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Gross National Happiness Commission

**TENTH  
ROUND TABLE MEETING REPORT  
17<sup>th</sup> - 18<sup>th</sup> FEBRUARY 2008  
THIMPHU : BHUTAN**

Royal Government of Bhutan

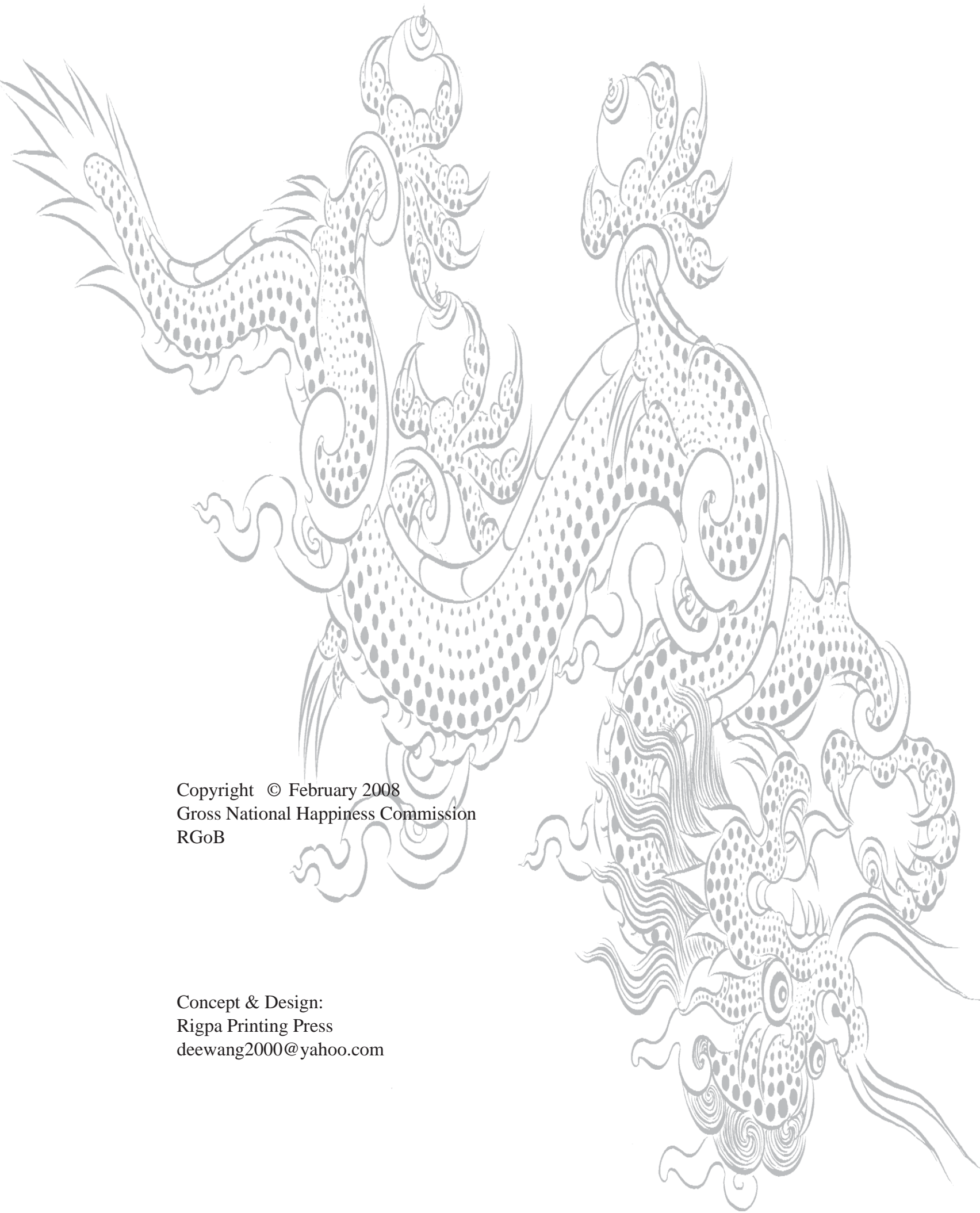
# BHUTAN

## TENTH ROUND TABLE MEETING REPORT



Royal Government of Bhutan

Thimphu, February 17-18, 2008



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Concept & Design:  
Rigpa Printing Press  
[deewang2000@yahoo.com](mailto:deewang2000@yahoo.com)

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Participants at the Tenth Round Table Meeting, Thimphu 2008

## Introduction

The Tenth Round Table Meeting (RTM) between the Royal Government of Bhutan and its development partners was held in Thimphu on 17-18 February 2008. The meeting saw a high-level participation of over 130 delegates, including 83 delegates representing 14 bilateral partners, 20 multilateral partners and 4 non-government organizations.

The RTM is the highest forum for aid coordination between the Royal Government of Bhutan (RGoB) and its development partners. The RTM is held once every two and half years. The last RTM was held on 15-16 February 2006 in Geneva. The Tenth RTM was organized by the Gross National Happiness Commission (GNHC) and the Ministry of Foreign Affairs with support from UNDP Country Office. It was co-chaired by H. E. Lyonpo Thinley Gyamtsho, Minister for Education, Royal Government of Bhutan and Mr. David E. Lockwood, Acting Regional Director for Asia and Pacific, UNDP HQ.

The background documents for the meeting included the following:

- “Draft Tenth Five Year Plan,” published by Gross National Happiness Commission, Royal Government of Bhutan, February 2008
- “Rapid Impact Assessment of Rural Development,” published by Planning Commission, Royal Government of Bhutan, November 2007
- “Bhutan Millennium Development Goals Needs Assessment and Costing Report”(2006-2015), published by Planning Commission, Royal Government of Bhutan, November 2007
- “Bhutan Living Standard Survey 2007 Report “published by National Statistics Bureau, Royal Government of Bhutan

### A. Inaugural ceremony

#### A.1. Inaugural address by Lyonpo Kinzang Dorji, Hon’ble Prime Minister, Royal Government of Bhutan

H. E. the Prime Minister welcomed the distinguished delegates to Bhutan and thanked them for participating in the very important Tenth RTM for Bhutan. He mentioned that such high level participation of Bhutan’s development partners in the meeting was a clear indication of the close friendship and goodwill they had for Bhutan and its people. He conveyed the Royal Government’s gratitude and appreciation for their continued goodwill and support.

The Prime Minister highlighting the profound changes Bhutan was undergoing, underlined the significance of the meeting to ensure smooth transition to Parliamentary Democracy and for the successful implementation of the 10th Plan. He expressed the Royal Government’s expectations on the continued support and cooperation of the development partners.

H. E. the Prime Minister briefly highlighted the socio-economic progress Bhutan had achieved thus far under the visionary leadership of His Majesty the Fourth King. He informed that the national literacy rate had reached 60% and health coverage sustained at 90 %. The under-five mortality rate had been reduced to 60 per thousand live-births from 84 per thousand live births and maternal mortality reduced to 215 per hundred thousand live-births from 255, over a five year period. Poverty level had been reduced from 31.7 % in 2003 to 23.2 % in 2006 as per Bhutan Living Standard Survey 2007 Report. He mentioned that with high priority accorded by the Royal Government to the social sector, Bhutan had moved from low to medium development category in UN Human Development Index (HDI) and was also potentially on track to achieve most of the Millennium Development Goals (MDGs) targets, having already achieved three of the MDGs targets.

On the economic front, he stated that the GDP had grown at an average of around 8-9% per annum over the Ninth Plan period (July 2002 to June 2008). The GDP per capita was estimated at US\$ 1200 in 2006 up from US\$ 800 in 2002. While the domestic revenue had improved with the commissioning of Tala Hydroelectric project in 2006, he informed that the improved revenues would, however, be offset by increasing expenditures in social sector, increased debt servicing obligations and provision of annual grants to local governments to facilitate the fiscal decentralization process. In this respect, he stressed on the need for continued support of all its development partners to sustain the progress achieved and to realize the MDGs.

On the issue of the people in the camps in Nepal, the Prime Minister stated that Bhutan was mindful of the humanitarian face of the problem and also recognized the importance of a speedy resolution to the issue. On the transition to parliamentary democracy, he informed that the elections to the National Council had been conducted successfully in January 2008 while preparation for the National Assembly elections scheduled to take place in March 2008 were ongoing.

The Prime Minister informed that Bhutan's 10th Five year Plan would start from 1st July 2008 ending on 30th June 2013. He said that the 10th Plan was a "Special Plan" as it would be the first Plan to be implemented under the reign of His Majesty the Fifth Druk Gyalpo and also by the first elected government. Hence, ensuring successful implementation of the Plan was of paramount importance towards building the people's faith in parliamentary democracy. He said while Gross National Happiness would continue to be Bhutan's long term development goal, poverty reduction from 23.2 % in 2006 to 15 % in 2013 would be the immediate objective of the Plan. The new features of the 10th Plan such as Fiscal Decentralization (annual grants to local governments), Result Based Management and Multi-Year Rolling Budget were highlighted and requested development partners for provision of Budgetary Support to facilitate realization of these new initiatives.

While reiterating the Royal Government's full commitment to the successful implementation of the 10th Plan, H. E. the Prime Minister shared the concerns of ensuring timely, adequate and predictable resources to finance the 10th Plan. He expressed hope that in this challenging period of transition in Bhutan's history, the continued support of the development partners would be forthcoming as in the past.

Concluding the Inaugural Address the Prime Minister thanked UNDP for co-chairing and for its support in organizing the RTM in Thimphu.

#### A.2. Statement by Mr. David E. Lockwood, Acting Regional Director, UNDP

Mr. Lockwood highlighted that the 10<sup>th</sup> Round Table Meeting was taking place at a critical juncture in Bhutan's development and therefore provided an excellent opportunity for all partners to be updated on the progress and challenges in terms of achieving the Millennium Development Goals (MDGs) and the transition towards a democratic constitutional monarchy. He pointed out that holding the meeting in Bhutan enabled the participation of far more government colleagues in the dialogue, and the opportunity for delegations to hold bilateral meetings with their partners in the Government.

He commended Bhutan for the successful elections to the first democratic National Council which now has a broad representation of society in terms of age, gender and background. Ongoing intense efforts to engage all segments of society to exercise their rights to vote and participate in the parliamentary elections, was expected to help increase the voter-turnout in the National Assembly elections from the 53% recorded during the National Council elections.

He also commended Bhutan for being among the first group of countries to carry out an MDG Needs Assessment and Costing Exercise, and added that Bhutan was potentially on track to achieve most of the MDG targets. Mr. Lockwood stated that an analysis of the Government's Ninth Plan achievements indicates that development assistance targets were achieved both in respect of volume of assistance needed and results and expressed his appreciation to all development partners for fully meeting their commitments.

These achievements notwithstanding, Bhutan still faced challenges in some important areas of gender equality in school education, maternal health and HIV/AIDS. He added that meeting these challenges would depend on continued and substantial development assistance for the entire Tenth Plan period, particularly since the incremental cost of reaching the remaining population in remote regions was significantly high. Furthermore, to ensure a successful democratic transition, Bhutan needed the fullest support of its development partners in the Tenth Plan, as little over fifty percent of the Plan outlay depended on external financing.

On the people in the camps in Nepal, Mr. Lockwood highlighted the need for Bhutan to take concrete steps to resolve the issue as soon as the dialogue with the Government of Nepal could be reinitiated. He reiterated UN's commitment to support such effort, if so requested.

#### B. Morning Session

##### B.1: Statement by Mr. Yeshey Dorji, Foreign Secretary, Ministry of Foreign Affairs

The Foreign Secretary stated that the issue of the people in the camps in Nepal was not a typical refugee problem that lends itself to conventional solutions but a complex one with its genesis in illegal immigration.

The Foreign Secretary informed the meeting that the Royal Government remains committed to the bilateral process and to the past agreements reached with the Government of Nepal on the issue. Accordingly, Bhutan had made every effort to take the bilateral process forward, which regrettably had not been reciprocated. Instead, in 2006, the then Government of Nepal made a radical departure from all preceding talks and agreements by stating that the problem was between Bhutan and its people, and insisted that Bhutan talk directly to the people in the camps. The Foreign Secretary said that Bhutan could not accept this new position as it was agreed from the beginning of the talks in 1993 that the two governments would find a solution through the bilateral process - a commitment that had always been reiterated by successive governments of Nepal up to that point. Foreign Secretary said that Nepal's involvement was essential as there was an agreement to provide an option to apply for Nepalese citizenship to those who emigrated and did not wish to return to Bhutan. Nepal's involvement and agreement were also necessary for resettlement of the people in third countries.

The Foreign Secretary also expressed Bhutan's security concerns arising from the infiltration of Maoist elements into the camps, and the formation of extremist parties such as the Bhutan Communist Party, its militant wing the Bhutan Tiger Force, Bhutan Gorkha National Liberation Front and the Bhutan Revolutionary Students Union. These parties had declared their intention to achieve their political aim through violent means including an armed revolution to end the Monarchy in Bhutan.

In the past two years, several attempts had been made with Improvised Explosive Devices (IED) in southern Bhutan. In December 2006, a bomb blast took place in Phuentsholing Township, which was later confirmed as the work of Bhutan Communist Party upon the arrest of one Shantaram Acharya. Between March and May 2007, the Royal Bhutan Police recovered IEDs planted on five separate occasions in Phuentsholing sub-district, and on 21 May 2007, an explosive device damaged a public bus. On 16<sup>th</sup> January 2008, the Royal Bhutan Army's patrol apprehended one militant. On 20<sup>th</sup> January 2008, three days after the Election Commission announced the National Assembly election date, Bhutan was rocked by a series of four bomb blasts, including one in Thimphu's city centre. A group calling itself the United Revolutionary Front of Bhutan, claimed responsibility for the explosions. On 3<sup>rd</sup> February, another bomb blast took place in Samtse District behind a government office, used as a polling booth and residence of the election officials. Between 5<sup>th</sup> and 7<sup>th</sup> February, six militants belonging to the Communist Party of Bhutan were apprehended in Sarpang District.

These activities were preceded by a protest against the Mock General Elections that was held on 28<sup>th</sup> May 2007. The Nepal-based National Front for Democracy together with militant elements of the Bhutan Communist Party and Nepal Maoists with the support of the seven political parties of Nepal organized 2000 people claiming to be Bhutanese refugees to march from Nepal to Bhutan. The marchers were stopped at India-Nepal border by the Indian security forces. The Maoists who were part of Nepal's interim government had admitted that they had links with extremist elements in the camps. In an interview in September 2007 to the New Statesman, a London-based newsmagazine, Maoist leader Prachanda said that they were active in the camps and their local groups "may have a relationship" with Bhutanese Maoists.

In summary, the political instability of Nepal lasting over many years has delayed progress on the issue of the people in camps. Foreign Secretary said that a new government of Nepal is to be elected in April 2008. Therefore, Bhutan was hopeful that a newly elected government of Bhutan, which will take office after the National Assembly election of 24 March 2008, would have the counterpart to resume the Ministerial Joint Committee Meeting to move the bilateral process forward.

Bhutan also welcomed the offer of the United States and other members of the Core Group to resettle people from the camps.

In conclusion, Foreign Secretary said Bhutan was encouraged by the goodwill and assistance of the development partners as it prepared for a new democratic system of governance. He expressed the hope that with the friendship of development partners, the people's aspirations for a peaceful and secure nation would continue to prevail.

## B.2: Parliamentary Democracy in Bhutan by Dasho Kunzang Wangdi, Chief Election Commissioner, Election Commission of Bhutan

The presentation focused on key features of the Bhutanese Democracy such as relevant chapters of the Constitution, sovereign power, rights and duties of the people, the principle of separation of powers and role of the civil society.

The Chief Election Commissioner (CEC) described Bhutanese Democracy as multi-party and secular, and one that choose the two Political Parties to be in Parliament through the Primary Round and decided which of the two would be the Ruling Party, determined by the number of seats won in the second round - the General Election. He also pointed out that the royal family, religious personalities and organizations were required to remain above politics.

The Constitution would be the Supreme Law with the Supreme Court of Bhutan as its Guardian. His Majesty the King would be the Head of State and the three organs of the State - Executive, Legislature and Judiciary would be independent from each other.

The CEC also pointed out that Fundamental Rights such as freedom of speech, opinion and expression; the right to information; the right to freedom of thought, conscience and religion; the right to freedom of peaceful assembly and freedom of association were guaranteed in the Constitution. Civil Society Organizations would be encouraged to be registered under the Civil Societies Act 2007 that would help ensure the fundamental rights and freedoms of the people.

Moving on to elections, the CEC assured that the State would co-finance the campaigns for elections to the National Assembly and the National Council. This was to ensure free and fair elections where all candidates worked on the same level of playing field. Universal suffrage for all eligible voters, men and women to vote; freedom to register as a voter or run for public office and freedom of speech for candidates and political parties were some of the features of the electoral regulations. So much so that even prisoners were given the privilege to take part in the democratic and electoral processes.

He informed that 864 polling stations would be manned by over 5,000 polling officers, 10,000 personnels of the Royal Bhutan Police and the Royal Bhutan Army to ensure that no undesirable incidents took place. Adequate number of National Observers was deployed and International Observers from countries that were with us throughout our modernization process were encouraged. International media would continue to cover the historic elections in Bhutan.

During the First National Council Elections polled on 31 December 2007 in 15 Districts and on 29 January 2007 in 5 Districts, 53% (165,962) out of the Total Registered Voters of 3,12,817 cast their votes.

In conclusion, the CEC touched upon the threats to the first historic election by “skeptics who vehemently carry out and supported malicious propaganda” and spate of bomb blasts and the threats made by the group of dissidents styled as Communist Party of Bhutan based in Nepal. Notwithstanding these threats, he said that Bhutan was, “committed to ensure that the fire of democracy does not even flicker let alone extinguished”.

### B.3. Discussions

The development partners congratulated Bhutan on its move towards parliamentary democracy and offered to continue their support to Bhutan during this period of transition. Expressing concerns over certain provisions in the Constitution regarding the rights of women and child, Denmark urged the Royal Government to make amendments accordingly. Austria and Netherlands urged the Royal Government to speed up the voter registration process. The European Commission expressed its happiness to be invited as observers to the National Assembly elections. The observer mission would publish an independent report that would be the basis for future cooperation between the European Union (EU) and Bhutan.

The UN Resident Coordinator in a joint statement representing 20 UN agencies said a governance system that was inclusive and promoted gender equitable social development was central to the achievement of human development. He reiterated the continued support of the UN in ensuring a vibrant democracy.

While recognizing the efforts being made by Bhutan for an amicable solution to the issue of the people in the camps in Nepal, development partners urged Bhutan to resume the bilateral process as a delayed resolution would lead to many unwanted incidents and additional difficulties. Most development partners welcomed third country resettlement initiative. Norway announced that they were accepting 150 people from the camps in Nepal, with one family having already entered the country.

The UN system in Bhutan, while highlighting the need for bilateral negotiations between the Governments of Bhutan and Nepal to explore options to resolve the issue, expressed its commitment to the Royal Government in its search for lasting, peaceful and just solutions.

The CEC said that once the parliament was in place, there would be sub-committees dealing with child and women issues. On the issue of inclusiveness, there was a legal provision on voters registration because casting a vote was not compulsory. The deadline for the postal ballot was also extended from 18 February to 1 March so that more people could exercise their rights.

Concluding the session, the Co-chair Mr. David E. Lockwood thanked the Chief Election Commissioner for his presentation. He also thanked the Foreign Secretary for the presentation on the issue of the people in the camps in Nepal. He mentioned that the concerns expressed were noted. He expressed his hope that after the elections in Bhutan and in Nepal, the new political leaders would take the bilateral process forward and find a lasting solution to the issue.

## C. Thematic Sessions

### C.1. Millennium Development Goals and Poverty Reduction by Kunzang Lhamu, GNH Commission

Kunzang Lhamu gave a brief overview of the 9th Plan achievements (July 2002 to June 2008) and Bhutan's progress towards MDGs and poverty reduction.

She mentioned that the 9th Plan outlay was Nu. 70 billion with the social sector receiving around a quarter of the allocation. About 50% of the Plan outlay was financed through Official Development Assistance (ODA) which averaged around Nu. 6.5 billion per annum or approximately 19% of the per capita Gross Domestic Product (GDP). Real GDP had grown at an average of 9% over the plan period with the Tala Hydroelectric Project contributing substantially. The Balance of Payment (BoP) over the period remained positive with inflow of external resources offsetting the trade deficit. The Balance of Payment averaged around 5% of the GDP. India continued to be the major trading partner accounting for 92% of Bhutan's import and export. Exports grew at an average of 30% and in 2004 was valued at Nu. 18 billion.

Kunzang Lhamu informed that the GDP had increased from USD 835 in 2002 to USD 1200 in 2006. Kunzang Lhamu also noted that Bhutan had not only accrued growth in real income but also a broad improvement in all social indicators as a result of which country's standing in the HDI had moved from low to medium development countries category.

On the MDGs, she informed that while Bhutan was potentially on track to achieve the MDGs, having already achieved three of the targets, it still faced the challenge of resource constraints. In order to assess realistic resource requirements, MDG Needs Assessment & Costing Exercise was initiated jointly by the UN Agencies & the GNH Commission in 2006 and the report was finalized in November 2007. As per the report, Bhutan would need to invest Nu. 113.110 billion (USD 2.5 billion @ 1USD=Nu. 45.3 in 2006 prices) between 2006 to 2015 to achieve the MDGs. She also informed that a financing strategy was being prepared and the draft report was expected to be ready by March 2008.

On poverty, she mentioned that as per the recent Bhutan Living Standard Survey 2007 Report, poverty level had been reduced from 31.7 % in 2003 to 23.2 % in 2006.

#### C.1.1. Discussions

UNICEF representative, on behalf of the UN system, commended Bhutan for achieving three of the MDG targets and re-assured UN's support for the preparation of the financing strategy to meet all the MDGs especially those targets involving women and children. UNICEF expressed confidence that the Common Country Program Action Plan (cCPAP) signed between the Royal Government and various UN agencies operating in Bhutan in December 2007 would result in development effectiveness and reduce transaction costs.

The Asian Development Bank (ADB) commended Bhutan for the achievement and progress made thus far and reiterated ADB's continued support in rural electrification, roads and development of micro enterprises. ADB, noting a requirement of USD 2.5 billion to achieve the MDGs by 2015 said that it would review the financing strategy to achieve the MDGs and would continue to support Bhutan.

The World Bank commended Bhutan on its achievements and urged development partners for continued support to Bhutan as 30% of its population were still living under the poverty line. He pointed out that Bhutan should not be penalized for its achievements.

Japan joined other development partners in commending Bhutan on its achievements. Japan would continue to assist Bhutan within its ODA policy of poverty reduction. He emphasised on the need for Bhutan to focus on developing rural infrastructure such as roads and communication and on increasing agriculture productivity. He also encouraged female participation in tertiary education in Bhutan.

UNCTAD emphasised on South-South cooperation and said that trade could be a means to reduce poverty. UNCTAD committed to work with the Royal Government in creating a conducive environment for promoting the private sector.

Mr. David E. Lockwood, the co-chair, summarising the discussion noted that all development partners were appreciative of the successful implementation of the 9th Five Year Plan which he said has set the stage for the preparation and successful implementation of the Tenth Plan.

#### C.2 Strategies and Priorities of the draft 10th Five-Year Plan 2008-2013 by Mr. Karma Tshiteem, Secretary, GNH Commission

GNHC Secretary said that while Bhutan would continue to be guided by the development goal of Gross National Happiness, the immediate objective in the 10th Plan, with a total outlay of Nu 141 billion, would be Poverty Reduction from 23.2% in 2006 to 15% by 2013. Highlighting the challenges faced by Bhutan in terms of a fourth of Bhutanese population still living under poverty, narrow industrial base, growing unemployment, sluggish private sector and growing cost of social

service delivery, he emphasised the need for Bhutan to focus on an economy based on innovation, creativity and enterprise. To do this, he mentioned the need to have a clear Industrial Policy that provided the basis for all other sectors to sharpen their interventions for enhancing economic growth and reducing poverty.

GNHC Secretary briefly elaborated on the strategic framework for the 10th Plan as follows:

1. The Industrial Policy (IP) would set the tone and direction for enhancing economic growth and reducing poverty. The sectoral interventions would be aligned to the needs of the Industrial Policy. He mentioned that in the short term the industrial policy would aim at enhancing growth through accelerated development of hydropower, tourism, cultural industries and revitalization of natural resource based industries. In the long term, it would focus on development of knowledge based industries, ICT and financial services. Accordingly, sectoral interventions would be in building strategic infrastructure, investing in human resource etc. to facilitate the realization of the Industrial Policy. For example to accelerate development of hydropower projects, investments in access roads, preparation of detailed project report (DPR), creation of enabling environment, HRD etc. would be major programmes in the 10th Plan.
2. The National Spatial Policy (NSP) would determine how best Bhutan utilized its natural environment for development by enhancing liveability, protecting the environment and promoting productive environment. For instance, he informed that minimal mainstream activities were planned in the northern belt and instead focus would be on traditional activities that enhanced the living standards while at the same time ensuring sustainable management of the natural environment. Such activities could include community based tourism, enhancing yak breeding and yak products, sustainable harvesting of medicinal plants etc. The development activities in the central belt would focus mainly on enhancing liveability while at the same time maintaining the social, cultural and traditional values. In this respect development activities foreseen in this belt include development of urban centres with modern amenities while at the same time maintaining the rural flavour which could boost service industries such as tourism, development of handicrafts industries etc. The southern belt, considering the proximity to large market across the border, relatively cheap energy and labour, mineral resource endowments, proposed international airport and railway links would be developed as the economic hub. The development activities would be planned according to the opportunities the country's geographic and natural resources have to offer.
3. The Strategies for Knowledge, Innovation & Lifelong Learning Skills (SKILLS) covers white collar, blue collar and red collar (monks). Enhancing quality would be pursued as a key objective at all levels of education, given the reality of globalization. Emphasis would also be placed on ensuring better alignment between the human resource development efforts in basic education, tertiary education, vocational and technical education as well as continuing education as well as monastic education with the needs of the economy, particularly the industrial policy, present and future, as well as needs of

the rural sector. Better matching of supply and demand would be expected to enhance productivity as well as reduce underutilization. . To strengthen the educational system and particular, to expand choices, efforts would be made to integrate the classical and technical and vocational education. In meeting the growing demands of the population at all levels of education, consolidation where feasible would be pursued as a means to provide better quality of education and to reduce. Special emphasis would also be given to ensuring that Bhutan develops and retains high quality teachers.

