

**SRI LANKA**

SARATH AMUNUGAMA, Governor Ad Interim

I am greatly honored to address this assembly on behalf of the Government of Sri Lanka. At the outset, let me thank the authorities of the Kingdom of Spain for the excellent arrangements to host us in this magnificent city of Madrid and for the hospitality extended. May I also express thanks for the new development partnership that Sri Lanka has been able to build with Spain, especially for the reconstruction of bridges, roads, and water schemes after the tsunami disaster.

This year marks the 41st anniversary of the Asian Development Bank (ADB). Over the past four decades, the Asian region has achieved remarkable development. Economic growth has accelerated and unemployment and poverty have been reduced. Several countries have reached high standards of living. There is no doubt that ADB has made a considerable contribution to this achievement. I congratulate President Kuroda for his strategic vision and stewardship, which has enabled ADB to address new challenges and exploit new opportunities.

My country is pleased that the negotiations on the replenishment of the Asian Development Fund (ADF) X have been successfully concluded. While we should welcome a significantly higher amount of resources under ADF X, it is very important that we make a special effort to obtain the maximum benefits from these enhanced resources. ADF X provides a chance for ADB to make a significant impact toward the achievement of the Millennium Development Goals. I hope that we can improve the living standards of the people of the region, particularly of the poor, and that there can be a more equitable distribution of the benefits of growth. Recent events have underscored the need to link infrastructure development with rapid agricultural growth. Agriculture is the mainstay of the poor in the region.

ADB has been a supporter of Sri Lanka's development efforts for more than four decades. In 2007, ADB committed loans amounting to US\$445 million for the development of the port, education, and SME sectors. I must thank ADB for providing grant assistance under the Japan Fund for Poverty Reduction (JFPR) facility to improve the quality of life of the rural poor through a livelihood development program linked to improvement of rural access roads.

Sri Lanka is now in the third year of the Government's 10-year development program, with the objective of achieving faster and all-inclusive growth. I am pleased to mention that we have been making steady progress toward this objective, despite unprecedented challenges such as the escalation of oil and food prices and terrorist threats.

As a newly emerging middle-income country, we have recognized the need to tap other sources of funding to obtain the resources needed for our accelerated infrastructure development drive.

We were able to issue a debut international bond issue of US\$500 million in 2007, a landmark deal in a difficult year. We are also strengthening our relationships with regional trading partners, which is in line with ADB's strategy of promoting regional integration. We have no doubt that ADB will continue to play a prominent role as a key development partner in Sri Lanka throughout the present decade and beyond.

Let me present a few salient features of the Sri Lankan economy. Most macroeconomic indicators showed progress in 2007. The economy grew by 7% after achieving 7.7% growth in 2006. The average rate of unemployment reached its lowest ever recorded level of 6.0%, while per capita income rose to US\$1,617. For us trade has proved to be as important as aid. The developed economies must continue to assist us, as the European Union does through the general system of preference plus (GSP+) facility.

Meanwhile, the most recent survey results from our Census and Statistics Department have revealed encouraging developments in reducing poverty. The results show a considerable decline in the poverty head count ratio to 15.2% in 2006, from 29% in 1995. We are confident that our development programs are on the right track and that the progress we have seen in recent years will continue despite challenges. Among these is the need to end terrorism and find a negotiated political settlement based on the devolution of power. On 10 May, the newly liberated Eastern Province will go to the polls to elect its own provincial council, which will enjoy powers devolved to it under our constitution.

I would like to express my sincere appreciation of the efforts of the President of ADB and his team for the continuous support given to Sri Lanka. We look forward to strengthening our partnership in the future.

Finally, let me say how grieved we are about the devastation in Myanmar. As a country which was affected by the tsunami, our sympathies go out to the people of Myanmar and we wish to pledge our support and hope for a speedy return to normalcy.