

**Mr. Chairman,
Fellow Governors,
Distinguished Delegates!**

1. It is a pleasure and honor for me to address this noble gathering of the eminent officials of the World Bank Group and IMF as well as my fellow governors and colleagues as a Finance Minister and Governor of the newly born Federal Democratic Republic of Nepal. This annual assembly provides an appropriate platform that can best be utilized for discussing and deciding on how we can wipe out the curse of poverty and inequality from the face of the earth and create a decent, egalitarian, peaceful and prosperous society in all parts of the world.

Mr. Chairman,

2. Let me briefly explain the recent political development in Nepal. We have fought and won the political war - a war to emancipate the people of Nepal from all forms of feudal exploitations. Feudal monarchy that represented socio-economic stagnation and underdevelopment for centuries has been abolished. People of Nepal have now become fully sovereign. We have achieved this through the heroic sacrifices of tens of thousands of toiling masses of people. For the first time in Nepal's history, people's representatives are going to write the new constitution.
3. Internal conflict marked by a decade long armed people's war is now over and the country is heading towards lasting peace. The signing of Comprehensive Peace Accord between the Communist Party of Nepal (Maoist) and the then government in November 2006 and the formation of the present coalition government headed by the Maoist party following the Constituent Assembly Election last April has ensured political stability in the country. The writing of new democratic constitution of the nation within next two years will complete this process.
4. While we have made progress on the political front, we now have to fight the economic war- a war against economic stagnation and deprivation of masses from even the basic necessities of life. This is the challenge that we have to face head on. And we must aim to take big leaps. We will have

to leap-frog rather than move in a snail's pace as in the past. It is time that we take high but realistic ambitions and put all-out efforts to achieve them.

5. During the past 50 years of planning, the growth rate of the Nepalese economy has been very low, or barely sufficient to keep pace with the population growth rate. The rate of savings is just about 11.5 percent of GDP, which means high dependence on foreign assistance to meet the investment requirement for the targeted rate of growth. We realize that poor governance has been one of the fundamental constraints for Nepal's rapid development. We have focused our efforts on improving governance, minimizing leakages in expenditures and properly targeting public expenditures so that we get maximum out of government's investments.
6. Nepal is now in a phase of economic transition from feudalism to industrial capitalism, with appropriate blend of social welfare. In this process, we will have to demolish old growth inhibiting rules, structures and institutions and initiate new growth promoting strategies. Our vision is to build a '**New Nepal**' through rapid socio-economic transformation. We have set out the economic agenda with a goal of achieving double digit economic growth rate in the next two years with, of course, proper distribution. For this, we have opted a three-pronged strategy: promotion of private sector investment in growth-propelling sectors, public-private partnership in large infrastructure projects and cooperatives in rural areas in agriculture, agro-processing, marketing activities and in operating public distribution system.
7. Our development priority is on water resources and hydropower, and agriculture and tourism as these are the areas in which Nepal has comparative and competitive advantage. We would be creating investment-friendly environment for foreign direct investment in these areas. For this, we would need rapid expansion of physical infrastructures and accelerated investments in education and health.

Mr. Chairman,

8. As we are embarking upon a challenging journey of rapid economic growth and improving the lives of millions of poor people by negotiating the rising commodity prices, there is now the more serious crisis propelled primarily by falling asset prices. The exact magnitude of current financial crisis is yet to unfold as each day banks, one after the other in advanced countries, are reporting financial distress. This indicates a serious flaw in the world financial system. I think we have all gathered here at the right time to debate on these issues and I hope that, collectively, we will have proper diagnosis and find proper solutions.
9. I urge that when advanced countries focus on tackling their domestic economic woes, they should not lose sight of the need of under-developed and developing countries, specially the ones like Nepal passing through a post-conflict phase. The existing sharp gap between the poor and the rich countries must be abridged. Otherwise that will provide a sure recipe for revolt and conflict in the future.

Mr. Chairman,

10. I take this opportunity to express our sincere thanks to all those who have extended support to our peace process and in rebuilding Nepal. I would specially like to thank the Bank and the Fund for their renewed commitment to help achieve our vision of New Nepal.
11. I wish the Annual Meetings a grand success and thank you all for your gracious presence.

Thank you!