4. Under the Health, the main strategies would include consolidation of health services by improving quality and enhancing sustainability; improving accessibility; and strengthening Human Resource Development (HRD). Overall, the policy of maintaining optimum balance between preventive and curative interventions will be continued.
5. For a small landlocked and underdeveloped country like Bhutan, the expansion of Strategic Infrastructure (SI) would be of absolute necessity if the country was to achieve broader economic and social transformation. The expansion of surface and air transport, national electricity grid and communication grid would be critical. As far as surface and air transport was concerned, the plan priority would be to begin the construction of the Southern East-West Highway from Phuentsholing to Sarpang and completion of the Gyalpoizhing-Bganglam road along with general improvements to strengthen the national highway grid. This would have a multiplier impact on all additional linkages such as feeder and farm roads and thus would be vital as key drivers of development for the future. With respect to air transport, the major development would be the construction of an international airport at Gelephu. Domestic airstrips and helicopter services would also be explored but along the Pulic-Private-Partnership model. With respect to transmission, the major activity in the plan would be to unify the western and eastern grids which would have a great impact on the stability of un-interrupted power supply across the kingdom. Rural Electrification of around 84% coverage would be targeted in the Plan period. Using OPGW technology, the same transmission lines would be used where feasible for laying the ICT backbone fibre optic infrastructure during the plan.
6. To enhance the livelihood of rural population, strengthening of rural-urban linkages, move from subsistence to commercial farming, greater emphasis on non-farm, non-traditional employment opportunities and targeted poverty reduction interventions are proposed under Integrated Rural Urban Development and Poverty Alleviation (IRUDPA). GNHC Secretary mentioned that while poverty reduction had been addressed in the past through massive investment in the social sector which improved all round living conditions, the efforts could be further accelerated and complimented with specific and targeted poverty interventions. He highlighted that this would be necessary for those groups who would not be able to take advantage of the opportunities created by the plan. He also highlighted that the move to Annual Grants and greater autonomy for local governments in prioritizing their development activities would have a beneficial impact on local development as a whole and poverty reduction in particular.

7. Strengthening Good Governance, public service delivery and supportive policies were planned under Enabling Environment (EE). This area would cover many interventions, from supportive fiscal policies, strengthening the rule of law and enforcement of contracts to e'governance, OSS and OWS etc, and therefore would be important for ensuring the success of the Tenth Plan.

He also informed of the new elements of the 10th Plan such as i) enhancing greater fiscal decentralization in the form of Annual Grants to local governments, ii) Results-Based Management (RBM) whereby sectoral interventions would be aimed at clearly articulated results which contribute to achievement of the overall Plan objectives; and iii) Multi-year Rolling Plans (MYRP) of three years with resource projections determined by Budget & Fiscal Policy Framework (BFPP). The main motivation for this approach was to ensure stronger linkage between the aspirations of five year plans and what actually transpired through the annual budget in terms of actual implementation of the plans. In short, this approach would ensure that five-year-plan ambitions were tailored to actual financial resource developments, an aspect that was important given the continued high dependence on development assistance in the foreseeable future.

The planning system also envisages the introduction of the Bhutan Development Index (BDI) that would seek to approximate progress towards GNH, and be linked to the five year plans which in turn would be linked to the annual budget. In this manner, the link between annual activities and GNH related outcome targets would be strengthened to ensure that Bhutan's development does enhance GNH.

The GNH Commission had also developed a National Monitoring and Evaluation System (NMES) that would standardize and bring about results-based monitoring and evaluation.

#### C.2.1. Discussions

Six bilateral donors and three multilateral agencies commended the Secretary, GNH Commission for the excellent presentation. In particular the development partners appreciated the main thrust of the Plan which was Poverty Reduction.

Denmark stated that their assistance to Bhutan with a budget of EURO 10 million per year would be aligned with the 10th Plan in areas such as new democratic institutions, fiscal decentralization and block grants, civil society and the media.

Austria suggested sequencing and synchronising the Plan sector-wise. Austria would concentrate on energy and tourism developments.

Japan expressed appreciation on the results-based monitoring and evaluation system. Japan would work towards institutional development of the new constitutional bodies while continuing to support the education sector and infrastructure development.

Kuwait stated that given the long-standing cooperation with Bhutan, they could support viable projects in Bhutan.

The World Bank committed to aligning their assistance with the 10th Plan. In the context of climate change, the World Bank enquired if feasibility studies were carried out for large hydropower projects. The World Bank also recommended emphasis on quality of education.

In a joint statement, the UN system referred Bhutan to a well performing and well managed country which had made remarkable progress despite the challenges it faced. UN also commended the Government on meeting three of the MDG indicators (halving the percentage of under-weight-under-five children; the proportion of people without sustainable access to an improved water source and those without access to improved sanitation) and being on track to meet most of the other MDG targets. Rapid urbanization and increasing incremental cost to reach the unreached and reducing the number of Bhutanese living below the poverty line would be some of the challenges for Bhutan in coming years. In fact, between 2006 and 2015 USD \$2.5 billion would be required to implement prioritized activities for achieving the Millennium Development Goals.

The joint statement highlighted that some progress had been made in donor coordination since the last RTM. Development partners operating in the areas of good governance, particularly support to Local Governments in the form of budgetary grants, were exploring possibilities of working together within a common framework for greater harmonisation and alignment as underscored in the Paris Declaration. It was noted that the Government had been instrumental in strengthening the harmonised approach and such frameworks could be explored in other sectors also.

The statement noted that considering the rising social sector investment, expenses for ushering in the new democratic era and debt servicing of mega projects, sustained development assistance would be required over the 10<sup>th</sup> Plan if poverty targets were to be achieved. It was evident that Official Development Assistance (ODA) flows, especially in the form of grants would continue to be important not just to achieve the MDG targets but also to manage macro-economic stability. The commitment to poverty reduction and meeting the MDG targets coupled with the move towards a more results-based planning approach during the 10<sup>th</sup> Plan with increased emphasis on decentralization, coordination, monitoring and evaluation were key factors which warrants continued and enhanced levels of ODA to Bhutan.

Australia sought clarification on how the existing vocational and technical education system allows for attaining higher qualifications. Australia also enquired about the relevance of their support in the form of scholarships during the 10th Plan.

Switzerland commended Bhutan for its emphasis on poverty alleviation and expressed their support to donor harmonization and possible pooling of funds.

The World Meteorological Organisation, in the context of climate change, committed its support for better meteorological services in Bhutan.

Responding to the comments, the GNH Secretary thanked the development partners for their commitment to align their assistance with the 10th Plan. He highlighted budgetary support as the preferred modality for assistance to facilitate greater fiscal decentralization. The GNH Secretary welcomed the donor harmonisation efforts to reduce transaction costs.

The results-oriented monitoring system, he said, would ensure greater accountability of the government. He assured greater accountability of the assistance through the establishment of results-oriented monitoring system.

And finally to achieve the objectives of the 10th Plan, including the achievement of the MDGs, the GNH Secretary requested continued support of development partners given that about 50% of the plan outlay depends on development assistance.

Summarising the discussion, Lyonpo Thinley Gyamtsho, the co-chair, reminded that Bhutan's modernization was only 48 years old and that the country was now walking the last mile towards achievement of MDGs. The Tenth Plan was a Special Plan which would set the tone and directions of Bhutan's development under a new form of governance and the success of which was critical to consolidating whatever has been achieved thus far and ensure smooth transition to parliamentary democracy. He expressed his hopes that development partners' continued support and goodwill would be there at this critical stage.

### C.3 10th Plan Macro-economic Framework and New Initiatives to Enhance Public Expenditure Management by Dasho Yanki T Wangchuk, Finance Secretary, Ministry of Finance

Presenting the economic scenario in the 10th Plan, the Finance Secretary said that the 10<sup>th</sup> Five Year Plan projected an economic growth rate of 8-9% annually and inflation of 5-7%. Both recurrent expenditure and domestic revenue were expected to grow at 6% per annum on an average. She informed that the recurrent expenditures would be met from domestic revenues.

The total plan outlay was estimated at Nu.141 billion, of which Nu.65.5 billion was projected to be financed from domestic revenue and Nu.56.5 billion from the development partners in the form of grants. The fiscal deficit of Nu.12 billion, which was estimated to be around 3.05% of the GDP, was projected to be financed through external and domestic borrowings and maintained below 5%. In terms of foreign exchange reserves, the minimum constitutional requirement of 12 months worth of imports would be maintained. The country's total external debt stock during the 10FYP was expected to rise to Nu. 72 billion of which around 70% was on account of hydropower project loans, which were self servicing. The debt service ratio was projected a little over 12% over the 10<sup>th</sup> Five year Plan.

In order to strengthen the financial management system of the government, the Finance Secretary said that the following initiatives were undertaken: adoption of Medium Term Fiscal Framework (MTFF)/Budget Policy and Fiscal Framework Statement (BPFSS); introduction of Multi-Year Rolling

Budget (MYRB) for the 10FYP; Effective Debt Management; and further facilitation of Fiscal Decentralization. The Finance Secretary said that Local Governments would be provided with block grants starting from the 10<sup>th</sup> Five Year Plan to take the decentralization process further.

In order to promote good governance and further strengthen the accountability measures, the Audit Act and the Anti-Corruption Act had been passed by the National Assembly.

The Royal Government would continue to depend on development partners for financing capital expenditures during the 10<sup>th</sup> Five Year Plan. As a step forward, the Finance Secretary said that the government would emphasize on aid harmonization and budgetary support during the 10<sup>th</sup> Five year Plan.

Concluding her presentation, the Finance Secretary said that there was the need to derive maximum benefit from donor assistance and it was timely to further deepen the engagement with development partners by shifting from project-based to budgetary support as preferred financing modality. The move towards budgetary support, she added, would be critical to support the new initiatives such as providing block grants to Local Governments and targeted poverty reduction initiatives, among others. The budgetary support would ensure resource predictability on a long term basis, provide flexibility in responding to the changing development priorities and promote national ownership.

### C.3.1 Discussions

Development partners expressed their appreciation for the comprehensive presentation made by the Finance Secretary.

Denmark commended the new initiatives taken by the Royal Government. He informed of the positive Danish Auditor General's Report on RGoB public expenditure management and utilization of Danish ODA. He was happy to note from the report that Bhutan fulfilled all the ten criterias for Danish budgetary support and therefore recommended continued budgetary support to the government in the 10th Plan. Denmark also urged Bhutan to further pursue private sector development that was inclusive and participatory.

Japan commended Bhutan for the new fiscal decentralisation policy and enquired on the review mechanisms that would be put in place in the National Assembly.

The European Commission stated that they fully supported the 10th Plan and a Memorandum of Understanding to this effect would be signed with the Royal Government on the sidelines of the 10th RTM. She also informed their readiness to provide assistance through budgetary support modality.

The World Bank commended Bhutan on the macroeconomic policy, debt management planning and multiyear rolling budget system. The World Bank, based on the positive assessment of Bhutan's government financial system, was considering adopting this system in the implementation of World

Bank assisted programs in Bhutan. The World Bank, recognising the need for reducing transaction costs, expressed their willingness to work with other development partners to pool resources.

ADB commend the government's strong and prudent macro-economic management. ADB also rated Bhutan as the number one performer in terms of accountably and utilization of ADB funds.

UNCDF/UNDP commended the RGoB on the continued emphasis on local governance and the proposal to provide Block Grants to local governments. UNCDF/UNDP also stated its intensions to provide continued support to the capacity building of local governments including fiscal decentralization with interested development partners.

Kuwait expressed their interest in supporting the Royal Government's priority projects in the infrastrcuture and social sector.

The Finance Secretary thanked all development partners for the positive feedback. On the question of review mechanism in the parliament, she said that once the parliament was convened there would be various committees including a budget committee to review the public expenditures.

Summarising the discussion, Lyonpo Thinley Gyamtsho, the co-chair, thanked the Finance Secretary for the presentation. He also thanked all the delegates for the appreciation and for their commitments to the Tenth Plan.

#### C.4 Developing the GNH Index by Dasho Karma Ura, Director, Centre for Bhutan Studies

The CBS Director, presenting the draft findings of the GNH indicators survey said that GNH was a public good and the role of the government was to create necessary conditions that were conducive for a nation to achieve GNH. He added that happiness was not only an individual feeling but a collective experience.

One of the first aspects was to carry out policy screenings on people's perception of corruption, trust, economic security, population, leisure time, stress, culture and social support. He also presented the nine domains of GNH - psychological well-being, cultural resilience, education, health, time use and balance, good governance, community vitality, ecological diversity, living standard and agriculture.

The GNH index would seek to approximate progress towards GNH – the ultimate objective of Bhutan's development. The GNH index would enable decision-makers to assess the pace and direction of development, and help correct imbalances in terms of priorities that would be apparent from the index and shift resources accordingly. The GNH index is thus intended as a broad tool to ensure that Bhutan's development truly contributes to the achievement of the country's long term vision and the realization of GNH.

He highlighted the application of the GNH index as follows:

1. Setting an alternative framework of development
2. Providing indicators to sector to guide development
3. Allocating resources in accordance with targets and GNH screening tools
4. Measuring the happiness and well being
5. Measuring progress
6. Measuring progress across country comparison.

The CBS Director said that at no point in the history of GNH has the time and environment been so conducive for Bhutan to work towards gross national happiness.

#### C.4.1. Discussions

Development partners expressed enthusiasm on the works of the CBS in coming up with an alternative development index.

Canada enquired on the target group of the study and whether a participatory approach was used in the GNH indicator development.

UNDP, on behalf of UN Excom Agencies in Bhutan, commended CBS and the Royal Government for undertaking ground-breaking research and international forums on GNH and touched upon the importance of capturing well-being of children and youth in the GNH indicator framework. UNDP expressed its continued commitment in supporting the development of GNH indicators/Bhutan Development Index (BDI) as the basis of national development planning and progress monitoring, which could further be advocated to other parts of the world as an innovative alternative framework.

Lyonpo Thinley Gyamtsho, the co-chair, closing the session thanked the CBS Director for the lively presentation and reiterated the importance of the concept and the operationalisation of GNH in Bhutan.

#### C.5. Public Private Partnership by Dasho Sonam Tshering, Secretary, Ministry of Economic Affairs (MoEA)

The MoEA Secretary said that public private partnership (PPP) would be intensified during the Tenth Plan to bring about efficient public service delivery, better procurement procedures and less pressure on government fiscal funds. The Private Sector Development Committee of the Royal Government had identified challenges and constraints and has come up with a concept paper containing possible areas of PPP.

The MoEA Secretary pointed out that some of the challenges were lack of expertise, limited capacity in the private sector, weak monitoring system, lack of supporting infrastructure and

economy of scale. He added the need to work on national policy and legal frameworks and implementation strategies.

He assured government's support to private sector development with initiatives such as pro-private sector policy, accelerated hydropower development policy, Micro, Small and Medium Enterprises (MSME) policy, fiscal incentives, formation of Druk Holdings and Investment (DHI), and accession to WTO.

He added that infrastructures that have commercial values would be developed through the PPP. The Royal Government would provide the land while also raising the government's equity. Possible areas of PPP were ICT service operations and management, industrial estate development and management, dry port management, infrastructure projects like hydropower, renewable energy, highways, roadside amenities housing, airports, airlines, water supply, rural electrification, education, sports facilities and agro products.

#### C.5.1. Discussions

Development partners commended the PPP proposal and expressed their intention to support projects within their mandates and country strategies.

Austria expressed their interest to support public-private partnership in the energy and tourism sectors.

ADB stated that it had experience in developing public-private partnership in 25 countries and therefore could support Bhutan in developing a successful public-private partnership.

Denmark said that their relations with Bhutan would have an increasing focus on business to business cooperation. Denmark and the World Bank pointed out that the lengthy bureaucratic procedure in obtaining clearances for trade licenses need to be addressed to make PPP successful.

Australia reminded that while dialogue should start for public-private partnership, Bhutan should be careful not to replace government monopoly with private monopoly, particularly in the provision of social services.

UNESCO representative suggested the promotion of PPP in culture-based industries and community based tourism with the Government as the regulatory body.

UNDP representative highlighted the potential of PPP including promotion of corporate social responsibility and the role of civil society organizations in effectively providing essential services and mobilizing volunteers, technical expertise and funds at the community and national levels. UNDP, together with UNV, SGP/GEF, UNESCO and UNIDO, would be committed to promote PPP in the area of cultural industry development for poverty reduction, waste management and community development initiatives.

Japan encouraged creating conducive investment conditions in Bhutan. He added that Bhutan's accession to WTO could provide confidence to foreign investors.

The International Trade Centre (ITC) has been assisting Bhutan in the promotion of trade. ITC recommended involving the business sector in the WTO accession process.

Responding to the comments and views, MoEA Secretary thanked for the positive feedbacks on the PPP. With regard to inclusive development policy, he said that the Royal Government will take note of the views and concerns expressed.

Mr. David E. Lockwood, the co-chair, thanked Dasho Sonam Tshering and the delegates for the fruitful discussions and expressed hope for further development of the private sector and efficient public service delivery through enhanced public-private partnership.

#### C.6. Human Resource Development and Employment Opportunities by Dasho Sonam Tenzin, Secretary, Ministry of Labor & Human Resources (MoLHR)

The MoLHR Secretary said gainful unemployment has been recognized as a major challenge by the government. He pointed out that by the end of the 10th Plan, there would be about 43,500 youth who would not be able to pursue higher studies and therefore would enter the job market. In addition, there would be 20,700 university graduates seeking employment.

The human resource pyramid in Bhutan was made up of a large number of unskilled workers at the base and a substantial number of managers and professionals at the top whereas there was an acute shortage of skilled workers in the middle.

He elaborated on the following policy responses to address these challenges:

1. Ministry of Labour and Human Resource would serve as the focal agency for developing human resource policy that was comprehensive and inclusive of human resource requirements of the entire country which would remain dynamic and accommodative to the changing externalities. Its policy guidelines would be based on the national development policy such as macro-economic policy, industrial policy, etc. However, the education policy (basic, non-formal and tertiary) and vocational training policy must be based on the overall HRD policy guidelines.
2. The skills development programs would be strengthened by improving the quality of vocational training programs and expanding access to them through various modes such as Apprenticeship Training Program (ATP), Village Skills Development Programs (VSDP), Special Skills Development Program (SSDP), etc. Diversified range of courses, including the ICT, would be delivered based on demand in the labour market.

3. To improve and promote competence of the skilled workers, the ministry would implement Bhutan Vocational Qualifications Framework that would form a basis for accreditation of vocational training programs, and testing and certification of skilled workers.
4. Implementation of Labour & Employment Act would be one of the major activities of the Ministry in its effort towards making working conditions in the private sector more attractive to young job seekers.

#### C.6.1. Discussions

Japan commented that job creation was important and development of private sector was one way to achieve this. Japan has initiated discussions with the government on vocational education and training.

Austria suggested that tourism could play a major role to counter the rising unemployment.

UNICEF, the World Bank and ADB suggested integrating soft skills development in the school curriculum and in the technical and vocational training programmes.

Mr. David E. Lockwood thanked the MoLHR Secretary and the delegates for the good discussion on this perennial issue of unemployment. He stressed that this issue remained a challenge for the Tenth Plan and wished the Ministry and the Royal Government of Bhutan every success.

#### D. Statements by development partners

The following are summary of official statements made by development partners besides the various comments and views expressed during the deliberations.

The Representative of India expressed their confidence in the success of Bhutan's transition towards parliamentary democracy. As the primary development partners for half a century, the two countries have engaged in mutually-beneficial economic cooperation. The commissioning of the 1020MW Tala Hydroelectric Project and the signing of the Inter-governmental Agreement on the implementation of the 1095 MW Punatshangchu Hydroelectric Project were some of the example of such cooperations. He committed India's support to Bhutan's developmental activities proposed in the Tenth Plan to the maximum extent possible. India would continue to support critical sectors of infrastructure, education, HRD, Health and IT, etc. in the Tenth Plan.

The Representative of Australia referred to the long development cooperation between the two countries with the total aid package of USD 4 million per annum, particularly in the area of scholarship. He informed that on the request of the Royal Government of Bhutan the number of scholarships had been increased recently from 10 to 40 per annum. He said that Australia supports the broad thrust of Bhutan's development vision. While no new commitments could be

announced for the coming financial year until the Australian Parliament approves the aid budget, Australia reaffirmed its commitment to assist Bhutan in achieving its development goals.

The Representative of Japan said that his government welcomed the progress of democracy in Bhutan and strongly supported its successful transition. As one of the main development partner, Japan focused on four areas - rural and agriculture development, infrastructure, social development and good governance. He mentioned that Japan would remain Bhutan's strong and responsible development partner and would continue to support Bhutan in achieving the visions and goals of the Tenth Plan.

The Representative of Netherlands assured that in this time of political and economic transition, Bhutan could count on its partners and friends. The Netherlands had decided to renew its development cooperation for a period of five years committing Euro 2 million annually. In addition to this general financial support, Bhutan would remain eligible for projects under Dutch fund worth Euro 11 million over three years under South-South Cooperation Fund, which Bhutan shares with Benin and Costa Rica. Moreover, SNV would continue its capacity development works in the area of basis services and production, income and employment to the tune of Euro 2 million annually. The Netherlands representative added that their government was considering general Budget Support during the Tenth Plan to give the Bhutanese government maximum ownership and responsibility. On the issue of the people in the camps in Nepal, the Netherland representative expressed their trust that Bhutan would seize the opportunity to come to a durable solution.

The Representative of Norway commended Bhutan for the change and progress in social and political development. She expressed hopes that in the near future there would be increasing bilateral cooperation with the private sector in Bhutan. She said that Norway has been supporting the institutional strengthening of hydropower sector and pledged to continue the support with NOK 5 million per year for three years. Furthermore, NOK 2 million per year has been allocated for Department of Geology & Mines. She finally expressed concerns about lack of development in the repatriation of people in the camps and looked forward to positive developments after the new governments are elected in Bhutan and Nepal.

The Representative of Korea stated that 20 years of relation between the two countries has been a test of friendship and cooperation. He said that Korea was willing to discuss future cooperation with Bhutan in support of the real and specific needs of the country.

The Representative of Singapore affirmed their commitment to the ongoing technical assistance which was tailored to the need of the RGoB. Since 1992, 486 officials have attended courses in public administration, IT and education.

The Representative of Switzerland noted the impressive achievements made by Bhutan on sustainable development that has flowed from the practicing concept of GNH and good governance, and recommended complementing the commendable move of strengthening private-sector development in the 10<sup>th</sup> Plan with improved access to credit facilities for small entrepreneur. A

need for harmonization among donors being quite high in the international agenda, he encouraged Bhutan to strengthen a harmonized ODA management system including possible pooling of funds. Switzerland committed to continue supporting Bhutan in this challenging period, and informed that its support to Bhutan for the 10<sup>th</sup> Plan amounts to SF 22 million. Switzerland invited Bhutan to sign and ratify few of the international conventions pertaining to fundamental rights and non-discrimination, so as to further strengthen internal cohesion and international status of Bhutan. He welcomed the third-country resettlement of people in the camps as an opportunity to give new impetus to the bilateral process.

The Representative of Thailand stated that his country considered Bhutan as one of its closest friends and that Thailand would render its full support at a time when Bhutan is going through a crucial stage of transition. Under the Comprehensive Framework Agreement 2005-2008, Thailand has offered 180 scholarships to Bhutan. He said that the Agreement will be renewed when the programme ends in 2008. The representative also announced US\$ 1 million for three years to the Royal University of Bhutan for capacity building. Believing in the wisdom of GNH, which was similar to Thai King's Philosophy of Sufficiency Economy, he expressed confidence that Bhutan will succeed in its quest for development under the Constitutional Monarchy.

The Representative of Kuwait Fund said that the Fund which was set up 46 years ago and supported infrastructure projects in agriculture, energy, transportation, water, health and education. Kuwait Fund had financed 5 industrial projects in Bhutan since the cooperation began in 1983. Their participation in the 10th RTM was an indication of its willingness to consider financing feasible development projects and strengthen the ties of friendship between the two countries.

The Representative of Denmark said that his government would align their five-year country strategy with the RGoB's Tenth Five-Year Plan with 5 year financial commitments at current levels and would continue with budgetary support modality. While congratulating Bhutan for the smooth and calm transition to parliamentary democracy, urged the Government to expand the voter registration process. He also recognized that positive steps were required to be taken both by Nepal and Bhutan to capture the opportunities presented by the new developments of the third-country resettlement of the people in the camps, and urged Bhutan to revitalize the bilateral process. He added that due to Danish policy to focus on LDCs, Danish assistance would be gradually phased out after the plan period, with possibilities of cooperation thereafter being maintained through NGOs and private sectors. He said that Bhutan being the focal country for Danish bilateral development assistance for the past 18 years, Denmark has provided assistance in many different areas and that Bhutan has utilized the assistance wisely for the benefit of the population at large. Stressing on the importance of calculating the consequences of climate change and its effect on hydropower of Bhutan, he said that Denmark was prepared to support Bhutan's effort of implementing the National Adaptation Programme of Action.

The Representative of Austria lauded Bhutan on the Tenth Five Year Plan that aims to achieve poverty reduction, from 23% to 15%, and to maximize GNH. He highlighted the support in energy, human resource development and tourism and would continue to do so with a commitment

of Euro 3 million per year. Austria, he added, was also considering joining in the Royal Government's effort in implementing the Joint Good Governance Framework. Austria welcomed Bhutan's continued efforts in the decentralization process and in the private sector development. And finally that Austria was considering multi-year planning framework in line with the Tenth Five Year plan and principles of Paris Declaration.

The Representative of Canada applauded Bhutan for engaging with democracy which was not only historic but courageous as well. Although the diplomatic relationship was established only five years ago, the relationship between the two countries represents a maturing of over 40 years of close ties. Expressing happiness over enhanced collaboration in multilateral fora, the Representative said that Canada looked forward to a further productive cooperation on international issues of mutual concern. Committed to work closely with RGoB, UNHCR and Nepal towards a comprehensive and sustainable solution of the people in the camps, Canada announced that it would be taking 5000 people. She said that Canada was involved in working with the Royal Government in the area of quality of education, with new areas of future cooperation expanding to climatic change.

