

**BHUTAN****LYONPO YESHEY ZIMBA, Governor**

It is a privilege and a great pleasure for me to address the Board of Governors of the Asian Development Bank (ADB) on the occasion of its Thirty-Fifth Annual Meeting. I would, first of all, like to join the other speakers in extending our sincere appreciation and thanks to the Government of the People's Republic of China and to the city of Shanghai for their warm hospitality, and for the excellent arrangements made for this meeting.

May I also take this opportunity to congratulate President Tadao Chino on his reelection as ADB President. During his first term of office, he charted a bold and dynamic course for ADB, and I have no doubt that ADB will continue to benefit immensely from his vision, and his commitment to an Asia and Pacific region free of poverty.

The past year has been one of great challenges, as well as of renewed hopes and opportunities. While the unprecedented act of terrorism in the United States last September undeniably shocked the entire world, this single tragic event also served to bring all countries together as never before in the war against terrorism. With the international community united in the war against terrorism, now is also the appropriate time to address the threat posed by another common enemy—namely that of poverty.

As President Chino noted in his address last year, in a world as advanced as the one in which we live, poverty can no longer be tolerated. By depriving people of the chance to lead decent lives, and preventing them from choosing a path to development that is in keeping with their own philosophy and environment, poverty is an injustice that breeds discontentment. Thus, it is essential for the international community to see the battle against poverty as a crucial element of the war against terrorism. It is in this regard, that we applaud the far-sighted leadership of President Tadao Chino, under whose guidance ADB has adopted the reduction of poverty in the Asia and Pacific region as its overarching goal.

Bhutan commits its full support to ADB's efforts to address the problem of poverty in our region. There is close correlation between ADB's objective to reduce

poverty, and our own effort to combine economic development with economic and social equity. We strongly believe that to be meaningful, sustainable, and just, every section of society must be involved in all aspects of the development process. Therefore, during 2001, the Government entered into a strategic partnership agreement on poverty reduction with ADB, and conducted its first study on poverty. The findings of the study will undoubtedly contribute to improving the national data relating to poverty. Since a large proportion of our people live in small dispersed communities and are largely dependent on subsistence agriculture, poverty reduction in the context of Bhutan not only means extending the coverage of health, education, and other social services to all segments of the population, but also promoting income-generating activities.

As a result of the slowdown in the industrial economies, the overall economic performance in Asia slowed markedly in 2001. While the prospect for recovery in 2002 looks promising, we are somewhat concerned to note the decrease in the level of lending by ADB during the year. Total lending recorded a fall of 5.5%, while technical assistance grants fell by over 14%. Since many developing member countries, including my own country, are dependent on access to soft resources such as the Asian Development Fund, and technical assistance grants to address critical development needs, it is crucial that the flow of resources to these countries is maintained. We, therefore, hope that ADB will make renewed efforts to increase its lending levels in the years to come. ADB is in a unique position to influence developments in the Asia and Pacific region, and its efforts will undoubtedly translate into better economic and social conditions for all the people of the region.

A little over one month from now, we will be launching our Ninth Five-Year Development Plan. With a view to increase the pace of development, this is, perhaps, our most ambitious development plan so far—both in terms of the envisaged size of the investment program, and the projected rate of economic growth. To meet our targets and fulfill our objectives, we will require a substantial flow of assistance from both bilateral and multilateral sources such as ADB. We are confident that we can continue to look to ADB for support in our endeavors to implement our agenda for the development of our country.

The Government has always looked to ADB as a respected and trusted development partner. Since becoming a member in 1982, Bhutan has received loans and technical assistance from ADB in vital areas such as infrastructure and institution building. More recently, ADB has been focusing its assistance to Bhutan on promoting private sector development; improving the efficiency of public service delivery and cost recovery; and establishing administrative and technical capacity for analyzing and monitoring poverty, and formulating and evaluating poverty interventions. These are crucial areas, and are fully in line with our own priorities. On behalf of the Government, I would, therefore, like to express our appreciation to ADB for its support and assistance in developing our economy.

We would like to congratulate President Chino and ADB Management on the recently completed reorganization of ADB. We are confident that the reorganized

structure will enable ADB to pursue its development strategies within the framework of the long-term strategic framework, and enhance its effectiveness in meeting the development needs of its developing member countries. By replacing the former projects and programs department with regional departments, ADB is now in a position to carry out its operations with greater orientation to the needs of individual countries and to promote subregional cooperation.

ADB has been playing an increasingly active and strategic role in promoting regional and subregional cooperation among its members, and we wish to commend ADB's Management for selecting the topic of regional cooperation as the main theme for its 2001 Annual Report. Regional cooperation has the potential to substantially enhance technology transfer, improve infrastructure, develop natural and human resources, and liberalize investments. A good example is the South Asia Subregional Economic Cooperation initiative that would bring together Bangladesh, Bhutan, India, and Nepal through the promotion of subregional projects in tourism, environment, transport, power and energy, and trade and commerce. We are appreciative of the catalytic role that ADB has been playing to strengthen regional cooperation in our region, and we fully support and endorse its initiatives in this regard. As a small and land-locked country, Bhutan firmly believes that regional cooperation will not only enable us to bring about increased prosperity for our people, but that by establishing trust and goodwill among participating countries, it will also promote peace and security.

Before closing, I would like to extend a warm welcome to the delegation of Afghanistan to this year's annual meeting. We are happy to note the important role ADB is playing in coordinating international efforts for the recovery and reconstruction of Afghanistan. The people of Afghanistan have undergone untold suffering in the country's recent history, and now that peace has been finally restored, it is only appropriate, that as a founding member, it should derive the full benefits of its membership in the premier development financing institution of our region.

We are also appreciative of ADB's activities in assisting in the reconstruction of East Timor and the rehabilitation of its people. On behalf of the Government, I would like to convey our full support for East Timor's membership in ADB, and we sincerely hope that it will become a full member as soon as it gains formal independence.

In conclusion, I would like to congratulate President Chino and his colleagues for their sincere and untiring efforts toward achieving ADB's goal of an Asia and Pacific region free of poverty. I wish to extend to them my best wishes and encouragement for carrying out ADB's mandate in this challenging and crucial period.