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NEPAL

Dr. Ram Sharan Mahat
Finance Minister

Chairman of the Board of Governors,
President Mr. Takehiko Nakao
Fellow Governors,
Ladies and Gentlemen!

I feel honored to have been invited to address the 48th Annual Meeting of Board of Governors of the Asian Development Bank (ADB). On behalf of my delegation, I convey warm appreciation to the Azerbaijan Government and the people of Baku for their gracious hospitality extended to us.

Mr. Chairman,

As you are aware, much of my country today is utterly devastated as a result of a massive earthquake on April 25th. This has caused immense human loss and suffering. The death toll has exceeded 7,000 and more than 15,000 are injured. Hardly a school or health post is intact in the most affected districts. Vital public services have been obstructed. Landslides have degraded an already fragile ecology. And several world heritage sites are in a state of ruin. Fourteen of the 75 districts of Nepal have been declared crisis-hit, which account for 20% of the country's population, and have about 1.2 million households. More than 400,000 houses and government buildings have been damaged of which more than 50% are completely destroyed. I am overwhelmed by the expression of sympathy, solidarity and support expressed by fellow governors and delegates here, also by ADB's promptness in organizing various meeting including the Partnership Forum for our cause in the hour of great need. I express my appreciation for ADB and to our close neighbors, friendly nations, institutions and individuals who quickly come forward extending helping hands for search, rescue and relief operations for the victims. Thanks are also due to the Government of Japan for its offer in organizing international conference to mobilize support for Nepal's recovery and reconstruction.

We have not faced a disaster of this magnitude for over 80 years. While the country is slowly emerging from a state of shock, I pledge to you today that we will rebuild our country. We are a resilient people, but given the enormity of the calamity we have faced, we will need all the support we can muster. I am confident that we can count on the Asian Development Bank and all our development partners to extend and deepen its scope of support to the government.

Indeed, just last February, President Nakao visited Nepal to reaffirm the strong ties between Nepal and the ADB built over 25 years of field presence. I thank you Mr. President for visiting Nepal.

We commend ADB for its support to combating poverty and accelerating economic growth in the Asia-Pacific region. ADB has played a pivotal role in harnessing regional cooperation, through investing in regional as well as sub-regional infrastructure and connectivity projects. We urge ADB to increase significantly its investment in this area. ADB's efforts in stimulating private sector development and investment is welcome though enhanced level of engagement is necessary on this front as well. The member countries have also benefited from ADB's innovative products, including the transfer of knowledge, best practices, and technologies.

Mr. Chairman,

In order to accomplish its mission, certainly ADB should be strong in terms of financial resources. The merger of ADF resources with OCR would help strengthen the financial capacity of ADB in view of greater demand for development finance in the region. I would like to thank President Nakao for his leadership in steering this innovative initiative. I am confident that ADF countries would benefit from increased concessional assistance to address their development needs.

I believe that the completion of the Midterm Review of Strategy 2020 and the startup of implementation of its action plan provide an opportunity to improve ADB's development effectiveness and address broader development challenges in the region. However, ADB should further enhance its ability to implement the action plan to support the needs of member countries by maximizing organizational effectiveness and improving business processes.

Mr. Chairman,

On the one hand we constantly talk about the need for more resources, on the other, we have been confronting a low level of utilization of committed resources. This is an irony, and that we need to put a joint effort to reverse this trend, and make sure that the committed resources will be fully disbursed and expected results can be achieved within the stipulated time.

With the increased capital base, ADB has increased its lending capacity. We therefore invite ADB to sufficiently fund capacity and institution building. This is critical to improve results, which has been the constant concern of ADB donors, the recipients, and ADB itself. We also urge ADB to be more flexible in applying different safeguard

policies, guidelines and standards, while delegating sufficient authorities to resident missions.

Mr. Chairman,

The global community has been shaping the ambitious Sustainable Development Goals (SDGs) to form the post-2015 Global Development Agenda. This requires a huge amount of ODA. We have placed a high expectation from the upcoming Addis Ababa Summit on Financing for Development (FfD). We strongly believe that the FfD will form a historic event not only for commitments but also for delivery.

Mr. Chairman,

Allow me in the end to return to the topic of Nepal. The devastation triggered by the massive earthquake has stopped the momentum for economic recovery and growth that we were confident of restarting after decades political instability. However, efforts are underway to promulgate a new constitution that shapes the direction for new Nepal. Negotiations are underway among political parties. However, we are not only waiting for a new constitution, but also putting efforts for economic development. Despite a decade long insurgency and resource crunch, most of the MDG's targets have been achieved. The growth rate, which had been below 4 percent for over a decade, has inched upwards by a percentage point. As targeted, Nepal is on track to graduating out of the status of a Least Developed Country (LDC) by 2022. However, this projected graduation on the back of non-income criteria will remain fragile if we cannot substantially augment our average per capita income. Overall, while the earthquake now has new macro-economic consequences, the economy has been fairly stable, with impressive revenue growth and inflation that has been reined.

At the same time, critical challenges remain in the economy. The trade deficit is alarming with imports accounting for over 80 percent of total trade. Development of infrastructure, especially in energy and transportation, has been identified as critical constraints to triggering higher growth. They are key to improving the competitiveness of our economy. Efforts have been made to create a conducive environment for foreign investment in infrastructure building. We have recently concluded power development agreements with Indian companies and power trading agreement with the Government of India. These will help build investors confidence, among others. As there has been an enormous need for investment and job creation, we invite development partners and potential investors for a scaled up assistance and investment.

Mr. Chairman,

Nepal is blessed with nature. We have favorable climate variations and abundant cultural heritage for the tourism. Energy, agriculture and tourism are our inherent resources base. We need to expand infrastructure and other facilities to harness these sectors. Our people are hard working. With the right policies, enhanced level of capacity and stable government, I am confident that we will be able to move forward with an impressive scenario in the next ten years. We look forward to receiving ADB's continuous support to make our goals a reality.

Finally, I wish ADB all success in its mission under the mature leadership of President Nakao.

Thank you.