

**BHUTAN****LYONPO WANGDI NORBU, Governor**

It is my deep honour to address this 38th Annual Meeting of the Board of Governors in my capacity as the Governor for Bhutan in the Asian Development. May I also take the opportunity to convey to this august gathering, warm greetings and best wishes from our King, His Majesty King Jigme Singye Wangchuk.

Let me join me join the other speakers in expressing our gratitude to the government and people of Turkey for the warm welcome and kind hospitality extended to us. Turkey has long been a bridge between the East and the West, and the beauty of Istanbul city befits the spirit of co-operation and partnership between the Asian Development Bank and its members.

Mr. Chairman, I would like to congratulate you on your election as the chairman of the Board of Governors for this meeting. I have no doubt that under your able leadership; this meeting will contribute significantly in deepening our mutual understanding and fine tuning ADB's strategies towards promoting rapid economic growth and reducing poverty in the region.

My congratulations also to Mr. Haruhiko Kuroda on his appointment as the eighth President of the ADB. We are confident that under his dynamic stewardship, the Asian Development Bank will continue to be responsive to the needs of its member countries, in particular the small and vulnerable developing member countries.

While the region continues to witness impressive economic performance, several member countries are struggling with the burden of rebuilding their economies. The Asian Tsunami last December brought untold tragedies to the people in those countries and added yet another dimension to the problems confronting these economies. Our deepest sympathies lie with the people of these countries. In this regard, we commend the lead role played by the Asian Development Bank in setting up of Tsunami Trust Fund for reconstruction and rehabilitation for the worst affected areas.

It was reassuring to note from the President's address that the ADB's continued commitment to fostering economic development in the region through its overarching goal of poverty alleviation is bearing commendable results. We truly appreciate the pro-poor growth initiative which can make significant contributions towards attaining the Millennium Development Goals. We share the belief that it is only by addressing the problems of the poor that there can be a sustainable over all development in a country.

We also fully appreciate the efforts made by the ADB in encouraging greater regional co-operation and integration. The gains can be tremendous as already seen in the Greater Mekong Sub-region.

I was also glad to note that the Bank would take on a larger role in helping finance the large infrastructure gap. For a country like Bhutan this has a special significance with its infrastructure still mostly rudimentary.

Bhutan is currently mid-way through its Ninth Five Year Development Plan (2002-2007). I am glad to mention that we continue to make good progress in achieving the Millennium Development Goals (MDGs). So far, two targets have been met. We are also well on track towards achieving several of the other goals by the target year. The percentage of underweight under-5 children has been significantly reduced, and the proportion of people

with sustainable access to safe drinking water has also more than doubled. This was possible because of the strong political commitment, positive policy environment, and generous support from our development partners.

The support of our development partners has ensured a relatively healthy Bhutanese economy. We have, on average, experienced a growth rate of 6%, mainly on account of investment in infrastructure, which is still a basic area of deficiency as I mentioned earlier. Our foreign exchange reserves and external balances are relatively comfortable. Debt service ratio stands under 5%, and inflation for the first quarter of 2005 is around 4%. The financial sector is fairly robust, and credit to private sector is growing rapidly, forming over 70% of the total financial sector credit during the year 2004.

Mr. Chairman, we are poised towards taking a quantum jump in our development efforts, through a parallel development on the political front. We stand today at the threshold of stepping into the realm of parliamentary democracy within a constitutional monarchy. The initiative taken by His Majesty the King is a great landmark in Bhutan's political history. The draft constitution was circulated to the public on 26th March 2005 for public discussion before its official adoption.

Bhutan remains grateful to the ADB for the numerous financial and technical assistance it received. They are in the critical areas, vital for socio-economic development and poverty reduction. We would also like to put on record our appreciation to the ADB for increasing our country allocation to US\$ 63.98 million for the biennial period 2005-2006. Our partnership with the ADB has been most fruitful, and it continues to be one of our most important multilateral development partners. We are confident that under the leadership of President Kuroda, Bhutan-ADB partnership will be further strengthened.

In conclusion, I would like to once again express our appreciation to the Government and the people of Turkey for the outstanding hospitality. I would also like to commend the ADB management team for the excellent arrangements made for this meeting.

Tashi Delek