The Representative of European Commission (EC) remarked that the strong presence of all major development partners in the 10th RTM was an indication of the interest the international community had in Bhutan. Encouraged by Bhutan's environmental policies that required 60% of the country to remain under forest cover, the EC had chosen Renewable Natural Resource sector as its focus for development cooperation with Bhutan with the aim of reducing rural poverty through creation of income-generating activities and improving market access. Bearing in mind the important political developments and the enormous economic challenges faced by the country, EC was also focusing on Good Governance and Trade Facilitation. The 14 million euros earmarked for Bhutan would be divided into 60%, 20% and 20% respectively between the three sectors. The representative also announced that EU would be fielding 15-people EU Election Observation Mission for the National Assembly elections. The mission would prepare an independent report that would form the basis of future cooperation between EU and Bhutan.

The Representative of the World Bank stated that the presence of such wide representation of international community reflected the testimony of worldwide interest generated by Bhutan's unique and homegrown development vision of Gross National Happiness. Although Bhutan had the Highest Country Policy and Institutional Assessment rating in South Asia, it still faced major challenges in finding a place in a global economy. The Representative noted that process of political changes were taking place and committed World Bank's support to the incoming administration. Recognising the importance of continued donor support to implement the 10<sup>th</sup> Plan and bearing in mind the Paris agreements on donor harmonization and coordination, World Bank said that it would aim to catalyse assistance from other donors through more flexible financing arrangements such as pooling of funds, co-financing and sector-wise approaches in order to increase ODA effectiveness. The World Bank's support was based on IDA lending envelope of around US\$ 15-20 million per year with total indicative commitment of US\$ 80 million.

The Representative of WHO reiterated full support and collaboration to the execution of the health aspects of the Tenth Five Year Plan where human resource development would continue to be the priority area. WHO would continue to give special attention to MDGs. WHO also commits to garner support from development partners to the Health Trust Fund which was just short of USD1.8 million from its USD 24 million target. Technical support was also being provided to Bhutan to be prepared for avian influenza and other natural disasters. And finally WHO was fully committed to UN reforms and “delivering as one initiative”.

The Representative of ADB noted that Bhutan was making effective and efficient utilization of its assistance and that ADB’s assistance would continue to be aligned with major development thrust of the Plan. He said that ADB was pleased to note of Bhutan’s overall economic performance that remained strong and prudent. However challenges remained in high incidence of poverty in rural Bhutan, narrow economic base, unemployment, achieving MDGs and reducing economic imbalance. In the past 26 years, he said that ADB had approved 23 loans and 2 grants totaling USD 191.060 million in addition to 102 grants for technical assistance that amounted to USD 39.9 million.

The Representative of GEF said that GEF has supported Bhutan through UNDP and the World Bank in the past and would continue to support based on national priority. He also informed that GEF would be assisting in Bhutan in containing the effect of climatic change induced risk reduction through a project to lower the level of a glacier lake - Thothormi Tsho in Lunana.

The UN System in Bhutan, in a joint UN statement, informed the meeting that 14 UN agencies have signed a common CPAP (Country Program Action Plan) aimed at enhancing development effectiveness of UN activities in Bhutan through improved coordination and harmonization. The CPAP, which was an operational Plan of the United Nations Development Assistance Framework (UNDAF) would support five priority areas during the period 2008-2012: increased opportunities for income and employment generation in targeted poor areas; increased access to, and utilization of, quality health services, with emphasis on reproductive health, maternal and child health and nutrition, HIV/AIDS, tuberculosis, malaria and non-communicable diseases; improved access to quality education for all, with gender equality and special focus on the hard-to-reach population; strengthened institutional capacity and people’s participation to ensure good governance; and strengthened national capacity for environmental sustainability and disaster management.

The priority areas of the UN support were in line with the 10<sup>th</sup> Plan of the Royal Government to help achieve the MDGs and the development philosophy of Gross National Happiness. The UN agencies have committed close to 64 million dollars to support these areas in the next five years. Of the total amount 17 million dollars were committed funds from the regular resources while the remaining 46 million dollars would be mobilized by the UN agencies from other development partners. By choosing the option of a common cCPAP/UNDAF, the UN agencies have committed to a process leading to improved accountability and transparency, coordination, operational efficiency, programme delivery resulting in reduced transactions costs. With continued ODA, the UN was confident of ensuring a vibrant democracy, as envisioned by the 5<sup>th</sup> King through equitable growth benefitting all segments of the Bhutanese population.

## E. Concluding session

Mr. David E. Lockwood, in his concluding statement said that the Tenth RTM had been very successful with the participation of 83 delegates from across the world (representing 14 countries, 20 multilateral agencies and 4 NGOs). Highlighting the key deliberations, he said the meeting provided a comprehensive vision derived from the concept of Gross National Happiness and an overview of progress registered during the 9<sup>th</sup> FYP, including ongoing political and socio-economic transformations. It outlined the commitment to finding an amicable and lasting solution regarding the people in the camps in Nepal.

He added that during the 9<sup>th</sup> FYP Bhutan had successfully managed to reduce the number of people living below the poverty line from 32% to 23%, a remarkable achievement for a country that faced a unique set of development challenges. He noted that the 10<sup>th</sup> FYP, which primarily aimed to reduce poverty, called for approximately US \$3.5 billion, half of which would require external financing. The 10<sup>th</sup> Five Year Plan adopted a strong pro-poor strategy through a results based approach to monitor the achievements of the MDGs in order to accelerate equitable economic growth, human development and maximize the well being of its people.

Mr. Lockwood stated that there was overall consensus among development partners to continue to support the government in its efforts to reduce poverty and attain the MDGs, in particular among its rural population where the greatest incidence of poverty prevailed. There was also widespread support for the democratic transition currently underway and admiration of the foresight that made this possible. The critical importance of ensuring continued and sustained support of external development assistance for the Tenth Plan was widely recognized, underpinning the democratic transition.

The co-chair of the meeting Lyonpo Thinley Gyamtsho thanked all the development partners for their kind words of support and goodwill for the people of Bhutan in these challenging times and for ending the meeting on a very successful note. He extended his appreciation for valuable comments, suggestions and concerns on the 10th Plan, issue of the people in the camps in Nepal and aid harmonization. What lay ahead now was to finalise the Plan and present it to the new government.

He also thanked for the positive indication given by development partners on the request for budgetary support to facilitate the fiscal decentralization and public expenditure management.

Lyonpo Thinley Gyamtsho, on behalf of the people and the Royal Government of Bhutan, conveyed deep gratitude and sincere appreciation for the continued goodwill, friendship and support of the development partners.

He thanked Mr. David E. Lockwood for co-chairing the meeting. He conveyed RGoB's appreciation to UNDP Country Office in Thimphu for the support and cooperation in facilitating the meeting. He also thanked the presenters, Dashos and other members of the Bhutanese's delegation for their active participation in meeting.

## ANNEX 1: Inaugural Address by Lyonpo Kinzang Dorji, Hon'ble Prime Minister of Bhutan

Your Excellency Mr. David E. Lockwood, Acting Regional Director of UNDP for Asia and the Pacific,  
Excellencies,  
Distinguished delegates,  
Dashos,  
Ladies and Gentlemen,

It is my pleasure to extend a warm welcome to all distinguished delegates to this 10th Round Table Meeting being held in Thimphu. Many of you have traveled long distances to participate in this very important meeting, leaving aside all other important matters. Your presence here today is a clear indication of the goodwill and friendship your governments and organizations have for the Royal Government and the people of Bhutan. On behalf of the Royal Government and the people of Bhutan, and on my own behalf, I would like to thank you for participating in this important meeting and I hope during your stay in Bhutan you will have a wonderful opportunity to witness the progress Bhutan has made thus far and also better understand the emerging challenges facing the country.

Excellencies, Ladies and Gentleman

The 10th Round Table Meeting comes at a time when Bhutan is undergoing through profound economic and political changes – the coronation of our Fifth Druk Gyalpo, His Majesty Jigme Khesar Namgyel Wangchuck; Celebration of 100 years of wise, dynamic and selfless leaderships provided by our Monarchs; and Introduction of the Parliamentary Democracy. The 10th RTM is also significant as Bhutan embark on our 10th Five Year Plan from July 2008. The continued goodwill, friendship and support of our development partners is essential, more so at this critical juncture, to ensure smooth transition to parliamentary democracy and success of the 10th Five Year Plan under a new form of governance. I would like to take this opportunity, on behalf of the Royal Government and the people of Bhutan, to express our deepest gratitude and profound appreciations to all our development partners for the unstinted support and cooperation in our socio-economic development efforts.

Excellencies, Ladies and Gentleman

Let me briefly highlight the socio-economic progress Bhutan has made under the visionary leadership of His Majesty the Fourth King and with the kind supports of our development partners.

In the education sector, our National Literacy rate has reached 60%; the gender parity in primary and secondary school education has improved with 93 and 98 girls for every 100 boys respectively in 2006. Primary and secondary school completion rates have also increased from 78% and 65% in the Eighth Plan period to 87% and 74%, respectively, in the Ninth Plan.

The health status of the country's population has improved significantly with primary health coverage sustained at over 90% and under-one immunization rate maintained at 89%. The under-five mortality rates have been brought down from 84 per thousand live births to 60 per thousand

live births over the last five years. Infant Mortality Rates have been reduced from 60.5 per thousand live births to 40.1 and Maternal Mortality Rates reduced from 255 to around 215 per hundred thousand live births.

With such high priority accorded to the social sectors, Bhutan has moved from low to medium development category according to UN Human Development Index (HDI). In terms of the Millennium Development Goals (MDGs), Bhutan is potentially on track to achieve most of the targets. The MDG target of halving the proportion of population without access to safe drinking water and sanitation and halving the rate of under-five children who are underweight has been achieved. The pro-poor emphasis of the past plans had also been fruitful and according to the recent Poverty Report 2007 poverty levels have been reduced from 31.7% in 2003 to 23% in 2006.

On the macro-economic front, GDP has grown at an average of around 8-9 % per annum over the Ninth Plan period with estimated GDP growth of about 18.9 % in 2007 on account of commissioning to Tala Hydroelectricity project. The per capita GDP was estimated at US \$ 1,200 in 2006 as compared to US \$ 835 in 2002. Inflation averaged around 4 % over the 9<sup>th</sup> Plan period. The country's gross reserves have grown steadily and was adequate to finance twenty months of current levels of imports though in 2006 this came down to around eleven months.

With the commissioning of Tala Hydroelectric Project, supported by the Government of India, the domestic revenue situation has improved. However, the improvement in domestic revenues is expected to be off-set by increasing expenditure on account of debt servicing obligations; growing expenditure in social sector; additional resources requirements to facilitate fiscal decentralization process. While the Royal Government is fully committed to attaining economic self-reliance, till such time, the continued support and cooperation of our development partners is critical. In the 10th Plan, close to about 50% of the total outlay will be financed through domestic revenues, as compared to about 40% and 30% in the Ninth and Eighth Plan respectively.

Excellencies, Ladies and Gentleman

Bhutan accords high priority on the cross-cutting themes, such as good governance, environment, poverty reduction, gender, employment, HIV/AIDS and sustained efforts shall be made to mainstream these in all our development programmes and plans.

Regarding the people in the camps in Nepal, Bhutan remains fully committed to finding an amicable and lasting solution with the Government of Nepal. Bhutan is mindful of the humanitarian face of the problem and recognizes the importance of speedy resolution to the issue as it not only threatens the socio-economic development of Bhutan but also the very sovereignty and security of our country and people. In this regard, the Foreign Secretary will provide a more detailed briefing on the issue in the following session this morning.

On the transition to parliamentary democracy, the election to the National Council (Upper House) from 20 Dzongkhags has been successfully completed on 29<sup>th</sup> January 2008. The election, witnessed by international observers, has been declared to be free & fair. The two parties, Druk Phuensum

Tshogpa (DPT) and People's Democratic Party (PDP), are currently contesting for the National Assembly election. They have filed their nominations of candidates and are undergoing election campaign. The poll day for election of 47 National Assembly members is scheduled on 24<sup>th</sup> March 2008. The Chief Election Commissioner will be providing a separate briefing to the distinguished delegates on the historic elections.

Excellencies, Ladies and Gentleman

The 10th Five Year Plan will be a "Special Plan" as the launching of the Plan coincides with a number of historical events taking place in the country. It will be the first Plan to be implemented under the reign of His Majesty the Fifth King of Bhutan, Jigme Khesar Namgyel Wangchuck. It will also be the first Plan to be implemented by the first elected government under parliamentary democracy. Therefore, ensuring successful implementation of the 10th Plan is of paramount importance towards building the people's faith in parliamentary democracy and also to ensure a smooth and successful transition to the new form of governance. While the Royal Government shall ensure that necessary institutions, regulatory frameworks and mechanisms are put in place to create an enabling environment to facilitate 10th Plan implementation, it faces the challenge of ensuring adequate and predictable resources to implement the Plan. We would like to solicit the continued supports and cooperation of our development partners and we are confident that in this challenging period of our nation's history the support from our development partners would be most forthcoming.

Like in the past, the 10th Year Five Plan will continue to be guided by the long term development objective of Gross National Happiness (GNH). Poverty Reduction will remain the immediate objective of the Plan. The formulation of the plan itself has been guided by the following GNH framework:

1. Our People – Investing in the Nations greatest assets.
2. Harmonious living – in harmony with Tradition and Nature;
3. Effective and Good Governance; and
4. Dynamic Economy as the Foundation of a Vibrant Democracy;

For a small country like Bhutan with limited resources, the country's greatest assets are Our People. Therefore, investing in our people and promoting values of integrity, merit and hard work is of utmost importance.

Culture and Environment have always received high priority and this will continue to be emphasized in our development policies. Bhutan's commitment to preservation and promotion of culture and environment has also been articulated in the Constitution.

Good Governance in terms of equal opportunities, rule of law, curbing corruption, public service delivery will continue to receive high priority as without Good Governance it would not be possible to realize GNH.

A strong and dynamic economy is an essential ingredient for a vibrant democracy. Every citizen must have gainful employment, good health, quality education, and live free of hardship and poverty. While we have done remarkably well over the years of modern development, our economy is still characterized by high dependence on subsistence agriculture, narrow industrial and export base and high dependence on Official Development Assistance. Such an economy will not provide a strong foundation for a vibrant democracy. Therefore, one of the objectives of the 10th Plan is to lay the foundations for economic consolidation by turning these challenges into opportunities.

The 10th Plan will also bring in three new elements – Fiscal Decentralization; Result Based Management; and the Multi-Year Rolling Budget. The details on these three elements will be presented in a separate session by the Finance Secretary. However, I would like to briefly touch on Fiscal Decentralization as it is critical in fulfilling His Majesty the Fourth King's dream for the future of Bhutan. With the adoption of the Constitution and the transition to Democratic Constitutional Monarchy, this year, the steady process of decentralization and political consolidation initiated in 1981 would culminate in 2008. What is now required to complete this reform fully is to enhance level of fiscal decentralization. In this regard, the Government is fully committed to introducing fiscal decentralization in the form of formula-based annual discretionary grants to local governments, as enshrined in the Constitution, in the 10th Plan. Preliminary estimates reveal resource requirements for new investments of close to Nu. 15 billion (or about US \$ 400 million) as annual discretionary grants for the 205 Geogs and 20 Dzongkhags. While it is desirable, the level of resource requirement is beyond the Royal Government's own resources, and therefore, I would like to request our development partners to consider providing budgetary support for this important initiative. I would like to thank the Governments of India and Denmark for providing support under this modality.

The Government is conscious that the aid we receive comes from hard earned incomes of the tax payers of our development partners and the Government will continue to ensure its judicious utilization to the optimum benefits of the country and people. Efforts to strengthen Royal Government's aid management and coordination functions will continue to ensure highest levels of accountability and transparency is maintained.

Excellencies, Ladies and Gentleman

In concluding, I would like to thank all distinguished delegates and, through you, your governments and organizations, for participating in this very important meeting. I would also like to thank Mr. David Lockwood and UNDP for co-chairing and co-hosting the Tenth Round Table Meeting for Bhutan in Thimphu. The Royal Government would like to acknowledge the kind support and assistance of the staff of UNDP, Bhutan Office in organizing this important Round Table Meeting.

Once again I would like to wish all distinguished delegates a pleasant stay in Bhutan and hope that you have happy memories to take back. I wish you all a successful Tenth Round Table Meeting and fruitful deliberations.

Tashi Delek!

ANNEX 2: Opening statement by Mr. David Lockwood, Acting Regional Director Asia and Pacific, UNDP, Co-chair of the Tenth RTM

Your Excellency, Lyonpo Thinley Gyamtsho, Minister of Education and Co-Chair of this Round Table Meeting,

Dashos, Excellencies and distinguished delegates,

This Round Table Meeting (RTM) is the first to be held in Thimphu since 2000. The last two RTMs held in Geneva three years and five years ago were very successful events with the wide participation of development partners committed to supporting Bhutan's development. I am particularly privileged to have been asked to co-chair this tenth RTM as it gives me the opportunity to revisit a country that has always been very special for me and my family as we spent two very happy years here in the 1980s. The benefit of holding the tenth RTM in Thimphu is of course the participation of far more government colleagues in our dialogue, and the opportunity for delegations to hold bilateral meetings with their partners in government, as well as enjoying the wonderful hospitality of the Royal Government of Bhutan.

The Tenth RTM is taking place at a critical juncture in Bhutan's development, and provides an excellent opportunity for us all to be updated on the progress and challenges in terms of achieving the MDGs and the transition towards a democratic constitutional monarchy, the process of democratisation and decentralization that has been ongoing over the last decade now culminate next month in the first democratic national elections followed by the adoption of the Constitution. The intricate relationship between the successful democratic transition and the achievement of development goals is something I will return to in a minute. Suffice it to say that both deserve the fullest support of Bhutan's development partners.

It is commendable that the first democratic National Council elections were conducted in a smooth and effective manner with no major problems. It is encouraging that the elected members of the National Council reflect broad representation of society in terms of age, gender and background. The voter turn out rate of 53% is, however not a high figure and we recognize that intense efforts are now being made to engage all segments of society to exercise their rights to vote and participate in the parliamentary elections.

Bhutan's GDP has grown at an enviable average rate of 7.0 per cent per annum over the past 25 years. The driving force of the economy has been hydro-electricity, construction and some energy-intensive industries. Mainly due to the commissioning of the Tala hydropower project and using the population figure of 835,000 based on the 2005 census, GDP per capita substantially increased to US\$ 1,414 in 2006.

The macroeconomic indicators for Bhutan are sound with low budget deficits, low and stable inflation, and a current account surplus (including ODA). The debt –GDP ratio has increased, but overall public debt has remained within manageable bounds as a large proportion is denominated in Rupees, which can be serviced by the earnings from the export of hydropower to India.

Although macroeconomic performance has been impressive, it is led by the capital intensive sector and the growth has not necessarily been inclusive in terms of generating new employment for youth and the rural poor.

Bhutan's record of socio-economic development and its utilization of ODA with more than a quarter of national budget allocated to the social sector is an exemplary model for the other developing countries. Its strong national ownership and consistent implementation of commitments in line with a long term strategy is the very spirit of the Paris declaration.

As far as UN reform is concerned, the UN Country Team here has made commendable efforts to put into practice the principle of "delivering as one" at the country level in close cooperation with IFIs and bi-lateral development partners. The recent approval by Government of a common UN reform efforts even though it is not one of the global pilot countries.

Bhutan is among the first group of countries to carry out an MDG Needs Assessment and Costing exercise, which is an inclusive process led by a diverse group of government stakeholders together with development partners, and representatives of the civil society and the private sector. The report has been circulated to all participants.

If present trends hold, Bhutan is potentially on track to achieve most of the MDG targets and the government deserves to be commended for this. It has already achieved the target set for providing access to safe drinking water and sanitation to its population and is on track to halve the percentage of a third of its population presently living below the poverty line and to meet targets set for reducing child and maternal mortality rates. These achievements notwithstanding, Bhutan still faces challenges in some important areas. While attaining gender equality in primary and secondary school enrolment is on track, reaching gender parity at tertiary education levels and in the work place will be a challenge. Within the area of improved maternal health, the government will need to redouble its efforts and increase the number and outreach of birth attendants to reduce maternal mortality rates. The 10<sup>th</sup> Five Year Plan also notes that greater efforts will be needed in combating increasing cases of HIV and AIDs that are being detected. That this Five Year Plan is fully aligned with the MDGs augurs well for tracking and ensuring that Bhutan and its development partners' development contributions are strategically deployed to address the gaps.

While the progress on the MDGs has been strong, I want to make three important points here. Firstly, the strong achievements so far could not have been made without substantial external assistance. Analysis of the Ninth Plan achievements indicates that development assistance targets were achieved both in respect of volume of assistance needed and results and I want to place on record an appreciation to all development partners for fully meeting their commitments. Secondly, I must emphasise that meeting the challenges just outlined will depend on Bhutan continuing to receive substantial development assistance for the entire 10th Plan period, particularly since the incremental cost of reaching the remaining population in remote regions is significantly high. To quote the co-chair of the last RTM, Bhutan must not be punished for its success. Thirdly, I believe that the success of the democratic transition will be jeopardized if development results do not

keep pace with the aspirations of the electorate. I realize that it is common for electoral candidates to make promises that are often not met or are not even realistic. But for the new parliament to be credible, and for the reform to garner long term popular support, it is even more important that development results on the ground be perceived to have increased in pace. It is therefore even more important than ever that development partners give fullest support the 10th Plan, which estimates that a little half of the Plan outlay depends on external financing.

It is commendable that the RGoB has upheld poverty reduction as the overarching goal of the 10th Plan and that the MDGs are fully integrated into the national development planning process. Our meeting over the next two days will hopefully give the Royal Government the confidence that they can rely on their development partners to meet their targets for the next five years, thereby meeting the aspirations of their elected leaders and their electorate. The strategy includes means for developing innovative new partnerships including the private sector and civil society organizations.

Finally I want to touch on the sensitive issue of the people in the camps, a subject of perennial interest RTMs, There has been a new development with an option of “third country” resettlement being offered. Notwithstanding, it is of critical importance for Bhutan to also take concrete steps to resolve this issue as promised, just as soon as dialogue can continue with the Government of Nepal, which also faces elections in the months ahead. The UN continues to be ready to support such efforts if so requested. Realizing the importance of this issue for many development partners, the Secretary for Foreign Affairs will brief the RTM as the first major agenda item this morning, and will respond to questions both after his presentation and subsequently if necessary.

In closing I want to thank our very generous hosts for the extensive preparation made for this meeting, and the traditional hospitality, which makes these events so memorable. We all look forward to detailed presentation on all aspects of Bhutan’s development, including the all important dimension of happiness, and free and open discussion that will facilitate understanding, followed, I am sure, by full support for Bhutan by all its development partners for the 10th Plan period leading to achievement of the MDGs over the next seven years.

ANNEX 3: Parliamentary Democracy in Bhutan by Chief Election Commissioner of  
Bhutan.

Introduction

1. 2008 is a special year for the people of Bhutan. We celebrate hundred years of peace, prosperity and progress under the rule of five successive Kings of the Wangchuck Dynasty.
2. In the year 1907, our forefathers, the great people of Bhutan took a historic decision to unanimously elect the hereditary Wangchuck monarchy in Bhutan. This year, 2008, a century later, the same sovereign authority that the people entrusted to the King is now being handed over by the King to the people with the introduction of Democratic Constitutional Monarchy.
3. As Bhutan lays the foundation for a democratic polity, it is appropriate and auspicious that Bhutan hosts the Tenth Round Table Meeting, a get-together of the development partners of Bhutan, here in the capital of the Kingdom. As a Bhutanese citizen, I thank you for your steadfast support to our development activities and welcome you to our country.
4. It is a great pleasure for me to address this august gathering on the subject of Parliamentary Democracy in Bhutan. I am not an expert nor can I claim authority on the subject of Democracy. However, it is my good fortune and my responsibility to have a humble role in translating the Goals and Dreams of His Majesty Jigme Singye Wangchuck, the Fourth Druk Gyalpo through the conduct of the first ever Parliamentary Elections in Bhutan.
5. I would, therefore, like to share my understanding and experience in the interpretation of Democracy as reflected in the electoral system and process that has been put in place.
6. I would like to start my presentation with the key features of the Bhutanese Democracy as envisioned in the Constitution, including the supremacy of the Constitution, sovereign power, rights and duties of the people, the principle of separation of powers and the role of civil society organizations.
7. I would like to delve briefly on the three organs of State: the Judiciary, Parliament and Executive followed by the role of the Opposition Party.
8. In the third part of my presentation, I would like to briefly mention the expectations of Bhutanese Politics and from Bhutanese politicians. I would further dwell on the special features of the Bhutanese electoral system including the public financing of election campaigns, requirements for registration as Political Parties, different aspects of ensuring free and fair elections as well as our experience, so far, of voter interest and turn out.
9. In conclusion, I shall share our concerns with regard to the imminent threats to the National Assembly Elections 2008 followed with expression of our Hope.

### A Vibrant Democracy

10. I believe “democracy” literally means “rule of the people” and inherently implies that the people will decide and have control over their government: a control exercised through the right to vote through secret ballot and to stand for election. It also means putting in place a system and process that ensures free, fair and genuine elections.
11. Bhutanese Democracy is designed to be multi-party and secular, and one that chooses the two Political Parties to be in Parliament through the Primary Round and decides which of the two will be the Ruling Party, determined by the number of seats won in the General Election.
12. The Royal Family, Religious Persons and Religious Organizations are required to remain above politics.
13. This bold democratization initiative of His Majesty the Fourth King, Jigme Singye Wangchuck, promises to assure Bhutan a vibrant democracy; a dynamic parliament; and stable, capable, responsible and accountable governance.

### The Constitution- the Supreme Law

14. The Constitution will be the Supreme Law with the Supreme Court of Bhutan as its Guardian. The Constitution would strengthen the sovereignty of Bhutan, secure the blessings of liberty, and ensure justice and tranquility to all its citizens. It shall enhance the unity, happiness and well being of the people for all times. All existing laws that are inconsistent with the provisions of the Constitution will be superseded.

### The Sovereign Power-Exercised by the People

15. The sovereign power will be exercised by the people of Bhutan through their franchise guaranteed by the Constitution. The people will thus determine how Bhutan should be governed and who shall deliberate and be responsible for enacting the laws.

### The Fundamental Rights & Duties

16. The Fundamental Rights such as freedom of speech, opinion and expression; the right to information; the right to freedom of thought, conscience and religion; the right to freedom of peaceful assembly and freedom of association are guaranteed in the Constitution. It ensures that every citizen enjoys the freedom of the press, radio and television and other forms of dissemination of information, including electronic.
17. The Constitution expects a Bhutanese citizen to fulfill the fundamental duties of preserving, protecting and defending the sovereignty, territorial integrity, security and unity of Bhutan; and the duty to preserve, protect and respect the culture and heritage of the Nation.

