both in terms of the value-added perceived by development partners in the region of ADB's intervention and in terms of narrowing down the existing financing gap for infrastructure in Asia and the Pacific, fighting poverty and adapting and mitigating to the impact of climate change.

However, we believe that the growth of ADB operations needs to be sustainable. This sustainability comes in our view from two very important areas. First, underpinning ADB's balance sheet with the needed organic capital growth of ADB equity through reserves. Second, putting the emphasis on the quality of operations and not in the quantity. In this regard, we call on the Bank to increase the support and the financing allocated to quality at entry, project readiness, project design, operations and maintenance, project asset management, and, most importantly, capacity building, particularly in the poorest countries of the region.

On a related topic, we congratulate ADB for the efficiency gains observed in the procurement process. We note that processing time for procurement contracts for sovereign operations decreased by 27% in 2018, as a result of the new procurement guidelines approved in 2017. We request Management to further outpost and strategically place procurement specialists and project management specialists in the resident missions to further improve procurement efficiency and provide hands-on support.

Ladies and gentlemen,

The flagship development in ADB in 2018 was the approval of Strategy 2030. Two of the key pillars of the Strategy are, first, differentiated approaches, and, second, innovation. We are confident that the Bank will find the right way forward to combine finance with innovative solutions to better respond to the region's diverse and specific challenges and needs. This is of paramount importance in a very dynamic region, where many countries have reached or are in the right path to reach a middle-income country status. Quality in projects comes hand in hand with innovation, high-level technology and value for money. We call on the Bank to make full use of the great potential of European stakeholders to contribute with their technology and knowledge to innovatively underpin the implementation of Strategy 2030.

Another key pillar of the strategy is tackling the effects of climate change. ADB committed to ensure that 75% of the number of its operations will support climate change mitigation and adaptation by 2030. We strongly support this agenda. In fact, the Climate Change Performance Index ranks Portugal as the world's first country in terms of national policies to counter the effects of climate change in 2018. Its effects are particularly significant in the region of the Pacific, where we are having for the first time ADB's annual meeting. The region is highly vulnerable to natural disasters and to the effects of climate change in rising sea levels. We are therefore concerned with the increase in CO<sub>2</sub> and the decrease of the relative weight of renewable energies in the Asia and the Pacific region in 2018, as concluded by ADB's Corporate Results Framework.

Finally, we note that ADB is lagging significantly behind its peers in terms of female representation at the Board of Directors. This causes also problems of credibility with staff in promoting the agenda of gender diversity in the Bank. I would therefore like to take this opportunity to make a call for Governors to pay attention to the need to increase gender diversity in ADB Board of Directors when making a decision about the candidates to be appointed for both the positions of Executive Director and Alternate Executive Director, without sacrificing the merit of the candidate selected. Against this backdrop, and in order to promote a gender balance in the Bank the six capitals sharing Suite 9 of the Board formally committed to do so under the new revised rotation scheme signed at the margins of this Annual Meeting.

Thank you for your attention.