

## BHUTAN

NIM DORJI, Alternate Governor

At the outset, I would like to convey the apologies of our Governor, the Honorable Finance Minister, who is unable to be here today due to other pressing engagements. He has, however, asked me to convey his sincere apologies and best wishes for successful 41st Annual Meeting of the Board of Governors of the Asian Development Bank (ADB).

It is a great honor for me and my delegation to attend this meeting of ADB. I would like to join the other Governors in expressing our appreciation to the host Government and the people of Spain for the warm reception and hospitality extended to us. I bring to this gathering the warm greetings and best wishes from our new Government, which was recently formed after being elected for the first time through an election on 24 March 2008.

I would like to state that Bhutan is pleased to note the progress achieved in implementing many of the new initiatives of ADB under the leadership of President Kuroda.

We strongly support the new initiatives to address the consequences of climate change and global warming. We also firmly believe that such important initiatives will complement the creation of a Clean Energy Trust fund, which will help developing member countries (DMCs) to promote environmentally sustainable energy use.

Since Bhutan has significant but still largely untapped renewable hydropower potential, the Royal Government is deeply committed to pursuing an accelerated hydropower development policy. Harnessing our potential, which could be for domestic as well as regional use, would have positive impacts on the global environment as exports of clean hydropower electricity would reduce fossil fuel burning and greenhouse gas emissions. However, such efforts require not only capacity building but, given the capital-intensive nature of such projects, finance. In this context, I am pleased to report that, with ADB's support and its catalytic role, public-private partnerships are being promoted for hydropower projects. Continued support in this area will be very important.

We are happy to note that the negotiations for the ninth replenishment of the Asian Development Fund (ADF X) have been successfully completed, with a substantial increase in the ADF, which should result in an increased allocation for the DMCs. We thank the donor countries for their contributions to the ADF. We also appreciate the higher transfer of resources from OCR net income to the ADF.

Under the current performance-based allocation (PBA), Bhutan, although a star performer, has never been rewarded in the form of an increased allocation. Instead, its country allocation from

ADF declined from SDR44 million in 2005-2006 to SDR26 million in 2007-2008. We urge the ADB Management to review the PBA criteria to lessen the volatility of ADF allocation and to allow countries like Bhutan to make longer-term plans based on predictable resources so they can implement their medium-term fiscal frameworks.

The new long-term strategic framework (Strategy 2020) commits ADB to an enhanced role in the development of a poverty-free Asia. We fully endorse Strategy 2020. We are hopeful that its operational details will take into account the special needs of small and vulnerable land-locked countries like Bhutan.

Currently, the Royal Government is in the process of finalizing the 10th Five Year Plan for 2008–2013. Poverty reduction is the key thrust of the plan, with the overarching goal of realizing our development philosophy of gross national happiness. In addition to envisaging reforms in the corporate and public sectors, new initiatives such as results-based management and the transfer of block grants to local governments will take place during the 10th Five Year Plan period.

The 10th round table meeting held in Bhutan in February 2008 has given fresh momentum to the process of mutual cooperation and consultation between the Royal Government and its development partners. We would like to extend our heartfelt gratitude to ADB and all other development partners for their participation and their continued support. According to the United Nations Millennium Development Goals (MDGs) needs assessment, Bhutan is well on track to achieve most of the MDGs by 2015. However, concerted efforts and continued donor support will be key to this.

Finally, I would like to take this opportunity to tell the 41st Annual Meeting that the first historic national assembly under the democratically elected new Government in Bhutan will begin on 8 May 2008. Among other matters it will deliberate and adopt the constitution of the Kingdom of Bhutan. As we carry out these momentous changes, we would like to solicit the continued support and cooperation of our developing partners, such as ADB.