### The Principle of Separation of Functions

18. The principle of separation of functions as upheld by the Constitution will keep the Executive, Legislature and Judiciary independent of each other with checks, balances and

counterchecks. Each organ will refrain from encroaching on each other's powers except to the extent provided by the Constitution. The King of Bhutan will be the Head of State. Complements of organizations are being established to ensure that certain aspects of National Administration will not be subject to abuse and manipulation by the three organs of the State.

#### Civil Society

19. Civil Society Organizations will be encouraged to be registered under the Civil Societies Act 2007 and they should help ensure the fundamental rights and freedoms of the people.

#### The Judiciary

20. The Judiciary is expected to play a very vital role in our democracy. It shall safeguard, uphold, and administer justice fairly and independently without fear, favour, or undue delay to inspire trust and confidence and to enhance ease of access to justice. The judicial authority of Bhutan is vested in the Royal Courts of Justice: the Supreme Court, High Court, District Courts, Sub-District Courts and Tribunals as may be established from time to time.

#### Parliament

21. Parliament, will comprise of (a) His Majesty the Druk Gyalpo, (b) the National Assembly with legislative powers and responsibility to ensure that the Government safeguards the interests of the nation and fulfills the aspirations of the people; and (c) the National Council, a non-partisan institution, with legislative powers. It will serve as the House of review on matters affecting the security and sovereignty of the country and the interests of the Nation and the people.
22. The National Assembly will be filled by elected members belonging to two Political Parties elected in the Primary Round. For the National Assembly Elections, the country is delimited into 47 Constituencies, as per the Delimitation Guidelines, while the Constitution provides for a maximum of 55 Seats.
23. The National Council will have 20 Members elected by the people in each of the 20 Districts and 5 Members nominated by the His Majesty the Druk Gyalpo.

#### Executive

24. The leader or nominee of the Party that wins the majority of seats in the National Assembly will be summoned by His Majesty the Druk Gyalpo to be appointed as the Prime Minister who will then form the Government. Executive Power and authority will continue to be decentralized and devolved to the District and Municipal Administrations and Elected Local Governments such as the District Council, County Committee, Municipal Committee to facilitate the direct participation of the people in the development and management of their own social, economic and environmental well-being.

### The Opposition Party

25. The other Party in Parliament will function as the Opposition Party and it must ensure that the Government and the Ruling Party function and provide good governance whilst promoting the national interests and fulfilling the aspirations of the people.

### Politics in Bhutan

26. Politics in Bhutan, as I see it, is a matter of serious commitment on the part of every stakeholder. It cannot be looked upon as a convenient opportunity and fast road to fame, wealth and power but is a test of commitment. It calls for the services of dedicated individuals with track record of excellence and integrity in leadership that could offer competitive and comparative advantage over the political leadership that prevailed under the Monarchy. It calls on leadership that has the capacity to deliver yet enjoy the support of all stakeholders.
27. The Electoral Laws in Bhutan demand that a candidate intending to contest Parliamentary Elections have higher academic qualification with a minimum of a formal university degree. Besides possessing positive leadership traits, a candidate has to be free from influence of money and muscle power.

### State Financing of Elections

28. The campaigns for elections to the National Assembly and the National Council are state financed. The State provides the costs of media time and space as well as cash provision to cover field expenses. In the case of National Assembly Elections, Parties can spend up to the amount provided by the State in each Constituency. We are indeed fortunate to enjoy the political will to conduct clean elections.

### The Political Parties

29. The Political Parties must register with Election Commission of Bhutan to contest elections. Parties are expected to play a key role in the advancement of democracy and for the social, economic and political growth of Bhutan. They must ensure that national interests prevail over all other interests. They are to provide choices based on the values and aspirations of the people for responsible and good governance. They are to promote national unity and progressive economic development and ensure the well-being of the nation.
30. A Political Party registered in Bhutan must be broad-based with cross-District membership and committed to national cohesion and stability. A member of a Party must bear true faith and allegiance to the Constitution. A member must pledge to uphold the sovereignty, territorial integrity, security and unity of the Kingdom.
31. Any Party that rides to power either through influence of money or a divisive agenda based on region, sex, language, religion or social origin shall be regarded as being in violation of the fundamental Constitutional principles.

32. The Parties can accept Voluntary Contribution only from its registered members. That, too, subject to the ceiling fixed by the Election Commission. Party accounts are subject to scrutiny by the Election Commission of Bhutan and auditing by the Royal Audit Authority. Election Commission of Bhutan cooperates with the National Tax Authorities and the Anti-Corruption Commission to ensure integrity in our politics while the Local Government public functionaries and media are also expected to play an active oversight role in this effort.
33. With these stringent but necessary qualification requirements, we were only able to register, so far, two Political Parties - the People's Democratic Party and the Druk Phuensum Tshogpa. Between them there are 94 Candidates who are experienced, qualified and reputed individuals with potential to steer the nation on the path of further glory.

#### Free & Fair Elections

34. As elsewhere, a large part ensuring free and fair elections in Bhutan has to do with how an election is managed. The core components of such management are that there must be clearly specified laws and rules which govern the conduct of elections; electoral system that determines how a winner is to be chosen; and an election body which must be an entity that is impartial and manages the event efficiently and effectively.
35. It is considered essential that all stages of an election are objectively observed. It is necessary to examine conditions related to the right to vote and to be elected, including, among other things, discrimination or other obstacles that hinder participation in electoral processes based on political or other opinion, gender, race, color, ethnicity, language, religion, national or social origin, property, birth or other status, such as physical disabilities. Pre-election or post-election issues and specific processes must be addressed.
36. The rules on campaigning must ensure that the Candidates and Parties contesting the election are able to reach out and put their arguments to the people while at the same time the rules must assure that there is no undue influence exerted, and money and muscle power have no roles in elections.
37. A level playing field needs to be maintained so that Parties and Candidates have equal access and opportunity. Elections must result in the people getting the opportunity to hear or have a say in the decision on the political makeup and future policy direction of our Nation.
38. Free and fair elections require universal suffrage for all eligible voters, men and women to vote; freedom to register as a voter or run for public office; freedom of speech for candidates and political parties; opportunities for the electorate to receive objective information from a free press; and freedom to assemble for political rallies and campaigns.
39. Above all, there must be opportunity to enroll and to vote; an Electoral Roll that is reliable and inclusive; responsible electorate and apolitical public servants; responsible and fair media; and popular control and political equality.

40. So much so that even prisoners are given the privilege to take part in the democratic and electoral processes. We have almost 500 prisoners who are enrolled as registered Postal Voters.
41. Prohibitions against election fraud are put in place to prevent electoral frauds. There is an Election Code of Conduct for Political Parties, Candidates and election officials that guide their conduct.
42. Legal mechanisms and a grievances addressing system have been established to ensure that elections are conducted properly. A Dispute Settlement Body chaired by an Election Commissioner and assisted by Investigation Committees has already settled over 63 complaints out of a total of 97 cases listed in the last ten months.
43. A successful election is one where the results are accepted by the Parties and Candidates and also respected by the public. In this regard, the participation of Party representatives are invited at various stages of the process, starting with the commissioning of the voting machines to the polling and of the results even extending to hearing of investigation reports of election complaints or disputes. Regular Press reports are released and media interviews and programmes are entertained to ensure that electoral process and information is available and open.
44. The result of the National Council Elections 2007 is an excellent indicator that our election system is working. It has won the confidence of the society and the Voters have proved that they can play an effective role as informed voters making prudent choices.
45. Polls are conducted for Parliamentary Elections at 864 polling stations manned by over 5,000 polling officers and around 10,000 men and officers of the Royal Bhutan Police and the Royal Bhutan Army on security duty.
46. Adequate number of National Observers is deployed and International Observers from countries that are with us through our modernization process are encouraged. In this regard, the observers from development partners and media who are interested to come and observe this historic evolution are invited. This is to make it possible for Bhutan's development partners to share the historic process with us. We already have confirmation of the interest to observe the National Assembly Elections by International Observers from India, EU, USA, Australia, Canada and Japan. Besides, a contingent from UNDP field office and Liaison Office of Denmark will also observe the National Assembly Elections. As to the international media, from our experience so far, we are confident that the world media will cover the historic elections in Bhutan.

#### Voter Convenience First

47. Every effort has been made to ensure the elections in Bhutan are Voter friendly. Convenience of Voters has been given the top most priority. The state of the art voting technology used for elections in India, the Electronic Voting Machines (EVM) is being used here in Bhutan.

48. The electoral design chosen is First Past the Post system (FPTP) taking into account the rural and low level of literate population.
49. The electoral data base system, Bhutan Electoral Data-base System (BEDS), has been developed in-house to digitize the Photo Electoral Roll making for efficiency and error free updation and maintenance. We aim to convert this into a web based electoral information management system where a voter can not only check information but could also transact business on election related matters.
50. To avoid inconvenience of long waits at the polling stations a software has been developed to help in the verification of the voter record efficiently against the Voter Photo Identity Card (VPIC) issued to each registered Voter.
51. Where necessary and possible, computers are being used to assist efficient functioning of Polling Officers. In order that female voters receive dignified treatment, female polling officers are specially assigned for security frisking.
52. The Polling Stations are located as close as possible to the communities. As a standard, no voter should be more than two hours away from his her assigned polling station.
53. Helicopters reached men and material for Polling at remote places. In one Polling Station area where it is not feasible, in terms of physical accessibility, to send a polling team, voters are being financially compensated for their travel time.
54. Where we have to station polling officers on a long term basis special compensations are being given. First Aid medical facilities and security coverage is put in place to ensure safety of voters and election officers. Welfare and comfort of election officers and voters are given equal importance.
55. For the First National Council Elections polled on 31 December 2007 in 15 Districts and on 29 January 2007 in 5 Districts, 53% (165,962) out of the Total Registered Voters of 312,817. Had it not been for unusually heavy snowfall the turnout definitely would have been more.
56. With the experience of the National Council Elections we expect the voter turn out to be considerably greater in the National Assembly Elections.

#### The Election Commission of Bhutan

57. The responsibility to conduct elections to Parliament and Local Governments has been entrusted to an independent constitutional authority - the Election Commission of Bhutan. The Royal Decree of 31 December 2005 mandates that a sound election machinery is established. It has complete authority and power to prepare, maintain, periodically update electoral rolls, finalize election schedules, and supervise, direct, control, and conduct elections to Parliament and Local Governments. It is responsible to delimit constituencies for election of the members of Parliament and Local Governments and hold National Referendum, in a free and fair manner.

58. The Royal Decree appointing the first Chief Election Commissioner mandates that a sound election management body be established, all the necessary electoral laws be drafted, voter education and electoral training including two dry runs be held prior to conduct of the first ever Parliamentary Elections.
59. More than two rounds of voter education were carried out through-out the country under the comprehensive Bhutan Electoral Education and Training Strategy (BEETS). The BEETS capitalizes on use of all print and multimedia technologies to complement and supplement the voter education programme which is carried out primarily in the classroom mode.
60. The two rounds of Mock Elections were conducted successfully under the watchful eyes of our people and the whole world.
61. We are happy to inform that we have successfully elected our National Council Members by 29 January 2008. We are currently conducting the National Assembly Elections for our first Parliament. By end March 2008, we would have elected the first Parliament in the history of the Kingdom.
62. The Head Office of the Election Commission of Bhutan was inaugurated on 16 January 2006. Today, we can, with pride and confidence, say that it is not only ready but has successfully accomplished most of its mandates.

#### Rule of Law

63. Under Parliamentary Democracy, more importance and trust will be given to the Rule of Law wherein the law will be applied fairly and justly. Policies would be made with participation of many and the government held accountable to and responsible by the people.
64. Balanced development will receive more urgency and Gross National Happiness policy realized sooner as every constituency of the National Council, National Assembly and Local Government receives the attention of the elected representative who will bear the onus of representing the will and interest of the Constituency in Parliament and require the Government to make good on the campaign promises.

#### In Pursuit of Vibrant Democracy

65. Realizing that the democratic process is to our best and long term interest, Bhutan is fully committed to pursue the Goal of Vibrant Democracy marked with periodic and genuine elections. The people and the Royal Government together will ensure that the elections are free and genuine. This commitment is reflected in the Royal Government's decision to finance on its own almost the entire cost of elections.

#### Threats

66. We have skeptics who vehemently carry out and support malicious propaganda that the move for democracy in Bhutan is "insincere", "eyewash" and "sham election". The recent

spate of bomb blasts and the threats made by the group of dissidents styled as Communist Party of Bhutan based in Nepal to disrupt the National Assembly Elections are evident of the anti-democratic forces attempting to thwart our efforts. Such acts must be condemned by all who believe in true and genuine democracy.

67. While we have deep concerns that such forces seem determined to undermine our efforts through negative reporting and intimidation, we are committed to ensure that the fire of democracy does not even flicker let alone extinguished.

68. Democratic Constitutional Monarchy is a gift from our Monarchs. We have faith in the democratic process. We are confident that Democracy will flourish as the form of governance that would assure greater well-being for every Bhutanese. With a sense of great optimism about the Democratic Constitutional Monarchy, we have edified an election system that can elect the first Parliament of Bhutan and manage future elections successfully, in spirit and form.

#### Positive Role of Development Partners

69. Before I conclude, I would like to say that the keen interest in our efforts by development partners here today is a motivating factor on our journey to see through and fully realize the noble initiative of our Beloved Monarchs!!!

ANNEX 4: Closing statement by Lyonpo Thinley Gyamtsho, Minister of Education, RGoB,  
Co-chair of the Tenth RTM

Mr. David E. Lockwood, Acting Regional Director for Asia and Pacific, and co-chair for the 10<sup>th</sup> RTM

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Excellencies, Distinguished delegates, Dashos, Ladies and Gentlemen,

We have come to the conclusion of a very successful meeting and I take this opportunity to thank each one of you for your active participation in the deliberations during these last two days. I thank you, and through you, your people/government/organizations that you represent, for the kind words of support and goodwill for the people of Bhutan in this challenging period in our history. I am confident that with the renewed support expressed by our development partners during this meeting we would be able to overcome the challenges and build on the opportunities before us.

As was highlighted by the Hon'ble Prime Minister in his inaugural address yesterday, the hosting of the 10<sup>th</sup> RTM was timely, and to conclude the meeting on a successful note brings us a step closer to realizing the dreams of our Druk Gyalpo His Majesty the Fourth King Jigme Singye Wangchuck for the future of Bhutan under the new system of governance. The successful conclusion of our meeting today provides a strong platform for the launch of our 10th Five Year Plan, starting July 2008, under the reign of our Druk Gyalpo His Majesty the King Jigme Khesar Namgyel Wangchuck and the new government under Parliamentary Democracy.

We have taken note of your valuable comments, suggestions and concerns on the 10<sup>th</sup> Plan and on various issues such as people in camps in Nepal, aid harmonization etc. We shall try and address these issues, wherever relevant. I am hopeful that you have also gained a better understanding of the challenges that we face, our vulnerabilities and noted the need for significant and continued support from our development partners in the 10th Plan.

The next immediate task for the Royal Government is to finalize the draft 10th Plan and present it to the new government by end March 2008 for adoption. Once the Plan is approved by the Parliament, it shall be shared with all our development partners. In the meantime, we expect to continue the close consultations with all our development partners so that our 10th Plan cooperation is finalized in parallel with the finalization of the 10th Plan.

The positive indication from our development partners to our request for budgetary support is greatly appreciated as this form of support is critical in facilitating Fiscal Decentralization and enhancing Public Expenditure Management in general. On our part, continued efforts will be made to enhance accountability and transparency by further strengthening our systems and procedures.

Finally, I would like to express my deepest appreciation to all for participating in this RTM and I hope some of you will join the field trips tomorrow to see a little more of our country. I hope you will be able to take back with you fond memories of Bhutan and its people.

On behalf of the people and the Royal Government of Bhutan, I would also like to take this opportunity to request you to convey to your respective government/organization our deep gratitude and sincere appreciation for the goodwill, friendship and support to our socio-economic development.

May I thank Mr. David E. Lockwood for co-chairing this important meeting. His wide experience and knowledge has been instrumental in bringing this meeting to a successful conclusion. Our appreciation to Mr. Nicholas Rosellini, Resident Representative, UNDP, Thimphu and his able staff for the support and cooperation extended in facilitating our meeting. I would also like to thank the key presenters, Dashos and other members of the Royal Government's delegation for participating in this very important meeting for Bhutan. Lastly, I would like to thank all the people who have worked behind the scenes to ensure the success of our meeting.

In conclusion, may I add, as per the wordings of one of the popular Bhutanese folk songs, "we hope to meet again soon without any sickness in the body or sorrow in mind".

With these remarks, I am happy to declare that the 10<sup>th</sup> Round Table Meeting in Thimphu is successfully concluded.

Thank you and Tashi Delek

ANNEX 5: Closing statement by Mr. David Lockwood, Acting Regional Director Asia and Pacific, UNDP, Co-chair of the Tenth RTM

Your Excellency, Lyonpo Thinley Gyamtsho, Minister of Education and Co-Chair of this Round Table Meeting,

Dashos, Excellencies and distinguished delegates,

We have now come to the conclusion of the 10<sup>th</sup> Round Table Meeting (RTM) for the Kingdom of Bhutan and I think I echo everyone's sentiments here if I say that this has been a unique and historic occasion and, by all accounts, a very successful Round Table. Eighty-three delegates from across the world (representing 14 countries, 20 multilateral agencies and 4 NGOs) participated in the RTM. There is no doubt that Bhutan's customary meticulous preparations, its warm hospitality and breath taking pristine beauty has spurred us along. I would like therefore on behalf of all of us to thank Bhutan for hosting the RTM at the heart of the land of Thunder Dragon and for its hospitality. I would like in particular to extend deep felt thanks and appreciation to His Majesty the King, the Prime Minister and all members of the RGoB who have in their individual ways made this RTM memorable for all of us.

As the honourable Prime Minister mentioned, this RTM comes at a time of special significance because this year will see three major historic events in Bhutan (1) Coronation of Fifth King; (2) celebration of the centenary of a visionary and peaceful Monarchy and (3) the introduction of parliamentary democracy.

Bhutan's development partners highly commend the RGoB for this achievement and the remarkable progress it has made towards its political and socio economic transformation since the last RTM.

Distinguished delegates,

Allow me to recap some of the key highlights of our deliberations these last two days. The government provided a comprehensive vision derived from the unique Bhutanese development concept of Gross National Happiness (GNH) and an overview of progress registered during the 9th FYP, including ongoing political and socio-economic transformations. It also underlined its commitment to finding an amicable and lasting solution regarding the people in the camps in Nepal, as well as the importance of ensuring the successful implementation of the 10th Plan, which will be the first plan under the new parliamentary democracy. The government also raised concern about a series of recent incidents that could pose considerable threats to the security of the people and the peaceful and successful undertaking of the first national democratic elections.

In their statements, development partners fully acknowledged the importance of continuing to support Bhutan during its historic transformation in order to ensure that the gains it has registered to date, particularly in meeting the MDGs, will be sustained. In this regard, all development partners strongly commended the move to a democratic constitutional monarchy and committed themselves to support the elections and the country's smooth socio- economic and historic political transition.

Development partners also expressed concern about the people in the camps and urged the government to accelerate the process of finding a speedy, comprehensive and durable solution to the issue, in addition to third country resettlement.

During the 9<sup>th</sup> FYP, Bhutan has successfully managed to reduce the number of people living below the poverty line from 32% to 23%, a remarkable achievement for a country that faces a unique set of development challenges. Overall, there was consensus among development partners to continue to support the government in its efforts to reduce poverty and attain the MDGs, in particular among its rural population where the greatest incidence of poverty prevails.

Bhutan's 10<sup>th</sup> FYP, which primarily aims to reduce poverty, calls for approximately \$3.5 billion, half of which will require external financing. The MDG Needs Assessment Report further strengthens the case for continued and enhanced levels of ODA. It is commendable that the 10th Five Year Plan adopts a strong pro-poor strategy and that RGoB will during this period seek to further strengthen a results based approach to monitor the achievement of the MDGs in order to accelerate equitable economic growth, human development and maximize the wellbeing of its people.

Delegates took note of the challenge that Bhutan faces in creating employment to address the growing number of unemployed youth and to create dynamic and viable public-private partnerships that will be critical in successfully addressing the structural transformation of the economy.

In this regard, they urged the Government to focus on creating formal and non-formal vocational programmes and introducing appropriate training in partnership with external partners as well as the private sector in the country. They also commended the Government for its commitment to create an enabling environment and policy framework for strengthening the private sector's role in the socio-economic development of the country under the 10th Plan.

I am pleased to note that over the last two days the development partners have expressed their support for the overarching goals of the 10<sup>th</sup> FYP and committed themselves to aligning their future assistance with the government's priorities of the next five years. Indeed, this is as it should be, given Bhutan's excellent record of achievement, its visionary leadership, strong ownership of its development agenda and commitment to a balanced, equitable and sustainable development approach.

Let me say what a pleasure it has been for me personally to revisit Bhutan and see old friends and colleagues. I would like to thank each and every one of you for your contributions and for once again restating your commitment to Bhutan's development path. As expressed by the UN Resident Coordinator, the United Nations system fully supports the government's plans. As the Co-Chair, the UNDP would like to thank the government for the privilege of co-hosting this successful RTM and look forward to continued collaboration with all development partners and UN Agencies in the implementation of the proposed development plans.

I would like to thank the rather large UN country team comprising over twenty agencies for agreeing to make consolidated statements which greatly helped the smooth flow of discussions. I also want to recognize the participation of a number of NGOs and civil society organizations who were not as vocal as the other delegates but who remain important in the development dialogue.

In conclusion, let me once again thank the RGoB, particularly the Co-Chair, Ministry of Foreign Affairs and the GNH Commission for the excellent presentations and the overall organization of the meetings, for the work of the many government colleagues behind the scenes, last but not least, all the delegations and participants for your excellent interventions, and your support and friendship for this special country of Bhutan.

Tashi Delek.

STATEMENT BY AUSTRALIA

Australia is pleased to participate at the 10th RTM for Bhutan.

Australia and Bhutan have enjoyed a long and productive development cooperation relationship. In the current financial year, Australian government support to the royal government of Bhutan is around financial year, Australian government support to the royal government of Bhutan is around USD 4 million. This support is focused heavily on the Australian scholarship program which provides opportunities for Bhutanese awardees to undertake post- graduate research studies in Australian universities. The program has a long and distinguished history and both Australia and Bhutan agree that the scheme plays a significant role in helping to develop human resource capacity in Bhutan and thereby contributes to addressing Bhutan's key development needs.

Following a request from the royal government of Bhutan, Australia has increased the number of scholarships to 40 in the 2007-08 financial years. A range of new scholarships number is available, such as the Australian leadership awards (ALA) and endeavor awards. Also, a percentage of the Australian development scholarship (ADS) is now open to private sector candidates. Presently around 120 Bhutanese awardees are undertaking post graduate or research studies in Australia.

Australia also supports Bhutan in its public sector and decentralization by funding the royal institute of management to develop training courses that will improve public sector management and reform. Australia in the last few years supports various proposals through the south Asia government fund to promote institutional linkages, capacity building and good governance. More proposals have been approved under the public sector linkages program (PSLP) during this financial year.

Australia continues to support to the school feeding program managed by the world food program (WFP). Bhutan will continue to benefit from our regional activities with multilateral institution, particularly in the areas of water/ sanitation policy development. Infrastructure and HIV/AIDS.

Australia supports the broad thrust of Bhutan's development vision, and acknowledges the critical importance of issues such as poverty, good governance, decentralization, youth employment and private sector development.

Australia is unable to announce new commitments for the coming financial year- which beings on 1 July 2008- until the Australian parliament approves the aid budget in the context of the national budget approval process. While this prevents us from being able to pledge funds to any of our development cooperation partners at this juncture, I would like to reaffirm Australia's ongoing and sincere commitment to assist Bhutan in achieving its development goals.

## STATEMENT BY AUSTRIA

The Austrian development cooperation appreciates the initiative of the royal government of Bhutan (RGoB) to convene this 10<sup>th</sup> RTM in Thimphu. This meeting certainly constitutes an important forum for discussion and coordination between the RGoB and the international donor community.

Bhutan is currently undergoing profound and unprecedented political changes. We are all following with great interest the developments steps taken by the royal government of Bhutan to enable a smooth transition towards a sustainable democracy. Austria would herewith congratulate Bhutan to these efforts, including the implementation of the format constitution which will ensure the separation of powers and the establishment of independent monitoring institution (Supreme Court, auditor general).

We are impressed by the professionalism and transparency with which the first ever parliamentary elections are being prepared. Both citizens and the competing parties seem to have thoroughly grasped the spirit of democracy.

Austria/EU is pleased to support Bhutanese efforts in this regard with an EU election observation mission regarding the upcoming election to lower house of parliament in March 2008.

Though, the new democracy has challenges such as the thorough and equal implementation of the citizenship law in line of the new constitution. In addition, we welcome the reaffirmation of the RGoB's commitment to address the refugee issue.

## POVERTY REDUCTION AND MDGS

Austria congratulates the RGoB for the progress made in the course of 9<sup>th</sup> five year plan. There has been significant improvement in many fields. Never the less a balanced regional development including all Dzongkha remains among the challenges lying ahead.

The 10<sup>th</sup> five year plan especially indicates ways on how to move forward in the future in order to fully meet the MDGs and bring down poverty from 23% to below 15%. Austrian development cooperation has been successfully supporting Bhutan in its efforts address the MDGs in relevant sectors, such as energy, including rural electrification and tourism. Furthermore, Austria has been pleased to share its specific know how with Bhutan in the areas of mountain ecology and culture.

## STRATEGIES AND PRIORITIES

Austria applauds the clearness of the 10<sup>th</sup> five year plan strategic framework, maximizing GNH and achieving poverty reduction. : vitalizing industry” s core strategy underpinned by five basic strategic objectives aiming decentralized integrated mountain development.

We think that the operationalization of this framework still needs some refinement, focusing and also sequencing at the sector level in order to make the decentralized and synchronized implementation mechanism comprehensive for the actors and partners.

## DECENTRALIZATION AND DEVELOPMENT

Austria welcomes the efforts of the RGoB to continue developing greater administrative, financial and regulatory powers to the local bodies. Bhutan has made impressive headway within a very short time.

However, we also aware that in terms of capacity building, human resources development and institution building in the process of decentralization will continue to remain a challenge.

Full implementation of the recently adopted 'civil society act' will certainly contribute to further involvement of the civil society institution on a local, Regional and the national level.

It is a precondition for effective local development that civil society support goes hand in hand with local government support. We would be happy to see more explicitly mentioned in the 10<sup>th</sup> five year plan.

## BUDGET POLICY AND FISCAL FRAMEWORK

The fiscal effort in creation of national revenues/ resources seems to be static for the next 4 years, and this in an economic growth environment

## PRIVATE SECTOR DEVELOPMENT AND YOUTH EMPLOYMENT

A vibrantly private sector will certainly be necessary to sustain economic growth and address poverty reduction through employment generation. Austria appreciates the efforts of the RGoB to encourage private sector development in Bhutan.

We are aware, that rising unemployment, particularly amongst the youth, is a source of concern to the government. We appreciated that providing employment is an essential part of Bhutan's development philosophy and we encourage Bhutan in its efforts to respond to the situation through vocational skills training, private sector development and off-farm employment in the rural areas. Tourism sector is already and more and more will be the flagship of the employment creation and should continue to receive high priority by implementing the tourism master plan.

With regard to private sector development Austria is considering to explore possibilities of support for the preparation and implementation of private public partnership and business partnerships.

## 10TH FIVE YEAR PLAN PRIORITIES AND FINANCING FOR DEVELOPMENT

The 10<sup>th</sup> five year plan, covering the period from July 2008 to June 2013, will coincide with one of the most significant periods in Bhutanese history. During this period, Bhutan will witness profound political transformation. The national elections will lead to the first government under the newly established system of parliamentary democracy. The political changes are taking place at a juncture, at which Bhutan strives to move closer to its cherished goals of attaining economic self reliance and Gross National Happiness (GNH).

Austria very much welcomes that in line with Bhutan's commitment to the UN MDG the POGB has placed poverty alleviation as main objective of the 10<sup>th</sup> five years plan.

We regard the bilateral cooperation between Austria and Bhutan as highly successful. In 2008 the Austrian development cooperation will continue cooperation as in the past in those sectors where strong ties have already been established such as tourism and energy. Capacity building in these two sectors is crucial for the success of the 10<sup>th</sup> five year plan.

Additionally Austria considers joining the RGoBs efforts in implementing the good governance framework. This framework could become a model for other sectors in successful implementation of the aid effectiveness agenda.

As well as that we are prepared to change the modality of our cooperation from annual negotiation to a multi annual approach in line with the 10<sup>th</sup> five year plan and the principles of the Paris declaration. Therefore a mission will take later this year.

I would like to conclude with the sincere wish, that the ROGB will continue to strive for the establishment of a democratic society, based on equal rights for people independent of their origin and ethnic background. The process of democratization holds out hope for a firm set of fundamental human rights and obligations which authorities and citizens can be held responsible to. We are confident, that regional disparities can be narrowed done and equal opportunities as well as peaceful and sustainable growth can be achieved.

Austria would like at this point, to wish the RGoB all the best for their challenging tasks ahead and assures its continuing support.

## STATEMENT BY CANADA

Thank you Mr. Chairperson for this opportunity to make a brief statement on behalf of Canada.

First I would like to add my voice of thanks for the every warm hospitality extended to me and to all the delegates. Also let me congratulate the royal government of Bhutan on the every well-thought out and creatively presented sessions that have been so informative and thought-provoking.

Your Excellencies, colleagues, and distinguished guest, I am very pleased to participate in this important RTM, and I would like to congratulate the government of Bhutan for organization this event in Thimphu at the start of what promises to be a watershed year for Bhutan. This year, which marks the centenary of the Bhutanese's monarchy, will be the year in which the new constitution is approved under a newly established parliament. That parliament will be elected for the first time through a multi-party democratic process. This engagement with democracy, guide by the vision of his majesty the fourth Druk Gyalpo and the action of his majesty the fifth Druk Gyalpo, is both historic and courageous. Historic, because seldom has such progressive social and political changes been led by those ruling and courageous because even though it is an important reflection of the views of the people of a country, a functional democracy does not always operate like a well oiled machine. The people of Bhutan are to be congratulating for their willingness to embrace this new future, with all unforeseen turns and complexities, and the people of Canada will be honored to accompany you on that path.

Indeed, Canada is honored to be one of only 22 countries with diplomatic relations with Bhutan. While this government to government relationship was formalized only five years ago, it represents a maturing of over 40 years of close ties built on strong people to people links indelibly anchored in the remarkable achievement of father William Mackey, and other Canadian educators, with the support and encouragement of the Bhutanese government. The friendly ties between our countries have continued to grow stronger and were deeply enriched by his majesty's visit to Canada in 2005. it is Canada's hope that our relationship will continue to flourish. Indeed, Canada is grateful that that our partnership is expanding into closer collaboration in multilateral for a. we look forward to further productive cooperation on international issues of mutual concern. As one such example, Canada remains committed to working with the Royal Government of Bhutan, the United Nations high commissioner for refugees and the government of Nepal. Canada plans to resettle up to 5,000 of these refugees over the next three to five years and we welcome the royal government of Bhutan's commitment to find a just and durable solution to the situation of the refugees, including that of voluntary return.

The practice of democracy is a complex web that balances individual and collective rights with the responsibilities of citizenship and effective governance. It is a dynamic that is constantly evolving to reflect changing needs and human rights and the rule of law and respect for the wisdom and views of all the peoples of a country. Our own history as an involving democracy has been the steady elimination of barriers, be they differences of gender, language, ethnicity or geography, which acted face its own challenges and choices, but we are confident that Bhutan will find that those challenges and choices will strengthen the nation and its peoples.

Bhutan is already well along that road. The 10th five year plan focuses on poverty reduction, the creation of more equal opportunities, and the responsible, and provision of sustainable services. Education will continue to play a central role in that strategy, not only in terms of universal access but also in terms of improvements to equality and appropriate subject matter. The strategic choice to develop a competitive international advantage for Bhutan by emphasizing the primary importance of equality education for girls and boys reflects the wisdom and vision of Bhutan's leadership, because it gives to Bhutan's youth access to the opportunities the world has to offer. Canada's development assistance efforts in Bhutan, undertaken with financing from the Canadian international development agency (CIDA) and the international development research center (IDRC), have been largely focused on this challenge of improving the quality of education in the kingdom. We are pleased to observe that those efforts, along with the work of our colleagues in the donor community who are active in the education sector, have achieved important results. There has been steady improvement in access; enrollment has been modernized, as have teaching methods and technologies for learning. Real progress towards the attainment of the educational and gender equality goals of the MDGs has been realized and we are pleased that Bhutan wishes to address the remaining gender gap in tertiary education. Along the way friendships have been created at the institutional, professional and personal levels that are extensive and deep. Those friendships will continue as we seek new ways to partner with Bhutan in the field of education.

A focus on education means a focus on creating a new future in Bhutan, but when we talk about a new future, we do not mean abandoning Bhutan's past. We understand the concept of Gross National Happiness to be a strategy that build on the past, a strategy that reflects the reality of the modern world while maintaining principles and priorities that reach out towards a more meaningful, inclusive and satisfying approach to life. Quality education will provide the tools that will make the realization of this national vision a reality. That is the vision Bhutan offers to its youth, all of its youth, the inheritors of the future. This year, which will see the coronation of the new king, His Majesty Jigme Singye Wangchuck, the first multiparty democratic election and the promulgation of new constitution, is all about the future, Canada congratulates Bhutan on its achievements, and looks forward to our continuing partnership.

1. DEMOCRATIZATION PROCESS: CONGRATULATIONS- AND CONCERN

allow me first to congratulate the people of Bhutan and the royal government of Bhutan with the historic achievements of the peaceful and well prepared transition from a century of monarchy towards a constitutional monarchy with parliamentary democracy and free elections. What strikes is the impressive pace and strong commitment to modernizing the state and building democratic institutions.

The constitution can serve as major instrument for nation-building and can be a way to integrate all groups of society into democratic decision making the successful election process for the national council, and the on going process of electing the national assembly augurs well for the future political and social development of Bhutan.

However, there is also cause for concern. We as development partners and close friends of Bhutan are concerned when constitution would bring Bhutan on a collision course with important international conventions. We are convinced that with a few adjustments the constitution can ensure full equality, liberty and equal opportunities for all people living in Bhutan and thus serve the Bhutanese people for many years.

Inclusion in the democratic process of all people in Bhutan is another challenge that must be dealt with in order to ensure a stable democratic society.

Fortunately, many of the debated clauses, e.g. qualification of the candidates for the parliament are regulated in the specific acts, and not in the constitution itself, and are thus more easily open for subsequent adjustment, when experiences have been gained. However, where the international constitution experts are pointing to articles and paragraphs in the draft bringing Bhutan on collision course with international conventions already acceded to by Bhutan or conventions which Bhutan will accede to in the very near future there is cause for concern. It is thus important for Bhutan to listen to these warnings and act appropriately when the draft constitution is to be adopted by the new parliament.

Denmark congratulates the people of Bhutan and government of Bhutan with the smooth and calm transition to the constitutionally elected parliamentary democracy. It is in the world today to observe such managed by the election commission of Bhutan. The result of the election of national council augurs well for the coming election of the National Assembly. Although the process, of course, can still be improved- e.g. by extending the option of postal ballot system to all citizens, and not only as a privilege for the civil servant- the main challenge and issues of concern is whether all eligible people of Bhutan are allowed to participate in the democratic election process and exercise their voting right. We have seen elsewhere that if people feel excluded from being party to the democratic process they may choose non- democratic means. It seems that the registration of voters could be

further enhanced, and we trust the government will do its utmost to raise the registration from the current about 80% to the optimum of all Bhutanese people above the age 18.

## 2. BHUTANESE REFUGEES IN NEPAL

Denmark welcomes the assurance made in the opening speech by H.E the Prime Minister and in the intervention by the foreign secretary that Bhutan is fully committed to a speedy solution to the problem with the Bhutanese refugees in Nepal. Denmark agrees that a solution must not be delayed any further. Bilateral talks between Bhutan and Nepal on the refugee issue in the eastern part of Nepal have been going on for years. The verification of the first camp in 2003 and the agreement made at the ministerial meeting the same year was at that time by the international community seen as breakthrough. However there was unfortunately no progress. Now the commitment of resettlements (that have already started) to third countries there is a window of opportunity for comprehensive and durable solution, but it requires positive steps by Bhutan as well as from Nepal. We urge Bhutan to revitalize the process and continue the verification in order to implement the comprehensive resolution.

We welcome Bhutan's commitment to receive category 1 and 4 refugees. Bhutan has a strong self-interest in seeing the issue solved and we welcome the strong assurance of the royal government of Bhutan that a similar situation will never occur again.

The resettlement process of refugees from Bhutan is now gaining momentum, allowing refugees to resettle from camps in eastern Nepal to third countries once their cases have been accepted. This marks an important step towards finding solutions for over 107,000 refugees who have been stuck in exile for 17 years. Nepal has recently decided to issue exit permits, and several thousand are expected to leave for resettlement in primarily the United States, and Canada, while Australia, Denmark, the Netherlands, New Zealand and Norway have also expressed interest resettling these refugees.

While resettlement offers a welcome solution for many, the option of voluntary return to Bhutan for those refugees who wish to do so should also be pursued. The repatriation should of course be based on agreement and conditions reached at the discussion between Bhutan and Nepal thus offering category 1 and 4 repatriation. We welcome implementation of this commitment with out delay. Bhutan needs to establish in writing terms and condition for the return of these categories; together with Nepal make sure that these terms and conditions are clearly communicated; and to establish a concrete timeline for implementation. There is a genuine desire from the international community to facilitate repatriation, although the process should continue to be a bilateral activity.

## 3. ECONOMIC DEVELOPMENT AND INCLUSION

It is very satisfactory that the level of poverty in Bhutan is going down as evidenced by last year's poverty survey. The government's serious efforts to reduce poverty make it a great privilege to be a development partner with Bhutan.

Social cohesion with a more even income distribution is along with economic growth an important issue to pursue for further reducing poverty. Even good can be done better in pursuing the goal to eradicate severe poverty. It is notable that income inequality in Bhutan is among the highest in Asia.

Priority needs to be given to create employment in the private sector that can bring well-paid productive jobs and create economic growth. The entering of nearly 10.000 young people every year to the job market is one of the most serious challenges for Bhutan in the near future. They will not be able, as most previous smaller generations of school leavers, to get employment in the public sector. New training and education opportunities are required. The government, assisted by its development partner, needs to focus on these challenges, and facilitate an enabling environment partners, needs to focus on these challenges, and facilitate an enabling environment for the development of the private sector. Denmark is ready to assist in area of vocational training and promotion of an enhanced involvement of the private sector.

A small country like Bhutan must use all of its human resources. It is therefore very encouraging that the issuances of ID cards have been eased. However, security clearances are still not issued to a large number of Bhutanese citizens thus preventing them from getting a passport or participating in the democratic process as candidates. We encourage the government of Bhutan to take up these issues with a view to enable all people of Bhutan to fully participate in social, political and economic spheres of the society.

The government has initiated some activities especially focusing on training and assistance to entrepreneurs followed up by micro financing schemes. Although a valuable initiative the impact on employment is very small. There is a serious lack of medium sized enterprise and its especially within this segment sizable employment could be generated. In the private sector there is a strong demand for skilled workers and market relevant education. It is widely recognized that Bhutanese youth, even while lacking skills or sufficient educational background, all desire high- quality employment that pays reasonably well and has a good social status in the society. Blue- collar jobs have very low standing among Bhutanese youth and consequently approximately 100.000 foreign workers are currently employed in Bhutan- primarily within construction, road building and maintenance. The general quality of buildings, roads and other infrastructures is in many cases not satisfactory- the government should take the lead in setting higher quality standards and be prepared to pay a reasonable price for good quality. If the young people can see a close correlation between time invested in vocational training and a good salary they might change the way they regard skilled blue- collar jobs. Denmark will assist the enhancement of the vocational training by supporting the quality assurance of the training as well as promoting the involvement of the private sector in the training.

The government should ensure an enabling environment for the private sector. For example, getting a license is still much more difficult and time consuming in Bhutan than in most other countries in the world. Security clearance is also a bottleneck and a barrier for

private companies. The financial institutions are not geared towards assisting a similar process as the good governance+ report- with the full involvement of the private sector- could be considered.

#### 4. THE 10YH FIVE YEAR PLAN

We have been looking forward for sometime to receive and study the draft of the 10<sup>th</sup> five year plan. The excellent presentation by the secretary of the GNH commission shows that it will follow the pro-poor planning strategies of the 9<sup>th</sup> FYP and therefore hopefully the development partners can use it as Bhutan's poverty reduction strategy. Denmark has waited with finalizing the five- year country strategy for Bhutanese- Danish partnership in order to align our cooperation to the 10<sup>th</sup> five year plan. In this context, a key question is whether the poverty monitoring system is sufficiently detailed to satisfy the requirements of provision of sector budget and general budget support.

Another important issues is the costing of the five year plan and equally important the financing in the annual budgets. We all have the clear feeling that things are moving in the right direction but, we now need to study the details of the draft plan.

Part of our discussion in the past and in the future will be measure, monitor and evaluate the many interventions and their impact on poverty. We talked about this at the last RTM, it has been one of the key discussion on Bhutan's 9<sup>th</sup> five year plan and has been brought up at numerous sector reviews. Recently, the Danish auditor general in his report on the co-operation between Bhutan and Denmark also stressed the need for better documentation of results. We encourage the government to priorities that the programmes monitoring information systems are fully implemented, data are segregated in a manner that can convince development partners that generated growth is distributed with priorities to areas with serve poverty, gender issues in education and other areas are thoroughly dealt with, and that social services are for all people living in Bhutan.

#### 5. GOOD GOVERNANCE AND DECENTRALISATION – JOINT SUPPORT

We are to participate in the joint good governance frame work. It is a good example of practical harmonization and alignment. Under the leadership of the gross happiness commission and with support from the UNDP, the UNCF and bilateral development partners the joint framework will support the new constitutional, and promote the roe of the civil society.

The royal government's good governance efforts have been supported in many ways for some time. A lot of training effort and preparations have taken place, and with the establishment and functioning of the constitutional have taken place, and with the establishment and functioning of the constitutional bodies like anti corruption commission, the election commission, the election commission, and new institution as the National Land Commission and the civil society authority to be established, prospects to progressive

relationship between the citizens of Bhutan and its government are fair. The international development partners, including Denmark, have responded by formulating a joint good governance support programmes to take off by the formulating a joint Good Governance Support Programmes to have responded by formulating a joint Good Governance support Programmes to take off by the inception of the 10<sup>th</sup> five year Plan to harmonies their support and to align with the good governance and decentralization efforts of the gross national happiness commission. We also look forward to the successful local government at the local levels as well as at the national levels.

It is encouraging to see that the Government will take the decentralization even further with formula- based discretionary grants to the local governments. Board training efforts have taken place targeting administrative as well as financial issues. This effort should continue and be further enhanced success of the Government's decentralization reform. Despite continued training efforts the gewogs are much dependent on professional and timely back up from the district. With the forthcoming local government elections later this year it is very important that the elected representatives are also properly inducted to their responsibilities and mandates, and that the different roles of the civil servants and the elected representatives are clearly spelled out.

Civil society, or non-state actors, is a rather new concept I Bhutan, at least if understood as formally registered non- governmental organization established with broader objectives than local community service delivery. It is appreciated that a legal platform with the civil society organization act was provided last year. The roles such organizations could play will benefit not only local communities, but also the societal development of the country in broader terms, as they take up the challenges of e.g. gender issues, environment and good governance. The implementation of the act and the establishment of the civil society authority have yet to take place. Denmark is prepared to support this important process of complementing the efforts of the government with those of an active civil society.

## 6. DANISH DEVELOPMENT ASSISTANCE- AND A NEW COUNTRY STRATEGY.

Bhutan and Denmark have been development partners for 30 years and since 1989 Bhutan has been a priority country for Danish development cooperation. We have from Danish side been very satisfied with our partnership. The results of the Bhutanese government's development efforts have been impressive, especially for the poorer people.

As mentioned during the discussion to the 10<sup>th</sup> five year plan, Denmark is ready to align its assistance together with the Bhutanese government finalize the country strategy for our support for the nest five year period.

Danish assistance will gradually be phased out after this period, making the new country strategy period the last fully- fledged programmes strategy. After a planned multi-annual commitment in 2011, possibilities will remain for cooperation in environment, good governance, through NGOs, and private sector development.

I wasn't to stress that Denmark is not phasing out because we are unhappy with the development cooperation with Bhutan. Quite the contrary, things have been working very well. But it is our general priority to focus on LDCs.

Bhutan has for 18 years been a focal country for Danish bilateral development assistance. During these years Denmark has been one of the larger donors to Bhutan and has thus had the privilege of assisting in many different areas with sizable inputs. Bhutan has been through a tremendous positive development during these years and our overall conclusion of Danish assistance is that Bhutan has utilized the assistance wisely to benefit of the population at larger- especially focusing on the poor segments of the population. All based on the country's concept of gross national happiness and an active pro-poor planning process.

This has also been the conclusion of the first stage of the country evolution of the Danish assistance to Bhutan, carried out in 2006, to be followed by the next stage in 2009. a number of key public organizations like the royal audit authority, the department of revenues and customs, and the national environment commission secretariat were all found to have enhanced their capacity to deliver the mandated outputs to such a sustainable degree that only minor support was needed in the future. With the strengthening of public financial management. Auditing anticorruption awareness Denmark has gradually shifted its assistance to sector budget support for two of the social sector- education and health.

## 7. CLIMATE CHANGE

I would like to make some comments on global climate change and its likely impact on Bhutan. Bhutan has provided an outstanding vision and practice of environment management and sustainable development that makes Bhutan a world leader in this area. We look forward to continue our cooperation in this areas, and also to work with you to improve implementation of the environmental policies.

The climate change is exactly global and in spite of Bhutan's own responsible efforts, the climate change affects Bhutan. It is of major importance for Bhutan's future development that the possible consequence of climate change are calculated, incl. its effects on Bhutan's income generating hydropower. A national adaptation program action has already been proposed to develop a disaster management strategy; to develop improved weather forecasting system; to prevent landslides and floods; to protect downstream areas; to prevent glacial lake outburst floods; etc. support from development partners are clearly required to implement such adaptation activities. Denmark is prepared to support Bhutan's effort and a so-called 'climate change screening mission' of all Danish support and the national efforts has been agreed to be fielded in May this year.

As the coming host of the COP15 meeting in Copenhagen in 2009, Denmark is also ready to support the preparation of the government's participation in that important meeting in

which the Kyoto Protocol is expected to be revisited. Bhutan with its extraordinary focus on environment and natural resources management could take this opportunity to show its exemplary role to the entire world change in the future.

## STATEMENT BY THE EUROPEAN COMMISSION

Honorable prime minister, honorable minister, Mr. Chairman, Excellencies, ladies and gentleman:

It is indeed a great pleasure to attend the 10<sup>th</sup> round table here in Thimphu. This is my first visit to Bhutan and I must I have been impressed with the country and the excellent organization of the RTM so far.

Bhutan is a country which, despite many geographical and physical constraints, has performed remarkable well and has made major economic, social and political progress over the last decades. The strong presence of all major development partners here today is a clear indication of the interest the international community has in Bhutan. The efforts Bhutan has been making in achieving the millennium development goals are worth nothing. The country has made extraordinary progress in terms of its human development index, which reflects the importance the royal government attaches to the social sectors. Bhutan's economic growth projections spearheaded by the energy sector and in particular by hydro-electricity, also give rise to optimism.

But, as we have learned in the course of RTM, important challenges persist. There are significant disparities between urban and rural areas and poverty levels are still high. Another growing problem is that of structure employment, as was already noted and discussed during the previous RTM in Geneva in 2006. the challenge of providing jobs to increasing numbers of educational youths is an issue that should receive due attention in the 10th five year plan.

Ladies and gentlemen. While traveling from Paro to Thimphu I Was amazed by the pristine landscape and the extent of actual forest cover. Bhutan certainly leads the way among all south Asian countries in terms of ecological protection and environment preservation and it is very encouraging to note that Bhutan's environment legislation requires that 60 percent of the country remain under forest. But there also several environment challenges that Bhutan faces due to rapid population growth and increasing pressure and the use of natural resources.

In this context, the European commission (EC) has chosen to focus its development cooperation with Bhutan for the year up to 2013 mainly on supporting the RENEWABLE NATURAL RESOURCES SECTOR (RNR). The choice of this sector was also made as a follow up to the specific request of the RGoB to continue our support to this sector. The focus of our support will go mainly towards areas of CAPACITY Building and GOVERNANCE ISSUES, BOTH AT CENTRAL, district and sub district level. The aim is to strengthen Bhutan's development policy and programmer to reduce rural poverty through the creation of income generating activities at the rural level and improved farm to market access.

The second focal sector for EC support is Good Governance. The 10th plan is a critical milestone in Bhutan's development efforts as it coincides with a period is a critical milestone in Bhutan's development efforts at it coincides with a period of significant political changes. It is precisely to sustain these important political developments that the EC has chosen to support good

governance. We will focus on best practices in good governance, decentralized decision making and best practice in development, including innovative methods to improve delivery of service to address poverty, gender issues, institutional reforms and public sector management. In this context, sector budgetary support will be explored.

Bearing in mind the enormous economic challenges faced by the country, including the need to create employment and to diversify its economy, an important priority consists of strengthening the productive capacities of the poor and enhancing private sector development. Trade facilitation therefore constitutes the third focal sector.

This support will also build on the support provided through the existing EC funded trade development project. This will support Bhutan in the development of its international trade policy. This will support Bhutan in the development of its international trade framework in line with the WTO accession process and overall development objectives. More specifically, the intervention is expected to ensure that the Bhutanese national legislation can be brought into WTO compliance. In budgetary terms, the EC had earmarked \$14 million for Bhutan for the period up to 2013, of which 60 percent will go to RNR, 20 percent to good governance and 20 percent to trade facilitation.

Ladies and gentlemen let me refer again to the important political developments that are taking place in Bhutan. The national council elections that took place 31<sup>st</sup> December are an important step, followed by the parliamentary elections on 24 March. We are honored that the RGoB has invited the EU to observe Bhutan's very first parliamentary election and I am pleased to announce that we are well on track in preparing the development of the election observation mission.

The mission will consist of a chief observer (a member of the EP, yet to be appointed), five core team members and nine LTOs; altogether 15 people. The deployment is expected from late February (approximately 4 weeks before the election date) to early April (some 2 weeks after the election date). For the EU, sending observers is an important step towards supporting and underwriting the democratic transition in this country.

The EU Election observation mission will fulfill its mandate in conformity with international standards and will disclose its independent finding at the end of its mission, we are also looking forward to its recommendation as regards further possible actions in the fields of electoral processes and democratization as these could constitute a basis for the future cooperation between the EU and Bhutan.

The process of democratization is contributing significantly to Bhutan's image in the international community as being one of a flagship in both vision and opportunity in a changing world. However, within this context, there remains a humanitarian issue, which the international community undoubtedly has great interest in, and looks to Bhutan, in continuance of its commitment to democracy, in finding a fair and viable solution. We have listened and taken note with great attention to the declaration of the foreign secretary and will continue to remain vigilant. Third country resettlement has become a reality, with the first mobilization of people expected to leave for US

next month. The EC has substantially contributed financially to this humanitarian issue to date. Considering Bhutan will have a new government in place shortly, and is about to embark on a new era in terms of political and economic transition, we urge Bhutan to address this situation in a timely manner.

Ladies and gentlemen, the challenges and problems mentioned above notwithstanding, I hope that Bhutan is set firmly on its path to attaining Gross National Happiness for all. We at the European commission are committed to support Bhutan in this process and look forward to continue our fruitful and close partnership in years to come.

## STATEMENT BY INDIA

Lyonpo Thinley Gyamtsho, Honorable Minister of Education,

Mr. David Lockwood, Acting Regional Director Asia Pacific, UNDP

Excellencies, Dasho, ladies and gentleman;

It is great pleasure and privilege to present the Government of India at the 10<sup>th</sup> RTM hosted by the Royal Government of Bhutan in Thimphu. As a primary development partner of Bhutan for about half a century, government of India has been supporting development activities in Bhutan in line with Their Majesties' vision and Royal Government's own priorities. The 10<sup>th</sup> RTM is taking place at a critical juncture in the modern history of Bhutan i.e. centenary of monarchy and coronation of fifth king of Bhutan, its transition to constitutional democratic monarchy and implementation of the 10<sup>th</sup> five year plan of Bhutan.

Coinciding with the transition to democracy, 10<sup>th</sup> plan assumes very special significance. It will lay the foundation and set the direction for Bhutan's future development. The elected government is expected to be in place by the time the 10<sup>th</sup> plan implementation begins. We, in the government of India, are confident of the success of transition. We have had a lucid presentation by the Royal Government of Bhutan on its programmes and priorities for the 10<sup>th</sup> plan.

India has been associated with planned development since its inception in Bhutan in 1961 and since then the bilateral development cooperation continued to grow and spread to touch almost all spheres. Indeed it must be so, given the mutually beneficial economic linkages and complementarities that drive our economic cooperation. It has been the cornerstone of our bilateral relations.

We would like to note with great satisfaction the all round economic development achieved in Bhutan with meticulous planning and channeling of resources.

I may touch upon some important development in the India- Bhutan bilateral relationship since the last RTM held in Geneva. In the area of hydropower sector, we had commissioning of 1020 MW Tala project, agreement on hydropower cooperation which envisages import of 5000 MW from Bhutan to India and signing of an inter- governmental agreement on implementation of 1095 MW Punatsangchhu-I Hydroelectric Project. It would be pertinent to mention that DPR studies are underway of Punatsangchhu-II and Mangdechhu Projects as part of our 9th Five Year Plan cooperation. As there has been discussion on the achievements during the 9<sup>th</sup> Five Year Plan, I would like to touch upon our cooperation during the same. Important projects completed or about to be completed as part of our 9<sup>th</sup> plan cooperation are – 350 bed Jigme Dorji Wang chuk national referral hospital in Thimphu, 150 bed regional referral hospital in monger in health, construction of 10 new schools, transmission lines, renovation of Semthokha Dzong, double lining of Paro-Chuzom and Phuntsholing- Thimphu roads, human resources development etc. we

also had cooperation between the election commission of India and Bhutan on electoral procedure in connection with first ever election to the national council and national assembly.

Royal government and the government of India have had discussions and India is committed to support Bhutan's development activities proposed in the draft 10<sup>th</sup> five year plan to the maximum extend possible. Government of India would continue to support the critical sectors of infrastructure, education, HRD, health, IT etc. which are in line with its development philosophy. We are also confident that the deliberation at the RTM would be fruitful.

## STATEMENT BY JAPAN

Mr. Chairman, Hon'ble Lyonpo Kinzang Dorji, Prime Minister, Kingdom of Bhutan, Distinguished Representatives of the Governments and Multilateral Organizations, Ladies and gentleman.

It is my great honor to be given an opportunity to address the statement on behalf of the Government of Japan. First of all, I would like to extend my gratitude to the Government of Bhutan for hosting this important meeting. I was strongly impressed with the proactive and fruitful discussions during the last two days.

The government of Japan welcomes the progress of democracy in Bhutan and strongly supports its successful transition. We are pleased to witness the historical moment of the establishment of the parliamentary democracy and introduction of the Constitution this year. It is our sincere wish that the people of Bhutan embrace the benefits of democracy; Japan has been supporting the democratization process and will play its part to help the people of Bhutan to achieve the goal successfully.

Mr. Chairman,

As one of the main donors to Bhutan, we are glad to see that the stable social and economic development has been attained in Bhutan. We are also pleased by the fact that Japan International Cooperation Agency (JICA) has established its status in Bhutan. We have focused on the four priority areas, namely "Rural and Agriculture development", "infrastructure Development", "Social Development" and "Good Governance". We have been effectively utilizing the financial assistance and technical cooperation. Japan's technical cooperation to Bhutan has been instrumental to strengthen the Japan-Bhutan relationship. At the same time, Japan's grant aids have been provided to mainly support the development of the basic infrastructure in this country. Moreover, last year, we extended the first ODA Loan for "Bhutan Rural Electrification Project". We have also provided grass-root level grants. We believe that such assistance has contributed, and will contribute to the sustainable development of the country.

We are encouraged with the successful implementation of the 9<sup>th</sup> Five Year Plan, and the well prepared and comprehensive vision of the 10<sup>th</sup> Five Year Plan which is a key to the sustainable political and socio-economic development in Bhutan. We aim to contribute to the achievement of the goals laid down in the 10<sup>th</sup> Five Year Plan.

Mr. Chairman and Distinguished development partners,

The Government of Japan would like to reiterate its appreciation to the Government of Bhutan for its continuous efforts to the nation building. It is strongly hoped that interactive and rich discussions during the meeting could give all of us hope and inspiration to work together harmoniously for the peaceful and sustainable development of Bhutan. Japan remains a strong and responsible development partner of Bhutan and supports to achieve the vision and goals of National Development Plans and to elevate Gross National Happiness.

Thank you for your attention.

## STATEMENT BY THE NETHERLANDS

2008 will be a momentous year for Bhutan. General elections at the end of March, the introduction of the new constitution, the coronation of His Majesty and of course the start of the 10<sup>th</sup> Five Year Plan.

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In this time of political and economic transition it is important that Bhutan can count on its partners and friends, for this reason, the Netherlands decided in 2007 to renew its general development cooperation with the government of Bhutan for a period of five years. In financial terms this new cooperation will amount to 2 million euros annually. Besides support for the process of democratization, this renewed aid constitutes a compliment to the Bhutanese government for the way it has carried out reforms. Many Millennium Development Goals are now within reach, needless to say several challenges remain, some of which I will get back to later.

In addition to this general financial support Bhutan will remain eligible for projects under a Dutch fund worth 11 million Euros over three years. This so-called South-South Cooperation Fund, Bhutan shares with both Costa Rica and Benin.

Moreover, The Netherlands Development Organization SNV will continue its capacity development work in the areas of (1) basic service and (2) production, income and employment. Almost 2 million euros annually is dedicated to these activities. The five sectors involved are (1) water and sanitation, (2) rural infrastructure, (3) tourism, (4) forestry, and (5) private sector development.

Finally, The Netherlands will maintain its individual scholarships, its tailor made capacity building programmes and its multi-annual agreement with the Ministry of Labour and Human Resources.

All together these combined funds total approximately 6 million euros annually, a sum that underscores the commitment of The Netherlands to constructively contribute to the implementation of the 10<sup>th</sup> Five Year Plan, i.e. up to 2013.

Honorable Chair, please allow me to now expound on the likely modality of our renewed general assistance as announced by Their Royal Highnesses the Prince of Orange and Princess Maxima of The Netherlands during their warmly and impressively hosted official visit to Bhutan in October 2007.

In our programming in Bhutan The Netherlands has always aimed to give Bhutanese government a maximum degree of ownership and responsibility. Our previous programme, as executed by the Bhutanese Sustainable Development Secretariat, has been successful very much as result of this approach.

The mutual trust we achieved through this programme has brought us to go one step further by considering general Budget Support. This January a Dutch mission to Bhutan examined the criteria that need to be fulfilled for the use of this aid modality. The mission concluded with positive recommendations on the basis of which The Netherlands Minister of Development Cooperation will soon decide.

The Budget Support would cover the period of the 10<sup>th</sup> Five Year Plan and entail annual policy consultations between the Government of Bhutan and the Government of The Netherlands. These consultations would be held on the transition to parliamentary democracy and local governance, as well as on human resource development. The latter would focus on the sectors health and education.

These themes have been selected in consultation with the GNH Commission and allow for a close alignment with the monitoring efforts needed for both the Joint Good Governance Support framework, as currently in the making among donors in Bhutan, and the sectoral support programme of the Government of Denmark.

Please allow me to briefly touch upon a few of the challenges Bhutan still faces on its road to development. I will limit myself to three aspects that in our view deserve special focus in implementing the 10<sup>th</sup> Five year Plan.

First of all, the completion of the implementation of the ambitious 10<sup>th</sup> Plan will require strong democratic governance structures. The Netherlands applauds the excellent initiatives undertaken in the view of this the past year, such as the Exercise on Functional and Fiscal Decentralization. Since it is the ambition to further decentralize, the focus should continue to be on strengthening the local administrative structures, making them effective and accountable.

Strong governance also means keeping corruption at bay. Over the years Bhutan has been successful in containing corruption. The excellent work of the Anti-Corruption Commission, as established in 2005, deserves special mentioning in this regards. Now, with many changes sweeping across society, it is all the more important to keep a close eye on the issue.

Secondly, as clearly acknowledged by the Government of Bhutan, there is a need to diversify the economic growth. Bhutanese growth is for a large part based on hydroelectricity, an industry with limited job creation potential. Considering the unemployment figures, especially of the youth, diversification in to job creating industries and businesses will be of paramount importance.

To achieve job-rich growth it is in our view essential to improve vocational education and the enabling environment for a private sector. The format would first of all require increased investment in vocational and other education, directed towards creating skills that are in demand. The latter would also necessitate a reduction in administrative burdens and an increase of transparency in for example procurement procedures. We see many positive developments in this regard to encourage the Bhutanese government to further its efforts.

Thirdly, special attention should in our view be given to not only raising the quality of education and health services, but also ensuring access for all, in urban as well as in rural areas and across different parts of society. Education and health services are prerequisites for prosperous economy, but they also illustrate and reinforce the degree of social inclusion. Social inclusion can be as important for a stable democracy as free and fair elections.

Finally, The Netherlands would like to touch upon the issue of the people in the camps in Nepal. The constitutional transition and the renewed commitment of the international community towards the development of Bhutan offer clear momentum to come to a durable solution for the more than 100,000 people in these camps. We trust that the Bhutanese government will seize this opportunity and arrive, in close collaboration with the Government of Nepal and the UNHCR, at an expeditious resolution.

With these remarks allow me to end by expressing our gratitude for organizing this Round Table Meeting and commending the Bhutanese Government, and in particular the GNH-Commission, for the highly rewarding cooperation over the past years.

## STATEMENT BY NORWAY

2008 is an important year in the history of Bhutan when she celebrates the 100 years anniversary of the Monarchy, the General Election for the 47 member Lower House will be held, new elected Government with a two party Parliament will be in place, a written Constitution will be adopted and the Fifth King will be the first Constitutional Monarch of Bhutan through formal coronation.

I am very pleased and honored to be the representative of the Kingdom of Norway of Bhutan in such an important year. Norway will continue to strengthen the excellent relations and strong cooperation with the Royal Government of Bhutan.

Norway will commend the Royal Government of Bhutan for the way it has decided to change governance of the country. We are pleased with all the positive remarks we have heard regarding the preparations for the elections to be held on 24 of March. We are also looking forward to work with your new Government that will be announced after a free and fair election.

Norway is also very impressed with the economic development in Bhutan, the solid systems and procedures put in place for planning and management and share the concerns regarding donor harmonization. We would like to discuss how Norway can better harmonizes the support to Bhutan in the forthcoming annual consultations between our two countries.

Norway also commends the way Bhutan is opening up for foreign investments. There is a growing interest for the Asian region and indeed Bhutan in the business community in Norway. We are looking forward to an increased cooperation in the business sector between our two countries.

Norway has supported the development of the hydropower sector in Bhutan for many years. It started with supporting the development of the Power System Master Plan in the 1980-90ies together with UNDP. Strengthening of the Energy Sector and Water Resources Management and Planning Phase I was supported by NOK 20 million 2001-2004. Phase II of this support, with focus on institutional cooperation between Department of Energy and Norwegian Water Resources & Energy Directorate and capacity building, ended December 2007.

A review of the project was carried out in the autumn of 2007 with very positive conclusions, including recommendations for supporting Phase III. A proposal for Phase III has been received and some small amendments are recommended. A support of 5 million NOK per year for 3 years have been budgeted.

The Norwegian support to intuitional cooperation between Department of Geology and Mines (DGM) and Norwegian Institute of Geotechnology (NGI) ended December 2007. A review of the project that focused on securing landslides was carried out in the autumn of 2007 with very positive conclusions including recommendations for supporting Phase III. A proposal for Phase III has been received form Bhutan. Due to the positive review and the fact that Norway would like to further develop the positive cooperation and relationship with Bhutan, Norway is prepared to support Phase III. NOK 2 million per year for 3 years has been budgeted.

During the Annual Meeting between Norway and Bhutan in Thimphu, May 2007, Bhutan requested support from Norway to the “Accelerated Hydro Power Plan”. Due to the significance of this project and the good experience with the precious support to the Hydro Power Sector, positive signals were given. Request for the support has been received and is being considered. An amount of NOK 5 million per year for 3 years has been budgeted.

Norway has since 2005 together with the Core Group for Bhutanese Refugees, been working for the resettlement of the refugees, and in fact we have decided to receive 150 refugees in Norway this year (one family arrived in January). The Norwegian Government expresses concern about the lack of development on the issue of repatriation of refugees to Bhutan.

The Bhutanese Ambassador in a meeting in Oslo 1<sup>st</sup> February this year stated that the Bhutanese Government would stand by their commitment to repatriate category 1 and 4 refugees of the agreement between Bhutan and Nepal. We agree with Bhutan that this is important both for the humanitarian situation and indeed the Bhutanese international reputation.

In a meeting with the Foreign Secretary of Bhutan on February 15<sup>th</sup>, we were informed that a positive development on the refugee issue is expected after the elections when the new governments in Bhutan and Nepal will be in place. Norway is strongly supporting this and looking forward to such a positive development.

## STATEMENT BY SINGAPORE

Your Excellency, distinguished participants, ladies and gentlemen

1. Singapore's technical assistance program is based on the philosophy that human resources development is the key towards sustainable economic development.
2. Singapore is happy to share, within our limited resources, our developmental experience and expertise, so long as Bhutan finds the courses relevant and useful.
3. Singapore and Bhutan share a long history of cooperation. We welcome Bhutan's interest in the training courses offered under the Singapore Cooperation Program. Since 1992, 486 Bhutanese officials have attended courses under the Singapore Cooperation Program in various fields such as public administration, IT and education
4. Singapore has participated in the past three RTMs in 2000, 2003 and 2006 and has worked closely with Bhutanese authorities such as Bhutan Royal Civil Service (RCSC) to customize a technical assistance package to suit Bhutan's needs. We are happy to note that Bhutanese officials have taken up Singapore's offer of scholarships and training places under this package.
5. There have also been a number of study visits by Bhutanese officials to Singapore. Most recently, a delegation led by Cabinet Secretary Dasho Sherub Tenzin as well as a delegation from the Royal Civil Service Commission separately visited Singapore in January 2008 to study best practices in public administration.
6. Singapore is committed to the ongoing technical assistance package for Bhutan under our Singapore Cooperation Program, which is tailored to the needs identified by the government of Bhutan. Singapore looks forward to working closely with the Bhutanese authorities to ensure that our assistance continues to meet the development needs of Bhutan.

## STATEMENT BY SWITZERLAND

Honorable Minister, Mr. Chairman, distinguished delegates,

1. Bilateral relations between Switzerland and Bhutan are excellent and longstanding. We value this solid and close friendship that is based on mutual understanding and goodwill. We are sure that our partnership will continue for many more years.
2. The concept of Gross National Happiness put forward by His Majesty the Fourth King Jigme Singye Wangchuk that emphasizes the balance between economic growth, preservation and promotion of cultural heritage, preservation and sustainable natural resource management, and good governance has allowed Bhutan to take real responsibility for sustainable development and therefore achieved some impressive results. Switzerland is glad to see that Bhutan is well on track to achieve most of the millennium development goals.
3. With poverty alleviation as a main thrust for the 10<sup>th</sup> plan, Switzerland will continue to support Bhutan in this challenging period of its political and economic transition at least until 2013. We commend the inclusion of support to strengthen the private sector in the 10<sup>th</sup> 5-year plan. We strongly recommend complementing this with improved access to credit facilities for small entrepreneurs. In the past years Bhutan engaged in a continuous process towards democratization and decentralization under the wise guidance of His Majesty the King. The year 2008 will be remembered as a year of extraordinary changes and Switzerland is proud that its friend Bhutan has the courage to take these steps and welcomes and highly values these developments. Switzerland will assist Bhutan in supporting its people to assume this new responsibility according to the Royal Government of Bhutan priorities.
4. Donor coordination could be strengthened in the future. Switzerland as well as most other donors is committed to align its development support to Bhutan's national development plans. Harmonization among donors being quite high on the international agenda of donors, we encourage the Royal Government of Bhutan to strengthen a harmonized ODA management system, including possible pooling of funds and program sector support.
5. Switzerland is aware of the fact that Bhutan has the firm intention to comply with the principles of non-discrimination, which is a central issue in the Millennium Declaration, as well as the rights of persons belonging to minorities. We therefore trust that the Royal Government of Bhutan will pursue its efforts to promote the integration of different population groups, and ensure they have equal and full access to education, jobs and careers as well as to elective mandates, regardless of ethnicity, language and religion. Switzerland encourages the Royal Government of Bhutan to systematically review the constitution from the view-point of non-discrimination and in accordance

with the United Nations Declaration on the Rights of Persons Belonging to National or Ethnic, Religious and Linguistic Minorities. Switzerland is available to share its experience in this field.

We would like to invite the Bhutanese government to sign and ratify the ‘International Covenant on Economic, Social and Cultural Rights’, the ‘International Covenant on Civil and Political Rights’ and ratify the ‘Convention on the Elimination of All Forms of Racial Discrimination’ to which it has been a signatory for over 30 years. This, in our view, could help Bhutan further strengthen internal cohesion and its international status.

6. Switzerland is concerned about the future of the people living in the refugee camps in Nepal. The offer of different countries to resettle part of the refugees is an opportunity to unblock the situation. Nevertheless, Switzerland strongly encourages Bhutan and Nepal to give new inputs to the bilateral process in order to reach a concrete agreement on conditions and modalities for the return of part of the refugees to Bhutan. The overall objective is to find comprehensive and durable solutions for all the people living in the camps in Nepal. Such solutions comprise sustainable voluntary return to Bhutan in safety and dignity, local integration in Nepal as well as third country resettlement.

7. For Switzerland, the Royal Government of Bhutan is a trusted and appreciated partner. The Bhutanese administration has well trained and reliable people at its disposal and we are convinced that aid resources in Bhutan are well used and produce tangible results. Within the framework of the 10<sup>th</sup> Five Year Plan (2008 – 2013) Switzerland intends to carry on supporting Bhutan’s efforts with about 22 million Swiss Franks, including funds that are channeled through and raised directly by Helvetia’s, a Swiss Non-governmental Agency. Switzerland intends to support the RGOB in the fields of decentralization, democratization and local governance and would be interested in joining a future harmonized governance program. Helvetia’s with its program intends to strengthen local initiatives and private/non-governmental sector development through community forestry and the construction and maintenance of suspension bridges.

We wish the Royal Government of Bhutan, His Majesty the King and all the people of Bhutan a peaceful and prosperous development.

Thank you and Tashi Delek

## STATEMENT BY THAILAND

Mr. Chairman,

Allow me, at the outset, to congratulate you on the success of this 10<sup>th</sup> Round Table Meeting for Bhutan that we have been through during the past two days. It is my pleasure and honor to lead the Thai delegation to this important meeting, which could not come at a better time.

Thailand considers Bhutan as one of our closest friends. With many commonalities and similarities, our excellent relationship with Bhutan at every level is by no means surprising. As Bhutan is going through a transition at this crucial time, Thailand could not fail to come and render our full support to Bhutan as a friend and a long – term partner, development or otherwise.

This year is both auspicious and important for Bhutan. Besides the 100 year ceremony of His Majesty King Jigme Khesar Namgyel Wang chuk, as well as the first ever election, which should bring with it the elected democratic government. Thailand is looking forward to joining Bhutan in celebrating these significant events with our goodwill and warmest wishes.

Mr. Chairman,

Having said that, it of course takes more than goodwill and best wishes to develop a country. Thailand has been working closely with Bhutan in terms of technical cooperation for many years. The outcome of our efforts could contribute to the success of South – South cooperation, of which significance has growing in many parts of the world.

Thailand International Development Cooperation Agency, or TICA in short, is an office under the Ministry of Foreign Affairs of Thailand. It provides technical cooperation mostly in terms of scholarships for training and higher education for fellow developing countries and LDCs. The cooperation from TICA is usually provided according to the needs of recipient countries, as we believe that one always know one's country best. In the case of Bhutan, cooperation activities have been undertaken within the scope of Comprehensive Framework Agreement for Cooperation between the Kingdom of Bhutan and the Kingdom of Thailand, which was signed in 2004.

Under this Agreement, Thailand has offered 180 scholarships to Bhutan from 2005-2008, apart from number of scholarships given to Bhutan each year through other programmer. Thailand is ready to discuss with Bhutan about possible future cooperation after the 3 years programmer finishes at the end of 2008.

More recently, a MoU between the Bhutan Environment Trust Fund and Chula horn Research Institute has been signed during the visit of Her Royal Highness Princess Chula horn in June 2007. While another MoU on Friends from Thailand, which would enable volunteers from Thailand to come to provide direct training fro Bhutanese, was also signed between TICA and Royal Civil Service Commission of Bhutan in September 2007. In addition, I am pleased to announce that

TICA will also provide approximately US\$ 1 million assistance to Royal University of Bhutan for its 3 – year capacity building programmer starting from 2008. Since recent developments could help expand the scope the scale of cooperation between us even further.

Mr. Chairman,

Thailand is an advocate of sustainable development. We firmly believe in the importance of cooperation based on self-initiated projects with high sense of ownership. The wisdom of His Majesty the 4<sup>th</sup> King of Bhutan reflected in the renowned Gross National Happiness is warmly welcomed by the Thai people as it is in line with the Philosophy of Sufficiency Economy introduced by His Majesty King Bhumibol Adulyadej of Thailand.

With such wisdom as its guiding torch, we are certain that Bhutan will succeed in its quest for development under constitutional monarchy as the country is going through the historic political transition. As I mentioned earlier, Thailand is here not to tell Bhutan what to do, but to lend our full and friendly support whatever Bhutan decides to do. We believe that there is no one-size-fits-all model for economic development. The discussions and suggestions arise in the past two days should serve as informative inputs for Bhutan to digest and make most out of them in a way that best fits the country. But at the very least, Bhutan can be ensured that Thailand will always stand by her side no matter which road the country and the people may go. The Thai people will be among the first to congratulate Bhutan on its sustainable development, success and prosperity in the years to come.

Thank you, Mr. Chairman.

## STATEMENT BY ASIAN DEVELOPMENT BANK

ADB Management would like to congratulate the Government of Bhutan and the United Nation Development Program for the excellent arrangements made for this meeting.

**Development Partnership:** Bhutan and ADB have been development partners for the past 26 years. The assistance for ADB's recent and planned operations is anchored in the country strategy and programs and projects in four core sectors and (ii) capacity development in operational sectors and for the overall management of the development process. The four core sectors of ADB partnership are Power, Road, Urban Infrastructure, and Financial and Private Sector Development. As of end December 2007, ADB had approved 23 loans and 2 grant technical assistance operations for a cumulative amount of \$39.9 million.

**Efficient Utilization of ADB Assistance:** ADB is pleased to note that Bhutan is making very effective and efficient utilization of its assistance. Bhutan's project implementation performance has been consistently high degree of Government ownership of ADB – assisted project portfolio, and is very much appreciated.

**Macroeconomic Management and MDGs:** ADB is pleased to note that overall, Bhutan's economic performance and management remains strong and prudent with sustained economic and social policies has enabled Bhutan to make significant progress towards the achievement of Millennium Development Goals within the overall framework of its unique concept of Gross National Happiness.

**Transition to a two – party democratic System:** ADB is pleased to note that in preparation for the two party democratic system, from mid 2008 onwards, Bhutan has started to develop the enabling institutional framework. ADB applauds the establishment of an independent Anti-Corruption Commission, appointment of a Chief Election Commissioner, and granting greater autonomy to the Auditor General's Office.

**Continued Support:** During the 10<sup>th</sup> Plan period, Bhutan would be undergoing significant transformation. It is important for development partners to support this process by their continued engagement in Bhutan's socioeconomic development. While ADB will carefully review the 10<sup>th</sup> plan in detail, ADB's assistance will continue to be aligned with major development thrusts of the plan.

**Development Challenges:** Bhutan's medium-term economic prospects are broadly favorable, abut there are important challenges that would need to be carefully managed. These include the following:

- **Reducing Inequality:** While the recent decline in the overall incidence of poverty from 32% in 2004 to 23.2% is commendable, data shows that inequality, as represented by a Gina coefficient of 0.416 still remains high and that rural Bhutan has a relatively higher incidence of poverty. This has important policy implications, and we remain hopeful that reducing inequality as well as poverty will continue to be central to Government policies.

- **Narrow Economic Base:** Despite commendable progress, the economic base remains narrow and Bhutan's macroeconomic performance is heavily relayed on the hydropower sector. There is a strong positive correlation between GDP growth and completion of important hydropower projects. Thus, economic growth would need to be carefully managed to smoothen these effects. Going forward, diversification of the economy remains a challenge. In the first instance, diversification needs to be encouraged in the existing areas of competitive advantage and subsequently newer areas need to be identified in order to expand and diversify the economic base. As such, ADB looks forward to facilitating a greater role for the private sector in such areas as hydropower and construction of transportation networks. To encourage greater involvement private sector in Bhutan's hydropower, ADB plans to consider providing support for the proposed Dagachu Hydropower project under a Public Private Partnership framework. As Tourism is the single largest source of foreign exchange earnings, we encourage the Government to continue and deepen its policy of community tourism so that rural communities can also benefit from tourism.
- **Employment Generation:** The hydropower sector, the main driver of the economy, is highly capital intensive and once the construction phase is over, employment opportunities shrink rapidly. We appreciate the enormity of the task facing the Government regarding the issue of educated youth unemployment whose preferred choice of employment is Government service. In an effort to make private sector employment attractive, ADB has provided technical assistance support for the drafting of the labor law and lately for its implementation. Apart from urban unemployment and underemployment, and equally daunting challenge is to provide greater employment opportunities in rural Bhutan. We are hopeful that with ADB-assisted interventions for rural electrification and road connectivity, coupled with our assistance for micro, small and medium enterprises, a conducive environment would be in place to foster greater employment opportunities in rural areas and to reduce the urban migration pull.
- Under our ongoing Road Network Project, the objective is to improve transport efficiency on the trunk road network and expand accessibility in rural areas, which will contribute both to expansion of economic opportunities and poverty reduction.
- Our ongoing Financial Sector Development Program operation is designed to strengthen governance in the financial sector with the aim of improving the depth, soundness and stability of the financial system and thereby boister business confidence, encourage private sector activity, and foster sustained economic growth.
- And under recently approved grant assistance for the Micro, Small and Medium Enterprises the objective is to promote the expansion and growth of vibrant MSME sector and encourage private sector development for employment generation, and broad-based sustainable economic growth.

- **Achieving MDGs:** We commend the Government for the progress it has made towards the achievement of the MDGs. We are pleased to note that almost a third of Government's expenditures are targeted for social sector development. While significant and commendable progress has been made the joint Government and UNDP report on MDG need assessment and costing and the presentations made here are the RTM, show that significant amount of resources including external assistance, would be required between now and 2015 to fully achieve the MDG targets. We commend the Government and UNDP on this bold initiative and note the twin need to prioritize public expenditures and expand the revenue base in order to continue the march towards the realization of MDGs. ADB's interventions for rural electrification, road connectivity, and development of MSME indirectly contribute towards the achievement of MDGs by providing an enabling environment whereby health and education facilities can reach rural areas, as well as promoting rural income generation opportunities.
- **Reducing Economic Imbalances:** While Bhutan's economic management has generally been prudent, there is a need to put in place an effective strategy, with defined milestones to achieve a reduction in the Government's fiscal deficit as well as external debt. at 82.5% of GDP, Bhutan external debt outstanding is around two times higher than any other South Asia country. Within the debt service classification, the constraint is relatively severe on servicing of convertible currency debt given the limited sources of FX earning. In recognition of the country's external indebtedness, since 2007, ADB is providing its assistance to Bhutan in the form of 100% grant. This window of opportunity should be availed to defined and implement a debt reduction strategy, fully owned by the national authorities.

While Bhutan faces significant development challenges, it has to be noted that the country opened its borders only about two decades ago. In that short time, the national authorities have demonstrated a high degree of commitment to fast track the pace of progress in all sectors of the economy. Bhutan's social indicators are amongst the best in South Asia, and we are confident that the country has the vision and the leadership to carry it through to the next stage of development. In this endeavor, ADB will remain a responsive development partner of Bhutan. ADB's current assistance to Bhutan averages around \$ 18-\$20 million per annum. Under its country performance-base resource allocation framework, Bhutan would be able to have access to similar magnitude of resources from ADB.

## STATEMENT BY THE WORLD HEALTH ORGANISATION (WHO)

It is my privilege to represent the World Health Organization in this important meeting. Please allow me to convey greetings from Dr Margaret Chan, WHO Director General and Dr Smelee Pliangbangchang, Regional Director for WHO South-East Asia to the royal Government of Bhutan and the dignitaries of this meeting.

The timing of the 10th RTM is critical as the country is not the brink of its 10th Five Year Plan, the first plan that would be implemented by the new democratic government. We are convinced that the positive trends seen in terms of achievements and gains during the Ninth Five Year Plan. WHO reiterates its full support and collaboration to the execution of the health aspects of the 10th Five Year Plan?

The framework of WHO's collaboration with its member States, is the country cooperation Strategy (CCS). The CCS emerges from the country's priorities as defined in the national plan and WHO's global and regional health priorities as defined by the governing bodies, the Executive Board, World Health Assembly and the Regional Committee.

WHO's Third Country Cooperation Strategy for Bhutan is currently under preparation and it is targeted for completion by May 2008. The draft CCS has already been aligned with our collaboration with the 10<sup>th</sup> FYP; promote national ownership; engage partners and stakeholders through constructive by UNDAF

The MDGs continue to receive special attention by WHO since health areas cover four of the eight MDGs. However the organization's concerns and the significant bulk of its work at country level go much beyond the MDGs. Our work encompasses building health systems; revitalizing primary health care; setting norms and standards; preventive, promotive and rehabilitative programming through health promotion, impact of climate change and human health; safe water and sanitation, food safety and nutrition, healthy diet. Healthy life-styles including control of alcohol and tobacco; mental health and community based rehabilitation. With the emergence of new diseases and re-emergence of some old ones, WHO with the member states has revised the International Health Regulations in 2005 and launched these in every member states including Bhutan.

Our ongoing programmes in health promotion and our technical support in HIV/AIDS and development of proposals for the Global Fund have contributed to the effort of the Royal Government of Bhutan to tackle this cross cutting challenge. Although the numbers of HIV cases look still. The potential for explosive is there hence the urgency to address Human resource development in health will continue to be WHO's priority in Bhutan as envisaged in the 10th Five Year Health Sector Plan. As reported, Bhutan has progressed significantly in its human resource development during the ninth five year plan period the numbers are still short of the desired level both in terms skill mix and quantity. There is an expressed need for training more nurses and doctors and WHO is committed in supporting the Ministry of Health and Royal Institute of Health Science towards this end.

In relation to privatization of health services, we encourage and support the royal government of Bhutan to continue exploring the possibility of additional cost sharing mechanism for some of the government health care system that has maintained equity in health care provision and addressed public health issues including prevention and promotion.

Avian Influenza remains to be a major concern for the health sector. With the virus affecting birds and chickens on boarding countries preparedness become crucial. Through technical support from WHO and other partners, the Royal Government of Bhutan has prepared a preparedness plan that is now being implemented through funding from the world.

Bhutan being in the seismic zone, emergency preparedness for natural disasters is vital. We are also committed to provide relief assistance in emergencies like landslide and road traffic accidents.

WHO has been supporting Bhutan in mobilizing resources for its health needs? Significant in the last biennia have been water and sanitation; measles and rubella vaccinations; rabies control; global warming and human resource development for health. WHO has advocated support with several donors for the Health Trust Fund initiated by the Ministry of Health in 1997? WHO's support would continue in sustaining the initiative The Trust Fund is short of only 1.8 million dollars from its target of 24 million. We hope in this RTM external development partners will close this gap and enable the trust to be fully functional. This exceptional initiative aims at sustaining the provision of free vaccine, essential medicines including traditional medicine and reproductive health so that the poor section of the society may not left out. Through this mechanism Bhutan aims at breaking the vicious cycle of poverty and ill health.

WHO is a committed partner in UN reform? Member states through a resolution in the World Health Assembly in 2005, have requested WHO to adhere to the international harmonization and alignment agenda, as reflected inter alia in the Rome Declaration and the Paris Declaration, and actively participate in the preparation and implementation of the United Nation Development Framework. And we are doing that by fully participating in the UNDAF for Bhutan.

Moreover WHO is fully participating in the eight pilot countries identified for 'delivering as one'? During the next world health assembly in may 2008 member states will review progress of these pilots and deliberate on how best the lesson learnt can benefit health at the country level keeping in mind WHO's role as a specialized agency.

Through horizontal collaboration between member states sees itself in a coordinating role between countries while continuing to set the global and regional health agendas through consultative process. It is with this mandate that WHO plays an important role in contributing to health of the people.

We in WHO value our long standing collaboration with the Royal Government of Bhutan. In this partnership, Bhutan has contributed significantly to the work of WHO and other forward to such fruitful collaboration in the years to come.

## STATEMENT BY THE WORLD BANK GROUP

The World Bank group wished to extend its gratitude to the Royal Government of Bhutan and the UNDP for their hospitality throughout this successful 10<sup>th</sup> RTM. The presence of such a wide and distinguished segment of the international donor community is a testament of the royal government's planning efforts and, more importantly, to the worldwide interest generated by its unique and homegrown development vision based on the concept of Gross National Happiness. The effort to balance the spiritual with the material advancement- sustainable socioeconomic development, conservation and sustainable use of the environment, promotion of culture, and good governance- is truly enlightening.

The World Bank group welcomes the 10<sup>th</sup> Five Year Development plan, which reflects the royal government's holistic vision through concrete objective and strategies, including improving quality of life and income especially for the poor; promoting private sector growth and employment; strengthening governance, particularly at the decentralized level; and promoting culture and environment conservation.

## PERFORMANCE AND CHALLENGES OF BHUTAN

As a result of prudent macroeconomic management, exploitation of hydropower resources, and substantial support from the donor community, the country has experienced a solid economic performance, with GDP growth close to 8 percent over the past 5 years. Government investment in social and human development has resulted in measurable improvements in the well-being of the Bhutanese people, and good progress towards meeting several of the millennium Development Goals. Indeed, currently possessing the highest country policy and Institutional Assessment rating in the south Asia region, Bhutan has a lot to teach- and with a GDP per capita of \$1,414 in 2006, middle income country status is not far away.

Nonetheless, finding a place in a global economy remains a major challenge for this small state, which only recently embarked on the path of modern development. The country's small and dispersed population and formidable climate and topography makes it difficult to achieve economies of scale in service delivery, and costly to maintain vital infrastructure.

The Tala hydropower project, and other hydro investments that will follow, are critical for economic growth and the country's development efforts. Overall, hydropower development has been beneficial, even while increasing Bhutan's reliance on a single commodity exported to a single market and strengthening the role of the public sector in the economy. That said when hydropower is set aside, a different on subsistence-level agriculture activities and some areas of the country still outside of the modern economy.

The private sector, which faces major constraints, remains small and underdeveloped and cannot yet provide sufficient and attractive job opportunities- employment generation, particularly for the youth, is an emerging concern. As such, improving private sector competitiveness, by reducing

the cost of doing business and improving governance of the financial sector, remains a critical area of the reform agenda. In this context, the world bank group looks forward to the royal government's continued implementation of prudent reform agenda, including in cross-cutting sectors such as the expansion of the physical infrastructure and access to social services, which will be critical to ensure equitable and balance growth.

With the reference to good governance, the World Bank group welcomes the continued emphasis on promoting decentralization and strengthening the management of public resources, fiduciary capacity, and the monitoring and evaluation of development outcomes. Small size and sound governance make Bhutan a good candidate for further reliance on country systems. The World Bank group itself, in close collaboration with development partners, is intending to use country institution and procedures for procurement, financial management, and environment aspects of its financing.

The World Bank group is pleased to note that the process of political change towards a constitutional parliamentary democracy is continuing apace, through a highly participatory process. It looks forward to the out come of the upcoming elections, the first in this country, and remains fully committed to support the incoming administration.

#### PROGRAM OF WORLD BANK GROUP IN BHUTAN.

The World Bank group's ongoing and pipeline activities, as delineated in the 2005 five- year country assistance strategy, are selectively aligned with the royal government's 10<sup>th</sup> five year plan. They rest on three pillars: (i) was expanding access to better infrastructure and social services. And connecting communities to market; (ii) promoting private sector development and employment; and (iii) strengthening management of public resources.

This support is based primarily on an IDA lending envelop of around \$15-20 million per year( financing investment and budgetary support operations), analytical and advisory activities, and technical assistance. To date, the ongoing portfolio of six operation for a total commitment of \$80 million.

In addition, the international finance cooperation (IFC) contributes selective financing to the private sector. This is coupled with technical assistance to improve the legal and regulatory environment to start and operate business, and to establish and help implement a business climate conducive to domestic and foreign investment.

Finally, with respect to global concerns on climate change, particularly its impact on smaller, more vulnerable countries such as Bhutan, the world bank group will explore other additional sources of funding and instrument it administers over the medium term.

## STATEMENT BY KUWAIT

Mr. Chairman Hon'ble Lyonpo Thinley, Your Excellencies, distinguished guests.

Kuwait Fund has great pleasure to participate in this development partner's meeting with a view to support the economic development of the Kingdom of Bhutan. On behalf of The Government of Kuwait and the Fund Management, I wish to extend our thanks and gratitude to the Royal Government of Bhutan for the invitation, which presents an excellent opportunity to further develop the cooperation between Kuwait Fund and The Kingdom of Bhutan and strengthen the ties of friendship between our two countries.

Mr. Chairman,

The Kuwait Fund was established 46 years ago by the Government of the State of Kuwait with the objective of promoting economic development in sister developing countries. So far our activities covered about 101 countries through participating in financing in more than 756 infrastructure projects covering Agriculture, power, transportation, telecommunication, water and social sector such as Health and Education. The sort of project in which Fund participates is the economically viable and technically sound project, which has a development nature.

Cooperation between the Fund and Bhutan started as early as 1983. Since then the Fund participated in financing about 5 projects in industrial sector. The total amount of concessionary loans and technical assistances extended to participate in financing of these projects is about US\$ 30 million.

Mr. Chairman,

This meeting presents an excellent opportunity to confirm that Kuwait Fund presence today is an evidence of Kuwait Fund willingness to look into consideration of feasible and viable development project which enhance, economic development of The Kingdom of Bhutan, provided that such projects are top priority in the Government plans.

Before I conclude, I would like to convey on behalf of Kuwait Fund management our thanks to the officials of Royal Government of Bhutan, for the excellent arrangements made in preparation of this meeting, and our best wishes for its success in attaining its objectives.

Thank you.

## STATEMENT BY WWF

Your Excellency, (Lyonpo Thinley Gyamtsho, Mr. David Lockwood, co-chair, Your Excellencies, ladies and gentlemen.

It is indeed a great pleasure for WWF to attend the 10<sup>th</sup> RTM. WWF is privileged to be a development partner of the Royal Government, and appreciates the progress made while continuing to maintain its pristine environment and biodiversity.

WWF has always sought to support this progress, by initially providing training and capacity building where it was most needed; by offering technical and financial assistance to help develop and implement a remarkable network of protected areas; by helping to launch the pioneering Bhutan Trust Fund for Environmental Conservation as a long-term source of conservation finance for the kingdom; by helping to establish a network of biological corridors linking the protected areas; and by facilitating accession of the Royal Government to the CITES.

In Bhutan, WWF has, without doubt, found a unique opportunity to collaborate with and support the government in its endeavors. It has also learnt a number of important lessons from this collaboration.

Over the course of the last five year strategy, WWF has been successful in the setup and initial implementation of the Sakteng Wildlife Sanctuary and the Thrumshingla National Park. For the next five years, WWF will continue to work closely with the royal government to implement four core programs that explicitly complement the priorities of the governments Ten Five Year Plan. Thus, WWF will focus on the following for priorities:

Address national, Eco regional and global threats to the long-term integrity of forest and freshwater ecosystems. To conserve flagship species, such as, tigers, greater one-horned rhinos, Asian elephants, snow leopards and other species of special concern including plants and birds base that supports their viable population. Develop sustainable rural live hood opportunities to alleviate population pressures on natural resources. Help increase awareness and understanding of development threats to natural resources to promote sustainability of nature and natural resources during development mainly in the areas of climate change and human wildlife conflict.

Since the beginning, WWF has closely worked with the Royal Government to develop management plans for several protected areas. In the next five years, WWF will support the development of management plans for Phibsoo Wildlife sanctuary and Toorsa Strict Nature Reserve. WWF will also continue support for the Thrumshingla National Park zoning and capacity development for research and monitoring.

In recognizing the important of conserving the freshwater ecosystem, vital for the nation's hydro – power development, WWF will continue its efforts to assess the fresh water system and develop a management plan. This is necessary. Not only for the protection of the freshwater ecosystem including rivers, lakes and high altitude wetland but to identify biodiversity richness, threats and conservation

needs, but also to conserve the ecological processes and service such as watershed protection. WWF hopes too that this will encourage the government to become a party to Ramsar Convention on wetlands, an intergovernmental treaty that provides the framework for national action and international cooperation for the conservation and wise use of wetlands and their resources.

WWF is working to secure the future of some of Bhutan's most endangered large mammal species by protecting habitat and reducing poaching. However, one of the main concerns for the species conservation is habitat loss, ultimately leading to human-wildlife clashes. In Bhutan, although the human population density is still relatively low and habitat areas are mostly intact and extensive, measures such as judicious land-use planning in corridors and buffer zones and empowering local communities can reduce depredation. As an active member of the National Human-Wildlife conflict strategy development team, WWF will support projects to pilot test the recommended mitigation measures

In the recent years some evidence and reports indicate the existence of wildlife poaching and timber smuggling, particularly in the southern region of Bhutan. However, there is little detailed information about the extent of trade, trade routes, and people involved. Lack of an effective intelligence network and inadequate anti-poaching staff hinder effective information gathering, policing, and arrest of offenders. WWF will support and strengthen the anti-poaching team and establish an intelligence network to gather information about the trade and trafficking. WWF will also coordinate with the other relevant partners such as TRAFFIC south Asia, IUCN etc. to organize a regional forum to address trans-boundary wildlife trade.

Bhutan, at the beginning of this new millennium, can be justly proud of its natural environment. It has been largely unaffected by centuries of human development. Whilst commitment to conserving the nation's natural wealth for future generation is extraordinary, and policies spelling out that commitment are exemplary, it is only now that the real pressures are starting to show. There is real and growing pressure on Bhutan's natural resources- for food and for industry, as well as for wildlife. WWF seeks to support further integration of environmental conservation as a mainstream development priority. With greater understanding and awareness of Bhutan's natural resources, more people will be able to benefit from sustainable use of them. The sustainable livelihoods program of WWF in the next five years aims to help improve livelihoods of communities by encouraging and promoting sustainable use of natural resources. Integrated Conservation and Development (ICD) activities are ongoing in WWF supported projects.

In taking these programs of support forward, WWF would like to be perceived as a development partner with specific expertise in the conservation of wild biodiversity. WWF can contribute significant experience, skills and resources to the sustainable development agenda of the Royal government. WWF should not, and will not, seek to duplicate or substitute the role of its partners in either the public or private sector. Rather it will help facilitate, and help inform policy development, implementation and evaluation.

WWF will support pilot initiative designed to test and demonstrate solutions to problems and threats identified. It will seek to build the national and local capacity of its conservation partners.

## UN JOINT STATEMENT ON POLITICAL DEVELOPMENTS

(Thimphu, 17 Feb. 2008)

Your Excellency, Lyonpo Thinley Gyamtsho, Hon'ble Minister for Education  
Mr. David Lockwood, Acting Regional Director, UNDP,  
Excellencies, Dashos, ladies and gentlemen

It is a great pleasure for me to address the Royal Government of Bhutan and its development partners at this Tenth RTM on behalf of the United Nations system. This joint statement representing the views of 20 UN agencies working in Bhutan reflects our efforts towards greater cohesion and effectiveness.

Bhutan has been preparing for democratisation over several decades. It dates back to 1981 when the process of gradual decentralisation began with establishment of District Development Committees in all 20 districts and later in 1991 with the establishment of Gewog Development Committees. The process got further momentum when in 1998 the King transferred full executive powers to the Cabinet of Ministers. Thus the transition to a democratic constitutional monarchy is the next step towards promoting a system of governance that is responsive and accountable to the people.

Bhutan should be commended for the significant political reforms that are underway. As we know, the first national party-based elections are scheduled for March ushering in an era of parliamentary democracy. It is commendable that the first democratic National Council elections were conducted in a smooth and effective manner with no major problems. It is encouraging that the elected members of the National Council reflect a broader and more inclusive representation of society in terms of age, gender and other backgrounds. The second national debate between the two political parties this evening will provide an opportunity for those of you interested to observe the debate.

The voter turn-out rate of 53% , however, needs to be improved, and it is important to make further efforts to engage all segments of society and enable them to exercise their rights to vote and participate in the political process. Further efforts and support for voter and civic education would increase voter turn-out, resulting in a more successful National Assembly election. We hope that the formation of two political parties should not be the cause of division within the country but should be seen instead as a healthy contest offering a choice to voters. It is regrettable that there are those who seek to disrupt the electoral process through the use of violence.

The draft Constitution provides a broad set of human rights, including women and child rights, the fundamental human rights to life, liberty and security of the person; freedom of speech, opinion and expression, and; freedom of thought, conscience and religion. The rights based approach is at the core of UN development work and the UN will continue to help the government protect and ensure the rights of the people with diverse background to realize their full potential. In this regard, continuing to deepen the rule of law and the freedom of the press and independent media will increase credibility of the governance system.

The foundation of parliamentary democracy is inclusive, free and fair elections. Therefore, capacity development in all relevant constitutional bodies and agencies both at the national and local levels is crucial to ensure democratic governance and rule of law. A governance system that is inclusive and promotes gender equitable social development is central to the achievement of human development and in ensuring a vibrant democracy.

Scaling up anti-corruption efforts and encouraging an engaged citizenry, knowing their rights and responsibilities is important. Further civic education and awareness campaigns to enable both men, women and youth to participate freely, actively and meaningfully in public decision making process will be useful. Further strengthening will be required in community participation and empowerment, which are vital for effective decentralization and local governance.

To complement the efforts of the government, the role played by a civil society organization (CSOs) needs to be emphasized. Therefore support will be required to operationalize the Civil Society Act. A Civil society has separate responsibilities and functions to enable democratic systems to work well. CSOs can make democracies more inclusive and responsive to people's needs. Working directly with communities and people at the grassroots level, CSOs can provide great insight in the specific situations and problems faced by some parts of the society.

Public information on the functioning of the democratic system and its institutions will remain important for some time to come. In line with this, the role of the media needs to be enhanced so that it plays a constructive role in the success of democracy. The media has a responsibility to project a positive image of the equal status and responsibilities of women and men both in the public and private spheres. With media, access to information and knowledge are crucial components to ensure that people take informed decisions that will eventually lead to an efficient delivery of services and democratic governance.

Excellencies, Ladies and gentlemen, may I now say a few words about the People in Camps in Eastern Nepal.

The visit by the UN High Commissioner for Refugees in May last year to Nepal and Bhutan voiced hope of a solution to the plight of over 100,000<sup>1</sup> people living in the refugees camps in eastern Nepal for the last 16 years. The visit provided an opportunity for the Bhutanese Government and UNHCR to talk through the complexities and sensitivities of the problem and therefore, the need to resolve this situation which has existed for far too long.

However, the bilateral negotiations between the Governments of Bhutan and Nepal could not progress since the last RTM in 2006 given the political instability in Nepal and Bhutan's own political changes. A new development in the stalemate is the offer by the United States, Canada, Australia, Denmark and Norway to provide voluntary third country resettlement for interested refugees.

<sup>1</sup> UNHCR State of the World's Refugees 2006

However, we must bear in mind that resettlement in third countries alone is not an answer to this long standing problem. There will always be some who would not be accommodated in a third country for various reasons. Therefore, bilateral negotiations between the Governments of Bhutan and Nepal need to be taken up to explore options to resolve the issue particularly of those in the camps who have legitimate claims to Bhutan. The need to explore all available options to resolve this issue is urgent as the people affected have been in this situation for over 16 years. The more time we take to resolve this problem, there will be additional difficulties, and unwanted incidents that can disturb Bhutan's development process. The United Nations System recognizes that this is a very sensitive, delicate and complex issue. The longer these people stay in the camps, the worst it gets for them and the more difficult it will be to reintegrate them, particularly the youth.

Looking ahead after the elections, and when the new Government is in place, we look forward to the resumption of the bilateral process at a heightened level of priority.

Your Excellencies, Ladies and Gentlemen, may I conclude by expressing the strong commitment of the United Nations System to the RGoB in its search for lasting, peaceful and just solutions to the issue of the refugees discussed today as well as to avoid any spill-over effects on the Bhutanese population. One of the outstanding qualities of the RGoB has been the underlying wisdom of so many of its policies. We are convinced that this wisdom will continue to guide its efforts of ensuring inclusive development built on the principles of Gross National Happiness in the future.

Thank you & Tashi Delek

Bhutan is often referred to as a well performing and well managed country which despite the many challenges it faces has made remarkable progress. As a result of a people-centred development approach guided by the philosophy of Gross National Happiness, the Bhutanese people have witnessed dramatic improvements in the quality of their lives. Bhutan fully subscribes to the United Nations Millennium Declaration, which it committed to in 2000, and the country has made commendable and sustained progress in achieving the MDGs, as evidenced from the 10th Five Year Plan document. Bhutan has already met three of the MDG indicators (proportion of underweight children, access to clean water and access to sanitation) and is on track to meet most of the other targets.

However, rapid urbanization and modernization resulting in new challenges, coupled with the country's rugged landscape and scattered population mean strong efforts are still required to meet some MDG targets. The recently conducted MDG Needs Assessment and Costing Exercise, supported by the UN agencies clearly indicate an increasing incremental cost to reach the unreached as well as remote communities.

The 2007 Bhutan Living Standard Survey estimates that one out of four Bhutanese live below the poverty line. Poverty in Bhutan is still a rural phenomenon with 31 percent of the rural people falling below the poverty line compared to less than 2% in the urban areas. This underlies the importance of targeted interventions for poverty reduction to reach the unreached. With 96% of the poor living in rural areas, the poor in the country are also characterized by their restricted access to markets, credit, infrastructure and essential social services, low educational attainments, low productivity and dependence on subsistence agriculture.

It has been estimated that Bhutan will need to increase public investment by around \$2.5 billion between 2006 and 2015 if it is to implement prioritized activities identified by Thematic Task Forces for achieving the Millennium Development Goals and the 10th Plan. Health and education account for a major part of the investment at over 46 % of the total estimated outlay of the needs assessment, demonstrating the country's continued commitment to social investments.

Domestic revenue is an important financing source for public expenditure in Bhutan. It has grown at an average of 8% between 2000 to 2005 and owing to the commissioning of the Tala hydro project there was a 46% increase in the revenue between 2005 and 2006.

It is to the credit of the Royal Government that Bhutan has consistently devoted increases in its domestic revenue to meeting its development plan outlays. Bhutan financed between 20 to 30 % of earlier plan outlays. In keeping with its fiscal policy of meeting its recurrent expenses from domestic revenue the Royal government financed around half of the Ninth Plan Outlay. However, the country's growth in domestic revenues and its ability to meet an increasing percentage of plan outlays must also be viewed from the perspective of growing public expenditure needs on account of meeting an MDG based 10<sup>th</sup> Plan targets. Rising social sector investments are necessary

given the country's youthful demographic profile. In addition, expenses related to ushering in democracy and the establishment of several new constitutional bodies and repayments for hydro power projects need also to be considered. Bhutan is already rated as a "debt distressed" country due to the high level of external debt that the country has accumulated.

Given the above scenario, it is clear that sustained development assistance will be needed over the course of the 10<sup>th</sup> Plan if poverty targets are to be achieved and if the 10<sup>th</sup> Plan is to be effectively implemented. It is evident that Official Development Assistance (ODA) flows, especially in grant form, will continue to be important not just to achieve the MDG targets but also to manage macro-economic stability. The Royal Government's impressive socio-economic achievements testify to the very visible impact of ODA received by the Government to date. Further, the commitment with regard to poverty reduction and meeting the MDG targets coupled with the move towards a more results-based planning approach during the 10<sup>th</sup> Plan with increased emphasis on decentralization, coordination, monitoring and evaluation are key factors which warrant continued and enhanced levels of ODA to Bhutan to enable the Government meet its 10<sup>th</sup> Plan development targets.

In the area of donor coordination, there has been some progress since the last RTM. For instance, development partners working in the areas of good governance, including UNDP, UNCDF, Denmark, SNV, SDC/Helvetas, and JICA, are taking initiative towards greater harmonisation and alignment as underscored in the Paris Declaration and finding common ground for harnessing support to Bhutan through an overall Framework of Good Governance Support. The Government has been instrumental in strengthening this harmonised approach and we need to continue this harmonisation in other areas of development support.

As with any progressing economy, Bhutan too is faced with emerging challenges and here I would like to touch upon the special challenges facing the Bhutanese youth, who comprise of almost half of the population. Bhutan's unemployment rate has risen to over 3%, with unemployment rates higher in the age group of 15 to 24 years. There are the emerging difficulties of providing decent and productive employment for Bhutanese youths and therefore we need to educate children who will be able to work in a dynamic economy in transition. Also, the youth need to be provided with the skills that will enable them not just to occupy jobs but also create them so that they have a decent living/standard of life.

Ensuring more equitable participation of women in tertiary and technical education and the potential threat of HIV/AIDS and gender-based violence are other issues that we need to focus our attention on. The removal of relative disparities between urban and rural areas and holistic rural development, including improving rural livelihoods, must therefore constitute a key component of the country's strategy in achieving the full realization of the MDGs, and in particular, towards eradicating poverty. It is very important to address these challenges, which otherwise can impede the progress Bhutan has made thus far. As partners of development, it is our responsibility to continue this momentum of growth to take it to greater heights.

Education is recognized as a condition for achieving social, cultural and economic goals as articulated under the concept of Gross National Happiness. The country has made vast improvements in scaling up its primary and secondary education indicators since the inception of modern education system four decades ago. Nonetheless, considerable challenges face the sector.

Key challenges include low levels of adult literacy (53%: lowest adult literacy levels in the region), particularly among women and in rural areas; the quality and relevance of education; need for a strengthened completion rate and improved numbers of girls making the transition to secondary school, the difficulties of continuing to expand enrolment levels notably in the hard to reach communities; and the challenge of adopting a more inclusive approach to improve educational access to those with physical disabilities and learning impediments. As enshrined in the draft Constitution, it is the policy of the government to provide free education to all children of school-going age upto the tenth standard. However, in view of the importance of primary education and in keeping with the obligations under the UN Convention on the Rights of the Child, the need to adopt compulsory basic education as a principle of state policy should be considered.

The rapid pace of economic growth and the sustained levels of development assistance have allowed the government to continually increase investments into the social sector and sustain free health and education services. The country today, ranks among those countries with a very high share of public expenditure. The health sector has made tremendous achievements especially in the expansion of basic health services with more than 90% of the country having proper access to health services today.

Yet, it faces numerous challenges with the shortage of human resource especially physicians; the scattered population and rugged terrain; and limited financial resources to sustain free health care services. With over 54% of the people comprising of young people and children aged 0-24 years, it is crucial to focus in the areas of child and maternal health, reproductive health, communicable diseases like HIV/AIDS, malaria and TB. The strengthening of institutional deliveries and emphasis on all births being attended by skilled personnel will help significantly reduce both maternal deaths as well as neonatal and infant deaths. Bhutan is also a signatory to the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) which emphasizes a holistic and life cycle approach to women's health and upholds, among others, the right of women to receive appropriate health services during their pregnancy, period of confinement and access to adequate natal care.

In response to these challenges, the UN will deliver a statement on its support to Bhutan on addressing these challenges tomorrow.

Thank You & Tashi Delek

Consistent with the guiding principles of Gross National Happiness, the UN agencies and the Royal Government of Bhutan developed the UN Development Assistance Framework<sup>1</sup> (UNDAF) which supports Bhutan's national priorities and the pursuit of the MDGs. With the objective to enhance development effectiveness of UN activities in Bhutan through improved coordination, effectiveness and efficiency, a number of UN agencies signed a common CPAP<sup>2</sup> (Country Program Action Plan) which is an operational plan of the UNDAF. The UN team in Bhutan is confident that by cooperating on a single CPAP (as opposed to preparing four separate ones) and involving all relevant UN agencies, it will ensure development effectiveness through synergies and be more efficient as a result of reduced transaction costs through streamlined monitoring and reporting procedures and more harmonised financial processes.

The five priority areas that the UN system will be supporting Bhutan as per the cCPAP/UNDAF are: (1) increased opportunities for generation of income and employment in targeted poor areas; (2) increased access to, and utilisation of, quality health services, with emphasis on reproductive health, maternal and child health and nutrition, HIV/AIDS, tuberculosis, malaria and non-communicable diseases; (3) improved access to quality education for all, with gender equality and special focus on the hard-to-reach population; (4) strengthened institutional capacity and people's participation to ensure good governance; and (5) strengthened national capacity for environmental sustainability and disaster management.

Increased opportunities for generation of income and employment in targeted poor areas:

The lack of economic opportunities and low farm productivity has been identified, amongst others, as important causes of income poverty. Over the next five years, FAO, ITC, ITU, IFAD, UNDP, UNESCAP, UNESCO, UNIDO, UNV, UNCTAD, WIPO and WMO will support the Government in addressing rural poverty and challenges in agriculture sector by improving accessibility of the rural communities in the eastern districts, improve agriculture productivity, protect the limited agro-land, stimulate enterprise development and foster private sector access to export markets.

Employment generation for youth, particularly in rural areas constitutes a vital condition to address poverty and ensure balanced and equitable development. In so doing, ICT can be used as a catalyst in achieving the MDGs. ITU will assist Bhutan to attain all targets set by the World Summit on the Information Society (WSIS) by 2012.

<sup>1</sup> UNDAF signatories: FAO, IFAD, UNDP, UNEP, UNESCO, UNFPA, UNICEF, WFP & WHO

<sup>2</sup> CPAP signatories: ExCom agencies: UNDP, UNICEF, UNFPA, WFP; participating agencies: FAO, IFAD, UNAIDS, OCHA, UNCDF, UNEP, UNESCO, UNIFEM & UNV.

Community based Micro, Small and Medium Enterprises (MSMEs) and cooperatives, particularly for women and youth will be supported through improved access to micro-finance, business development services, marketing, group formation and post harvest management services. To realize tangible benefits from integration into the global economy, capacity building for trade negotiations, export promotion and effective use of the intellectual property system especially by entrepreneurs and SMEs as well as artists, authors and creators will also be supported. The efforts to achieve growth in agriculture sector and transforming it from subsistence levels are directly linked to the first MDG target of eradicating poverty and hunger. Within the framework of people-centered approach guided by the philosophy of Gross National Happiness (GNH), the UN system will support development efforts of Bhutan in adapting a community based approach through fostering voluntarism as a sustainable and culturally adapted development asset. The underlying principle is the understanding that people in Bhutan including vulnerable minority groups and hard-to-reach communities are active contributors through voluntary action and not only passive recipients of the development assistance. UNDP, UNICEF, WFP, UNFPA and UNIFEM will also enhance the capacity of public sector to implement rights and results based policy, plans and programme developments for the MDGs, GNH and other national priorities and will support in the development of the Bhutan Development Index (BDI).

Increased access to, and utilization of, quality health services, with emphasis on reproductive health, maternal and child health and nutrition, HIV/AIDS, tuberculosis, malaria and non-communicable diseases:

UNICEF, UNFPA, UNAIDS, WHO and ITU (through e-health) will assist the government to ensure quality health care system focused on maternal and child health and nutrition including Reproductive Health, HIV/AIDS, TB and malaria. The UN agencies will support policies, strategies and guidelines development and capacity building to improve the basic health services in these areas.

Technical and financial support to gather strategic information on HIV/AIDS in Bhutan will continue through a multi-sectoral approach. This would help increase awareness on HIV/AIDS and design effective programmes towards universal access to comprehensive HIV/AIDS prevention, treatment, care and support.

Challenges remain in providing quality health services particularly to the hard-to-reach population. And the UN agencies working in the Health sector will help address this challenge through capacity development of health personnel. Utilization of health care services is affected by lack of awareness of available services and knowledge of prevention and care indicating the need to address demand side intervention. Up to half of pregnant women still deliver at home, without trained health professionals, and the large number of teenage pregnancies requires special attention.

## HIV/AIDS

Bhutan is reported to have 125 cases of HIV as of October 2007 and is classified as a low-prevalence country. Social and behavioural risk factors that fuel an HIV epidemic are all present, however, amongst which high levels of Sexually Transmitted Infections, particularly among adolescents, are of particular concern. Most HIV-positive women in the country are younger than 25. A stronger national response on awareness, prevention, treatment, care and support will be required to halt the epidemic and achieve MDG6. In addition, while the Government has made efforts at provision of anti-retroviral treatment (ART), a need exists to create more effective care and support services for people living with HIV and AIDS and to take measures to tackle stigma and discrimination.

Improved access to quality education for all, with gender equality and special focus on the hard-to-reach population:

Lack of education is both the cause and consequence of poverty. Therefore improving access to quality and inclusive education for all, with gender equality and special focus on the hard-to-reach population and children with special needs, is another important area of support for the UN in the next five years.

UNICEF, UNESCO, UNFPA, WFP and ITU (through e-learning) will support capacity development of teachers and use child-friendly methods to improve the quality of education in Bhutan. Emphasis will be on incorporating life skills education to enable young people to actively participate in a growing dynamic economy.

Efforts will continue to strengthen the capacity of national counterparts to revise the curriculum to incorporate life skills education to address the needs of young people.

The UN agencies will support the Government in its policy of improving access to education by providing meals for primary and secondary school students, particularly those from rural families who are vulnerable to food insecurity. Extra efforts will be made to increase school enrolment, particularly for girls through improved facilities and targeted advocacy. To address the emerging challenges faced by young people, additional Youth Information Centres will be established to conduct youth forums and assistance will be provided to expand mechanisms, structures and opportunities for youth participation in planning and implementation of policies, programmes and measures that affect their lives. Efforts will be made to strengthen partnership with CSOs to improve knowledge and life skills for children and youth so that they can protect themselves from adverse influences, violence, abuse and exploitation, and can actively participate in social activities as well as involve in Gross National Happiness process. Connecting people, knowledge and experience for inclusive development and peace is central to UN system support and efforts will continue to share best practices and experiences from other countries that Bhutan can learn from for development effectiveness.

Strengthened institutional capacity and people's participation to ensure good governance:

In the 10<sup>th</sup> Five Year Plan, the UN System will assist in fostering good governance as a core value for development. UNCDF, UNDP, UNESCO, UNFPA, UNICEF UNIFEM and UNV will help strengthen transparency, efficiency and accountability at all levels through capacity development of national and local governments.

Recognising the important role that the media plays in fostering good governance, the UN system will support the capacity development of the media for improved access to information thus ensuring transparency.

Strengthening capacity of key institutions to support parliamentary democracy is an important area of UN system support to Bhutan. This will be continued through ongoing capacity development of the new democratic governance system, including that of the National Council, the Parliament, the Prime Minister's office, the Election Commission of Bhutan and the Judiciary. Community participation and empowerment are vital for effective decentralisation. The UN agencies partnering with the Government in this area will continue supporting the ongoing decentralisation process through capacity development of local governance systems and empowering communities in planning, implementing and effective management of resources through continued technical and financial support for block grants and an integrated approach at the gewog level. To support Bhutan in meeting its international treaty obligations, the UN agencies will help strengthen national capacity to formulate, review and implement policies and legislations in line with the Beijing Platform for Action and ratified international conventions such as the Convention on the Rights of the Child (CRC), Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW) and the 1972 World Heritage Convention. It is important that Bhutan looks into the possibility to broaden its commitment to international human rights instruments. The UN in Bhutan stands ready to provide any assistance necessary in this respect. New laws and regulations have been adopted to secure the rights of people in detention, to ensure the freedom of the media or to secure the independence of the judiciary. These extremely positive developments show the progress in terms of social justice in Bhutan and it is important that the new democratic system continues working towards the progressive realization of human rights.

Gender mainstreaming:

The UN Agencies will continue to support the implementation of the National Plan of Action for Gender in the coming years since gender is a cross cutting issue in the cCPAP/UNDAF.

In Bhutan, both women and men enjoy equal rights with equal criteria in selection and training of the civil service. Numerous gains were made in women's health status. Rapid progress is also made in girls' education, including vocational training. Challenges remain in mainstreaming gender into all policies and legislations in general.

There is a need to analyse existing traditional and stereotyped views in order to assess their impact on gender equality. Male labour force participation remains significantly higher than that

of women, especially in urban areas, in part because of Bhutan's relatively recent introduction of modern education, women's traditional tie to the land, and cultural stereotypes. Women remain significantly under-represented in public decision making, especially at the local level, despite Government attention to increasing their participation. increasing women's representation at all levels of governance, especially local governance; and ensuring the availability of gender disaggregated data on the situation of women in all areas covered by CEDAW and particularly at all levels of governance as reflected in the National Plan of Action on Gender.

Strengthened national capacity for environmental sustainability and disaster management:

To enhance environmental sustainability, cultural and natural heritage protection and disaster risk management, UNDP, UNEP, UNESCO, UNESCAP and UNICEF in partnership with the Global Environment Facility (GEF) and ITU (through e-environment) and WMO (World Meteorological Organization) will support the development of environment policies, plans and programmes through capacity development of national counterparts.

Strengthening of disaster management capacity is crucial since Bhutan is vulnerable to glacial lake outburst floods (GLOF), earthquake, landslide, forest fire and effects of climate change. The threats posed by Avian Influenza have triggered concerted action at the national level and the UN agencies will continue its support to the national preparedness and response plan of the Government. ITU will assist the Government in designing national emergency telecommunication plans and integrating them into the national disaster management plan of the Government.

#### Environment & Disaster Risk Management

The UN will partner with the Government in the implementation of the National Disaster Management framework through capacity development of national and local governments on disaster preparedness and response systems to prevent, mitigate and cope with disasters including climate change effects such as GLOF (glacial Lake Outburst Floods). The World Meteorological Organization (WMO) will help enhance the capacities of the National Meteorological and Hydrological Services to enable them to observe monitor and report on weather, water resources climate and related natural environment. Improving access to sustainable energy and livelihoods for remote gewogs and strengthening the conservation of bio-diversity and ecosystems will continue to be other areas of UN system assistance during the 10<sup>th</sup> Plan period. A joint UNEP-UNDP programme on Poverty and Environment Initiative to build capacity for mainstreaming poverty-environment linkages into national development planning processes has been initiated. UNDP and UNICEF will support capacity development in earthquake risk reduction and recovery preparedness while UNV will support mobilization of community volunteers to enhance capacity of vulnerable communities in disaster preparedness and response systems to prevent, mitigate and cope with disasters and climate change. FAO, WHO and OCHA will support the Government in emergency preparedness and response such as Avian Flu and SARS.

These priority areas of UN support are in line with the 10<sup>th</sup> Five Year Plan of the government to help achieve the MDGs and the over-arching development philosophy of Gross National Happiness. The UN agencies have committed close to 64 million dollars to support these priority areas over the next five-year period. Of the total amount, 17 million dollars are committed funds from the regular resources while the remaining 46 million dollars will be mobilised by the UN agencies from other donors.

By choosing the option of a common CPAP/UNDAF, the UN agencies commit ourselves to a process leading to improved accountability and transparency, coordination, operational efficiency, programme delivery resulting in reduced transactions costs. With continued ODA, the UN is confident of ensuring a vibrant democracy, as envisioned by the 5<sup>th</sup> King through equitable growth benefitting all segments of the Bhutanese population.

Thank You & Tashi Delek

## ANNEX 7 : Programme for the Tenth Round Table Meeting

Saturday, 16<sup>th</sup> February

0900 – 1700 Registration at the Protocol Desks in the Hotels

1830 Welcome Dinner by Hon'ble Lyonpo Thinley Gyamtsho, Minister,  
Ministry of Education, RGoB Co-chair at Druk Hotel

Sunday, 17<sup>th</sup> February

Inaugural Ceremony

0830-0900 Registration

0900-0915 Inaugural Ceremony (Marchang)

0915-0930 Inaugural Address by the Hon'ble Prime Minister, Lyonpo Kinzang Dorji

0915-0945 Statement by Mr. David E. Lockwood, Acting Regional Director for Asia and Pacific,  
UNDP HQs, New York, Co Chair for RTM

0945-1020 Group Photograph & Refreshments

Morning Session Chaired by Mr. David E. Lockwood

1020-1035 Statement by Mr. Yeshey Dorji, Foreign Secretary, Ministry of Foreign Affairs

1035-1050 Parliamentary Democracy in Bhutan by Dasho Kunzang Wangdi  
Chief Election Commissioner

1050-1120 Discussions

1120-1140 Millennium Development Goals and Poverty Reduction by  
Ms. Kunzang Lhamu Gross National Happiness Commission

1140-1205 Discussions

1230 Lunch

Afternoon Session Chaired by Hon'ble Lyonpo Thinley Gyamtsho

1500-1530 Strategies and Priorities of the Tenth Five Year 2008-2013 by  
Mr. Karma Tshitem, Secretary, Gross National Happiness Commission

Report of the Tenth Round Table Meeting, Thimphu, Feb 17-18, 2008

1530-1700 Discussions

Monday, 18<sup>th</sup> February

Morning Session I Chaired by Hon'ble Lyonpo Thinley Gyamtsho

900-920 10<sup>th</sup> Plan Macro economic Framework and New Initiatives to Enhance Public Expenditure Management by Dasho Yanki T. Wangchuk, Secretary, Ministry of Finance

920-1000 Discussions

1000-1015 Developing the GNH Index by Dasho Karma Ura, Director, Centre for Bhutan Studies

1015-1050 Discussions

1050-1120 Refreshments

Morning Session II Chaired by Mr. David E. Lockwood

1120-1135 Public-Private Partnership by Dasho Sonam Tsheering, Secretary, Ministry of Economic Affairs

1135-1210 Discussions

1210-1225 Human Resource Development & Employment Opportunities by Dasho (Dr) Sonam Tenzin, Secretary, Ministry of Labour and Human Resources

1225-1300 Discussions

1300 Lunch

Afternoon Session Chaired by Hon'ble Lyonpo Thinley Gyamtsho

1430 Statement by Development Partners

1600 Refreshments

Concluding Session

1630 Concluding Statement by Mr. David E. Lockwood, Acting Regional Director Asia and Pacific, UNDP, Co-chair for RTM

Concluding Statement by Hon'ble Lyonpo Thinley Gyamtsho, Minister,  
Ministry of Education, RGoB Co-chair for RTM

1830 Dinner by Mr. David E. Lockwood, Acting Regional Director Asia and  
Pacific, UNDP, Co-chair for RTM

Tuesday, 19<sup>th</sup> February

Day Field Trips

The following day field trips to places out of Thimphu are available.  
Please sign up for the Field trip of your choice at the Protocol Desk or inform  
the Protocol Officer before/on 18<sup>th</sup> February

Tour Package 1 Chhukha Hydro Power Corporation (CHPC)

0800 Leave Chhukha

1100 Arrive Chhukha

Visit CHPC Dam Site

Visit the Power House

1300 Lunch at Chhukha Guest House

1400 Leave for Paro

1700 Arrive at Paro

Overnight at Olathang Hotel

Tour Package II Paro

0800 Leave for Paro

0930 Check-in at Olathang Hotel

1000 Drive to Ramthangkha

1030 Hike to Taktshang Monastery(Tiger's Nest)

1300 Arrive at Taktshang Cafeteria

Lunch

1400 Hike to Taktshang Monastery

11430 Arrive at Taktshang Monastery

Visit the Monastery

1500 Return to Ramthangkha

1630 Drive to Hotel

Enroute visit Kyichu Temple

Tour Package III Local Sightseeing in Thimphu

Option I

0900 Drive to Sangay Gang to get the view of Thimphu City (Visit Takin Zoo, Bhutan's national animal)

1000 Visit the National Institute of Traditional Medicine Services

1100 Visit the Folk Heritage Museum

1200 Visit the Textile Museum

Visit Handicrafts Emporium

1300 Lunch in the hotel

1400 Leave for Paro

1530 Arrive at Hotel Olathang

1600 Visit Kyichu Temple

1700 Drive to Drukgyel Dzong

Option II

Drive to Dochula Pass to view the mountain ranges and Druk Wangyel Chortens

Option III

Trek to Tango Monastery

## ANNEX 8: List of Participants

### Australia

1. Mr. Ross Steward Muir,  
Director, South Asia Program,  
Australian Agency for Intl Dev.  
GPO Box 887  
Canberra, ACT2601  
Australia.
  
2. Mr. T. R. Vishwanathan,  
Senior Program Manager, AusAID  
High Commission for Australia,  
1/50-G, Shantipath,  
Chanakyapuri,  
New Delhi-110021.
  
  

### Austria

3. Mr. Robert Zeiner,  
Director, Programmes & Projects  
Austrian Development Agency,  
Vienna, Austria.
  
4. Ms. Marie-Christine Weinberger,  
Resident Coordinator,  
Austrian Coordination Office,  
Thimphu
  
5. Mr. Hannes Hauser,  
Director,  
Ministry of European & Intl. Affairs
  
6. Mrs. Laurence Hengl,  
Bhutan Desk Officer,  
ADA, Vienna
  
7. Mr. Ramesh Chhetri,  
Programm & Project Officer,  
Austrian Coordination Office,  
Thimphu

Canada

8. Ms. Gail Eileen Cockburn,  
Head,  
Development Cooperation for Bhutan (CIDA),  
Canadian High Commission,  
7/8 Shantipath,  
Chanakyapuri,  
New Delhi-110021.

9. Ms. Nancy Strickland,  
Coordinator,  
Canadian Cooperation Office,  
Thimphu.

Denmark

10. Mr. Lars Bredal,  
Dy. Head of Asian – Latin America Dept.,  
Ministry of Foreign Affairs, Denmark

11. Mr. Jesper Segeleke Thomsen,  
Latin America Dept.,  
Ministry of Foreign Affairs,  
Denmark

12. Mr. Henrik A. Nielsen,  
Counsellor,  
Head of Liaison Office of Denmark,  
Thimphu

13. Mr. Tek Bahadur Chhetri,  
Sr. Programme Officer,  
LOD, Thimphu

European Commission

14. H.E. Mrs. Daniele Smadja,  
Ambassador,  
EU to Bhutan in Delhi  
65, Golf Links,  
New Delhi-110003.

15. Mr. Etienne Claeys,  
Minister Counsellor,  
European Commission  
65, Golf Links,  
New Delhi-110003.

16. Ms. Rensje Teerink,  
Deputy Head of Unit,  
India, Bhutan & Nepal  
65, Golf Links,  
New Delhi-110003.
17. Ms. Kamini Paul,  
Attache, EU  
65, Golf Links,  
New Delhi-110003.
18. Mr. Pedro Luis Roji Garcia,  
ECHO Expert –  
Head of Regional Support Office  
65, Golf Links,  
New Delhi-110003.
- India
19. H.E. Shri Sudhir Vyas,  
Ambassdor,  
Embassy of India, Thimphu
20. Dr. T.V. Nagendra Prasad,  
Dy. Chief of Mission,  
Embassy of India, Thimphu.
- Japan
- 21 Mr. Keizo Takewaka,  
Minister,  
Embassy of Japanese,  
50-G, Shantipath,  
Chanakyapuri,  
New Delhi-110021.
22. Ms. Akiko Hirano,  
Official,  
Ministry of Foreign Affairs,  
Japan
23. Mr. Katsunori Uehara,  
Senior Country Officer,  
JICA, Japan

24. Mr. Tomoyuki Fujii,  
Resident Representative,  
JICA India Office,  
DLF Centre (2<sup>nd</sup> Floor)  
Parliament Street,  
New Delhi-110001.
25. Ms. Umi Kojima,  
Staff,  
JICA India Office,  
DLF Centre (2<sup>nd</sup> Floor)  
Parliament Street,  
New Delhi-110001.
26. Mr. Keiji Katai,  
Representative,  
JBIC New Delhi
27. Mr. Tetsuo Yabe,  
Resident Representative,  
JICA Bhutan Office, Thimphu
28. Mr. Taiji Usui,  
Project Formulation Advisor,  
JICA Bhutan Office, Thimphu
29. Ms. Mayumi Miyata,  
Project Formulation Advisor,  
JICA Bhutan Office, Thimphu
- Kuwait
- 30 Mr. Ahmed Al-Mujalham,  
Engineering Advisor,  
Kuwait Fund for Arms Economic Dev (KFAED)  
PO Box 2921,  
SAFAT-13030,  
State of Kuwait.
- 31 Mr. Thamer M. Husain,  
Assistant Engineering Adviser  
Kuwait Fund

Netherlands

32. Mr. Jeroen Roodenburg,  
Deputy Head of Mission,  
Royal Netherlands Embassy,  
6/50F, Shantipath, Chanakyapuri,  
New Delhi-110021.

33. Mr. Bart Paans,  
Embassy Secretary,  
Royal Netherlands Embassy,  
6/50F, Shantipath, Chanakyapuri,  
New Delhi-110021.

Norway

34. H.E. Ms. Ann Ollestad,  
Ambassador,  
Royal Norwegian Embassy,  
Shantipath, Chanakyapuri,  
New Delhi-110021.

35. Mr. Jan Hakon Olsson,  
Counsellor,  
Royal Norwegian Embassy,  
Shantipath, Chanakyapuri,  
New Delhi-110021.

Republic of Korea

36. Mr. Kim Hee Sang,  
First Secretary,  
Embassy of the Republic of Korea,  
9, Chandragupta Marg,  
New Delhi-110021.

Singapore

37. H.E. Mr. Calvin Eu,  
Ambassador,  
Singapore High Commission,  
E-6, Chandragupta Marg,  
New Delhi-110021.

38. Mr. Edgar Pang,  
First Secretary,  
Singapore High Commission,  
E-6, Chandragupta Marg,  
New Delhi-110021.
- Switzerland
39. Mr. Marcus Buerli,  
Programme Co-ordinator for SDC
40. Mr. Olaf Kjelsen,  
Dy. Head of Mission,  
Embassy of Switzerland,  
Nyaya Marg, Chanakyapuri  
New Delhi-110021.
- Thailand
41. H.E. Mr. Chalernpol Thanchitt,  
Ambassador, Dhaka
42. Mr. Rapipongs Banchorig-Silpu,  
First Secretary,  
Thai Embassy, Dhaka
43. Mr. Manoth Suksabjaroon,  
Director, TICA
44. Mrs. Prupessorn Thanasinghe,  
TICA Officer  
Asian Development Bank
45. Mr. Kunio Senga,  
Director General,  
South Asia Dept
46. Mr. Ashok Sharma,  
Director for Governance,  
Finance & