



BHUTAN

WANGDI NORBU, Governor

It is a great pleasure for me and my delegation to be here for the 37th Annual Meeting of the Board of Governors of the Asian Development Bank (ADB). I bring to the distinguished colleagues the warm greetings and best wishes from our king, His Majesty Jigme Singye Wangchuck.

I join the distinguished colleagues in expressing our sincere gratitude to the Government and people of the Republic of Korea, especially the people of Jeju Province, for the very warm welcome and gracious hospitality extended to us. I would also like to commend the organizing committee and the management for the excellent arrangements made for the meeting. The beauty of Jeju truly reflects the spirit of partnership and co-operation between ADB and its members.

I would also like to extend a very warm welcome to the delegates from Luxembourg and Palau who are attending the meeting for the first time as the 62nd and 63rd members of ADB.

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

The heavy responsibilities of ADB are becoming ever more challenging with the high costs of rebuilding of war-damaged economies. The cost of war is also felt by the developing member countries (DMCs) through the reduction of the Asian Development Fund (ADF) resources available to them. In this regard, we welcome the recent successful discussions on ADF IX as it will enable ADB to continue meeting the challenges without unduly affecting the development programmes of the DMCs. We are particularly happy to note that a significant share of new contributions will be allocated to ADB's Technical Assistance Special Fund. We would, therefore, like to commend President Tadao Chino and his management team as well as the shareholders for the successful outcome of their discussions.

Despite the uncertainties in the global economy and security concerns, it is heartening to note that economic performance in the region is improving. After the last economic crisis in the region, when member countries had to face tremendous hardship,

this is indeed encouraging. The restoration of external capital flows indicates the regaining of the international community's confidence in the policies and approaches of the DMCs.

With respect to my own country, I would like to mention that we continue to make good progress in achieving the Millennium Development Goals (MDGs). So far, two targets have been met, and we are well on track to achieving several of the other targets by the year 2015. The percentage of underweight under-5 children has been significantly reduced, an indicator of eradicating extreme poverty and hunger, and the proportion of people with sustainable access to safe drinking water has also been halved. This was possible because of the strong political commitment, generally positive policy environment, and support from development partners.

On the economic front, with the support of our development partners, the Bhutanese economy is doing reasonably well. Our economy has grown by about 6% in the last fiscal year. These are mainly because of investments in infrastructure, which is still a basic area of deficiency. Prices are generally stable, foreign exchange reserves are fairly adequate, the debt-service ratio stands under 5%, and external balances are at manageable proportions. The fundamentals of the economy are also picking up, with credit to the private sector having grown by 29% in the immediate past year. The financial sector is fairly robust, with a healthy degree of competition emerging. However, we are still fundamentally weak, with little natural resources, and we need to rely on external assistance for the foreseeable period into the future.

I need not repeat here how much Bhutan gained by becoming a member of ADB in 1982. As of today, ADB has approved loans amounting to \$111.2 million and technical assistance grants amounting to \$27.1 million. All of the resources have been in social sectors that are vital to our development goals of socioeconomic development and poverty reduction.

Bhutan supports the various initiatives taken by ADB for closer regional co-operation, such as the South Asia Subregional Economic Cooperation (SASEC). We think it is progressing well, and we are hosting the 4th Tourism Working Sector Group Meeting in Thimphu at the end of this month (26-28 May, 2004). I foresee promising scope for such initiatives, and it would go a long way in fulfilling our aspirations to reduce poverty and accelerate social development through regional co-operation. In line with our support for regional co-operation initiatives, Bhutan joined the BIMST-EC economic group last February, at the sixth ministerial meeting in Phuket, Thailand.

Before closing, I would like to express our appreciation to our host, the Government of the Republic of Korea, for its initiative in establishing the Knowledge Partnership Fund and the e-Asia Fund. We have no doubt that these initiatives will serve as an effective channel for the transfer of Korea's experience and knowledge to the other DMCs and for narrowing the digital divide.

In conclusion, on behalf of the people and Government of Bhutan I would like to express our appreciation and gratitude to President Tadao Chino and ADB management team for their commitment and support extended towards socio-economic development of Bhutan.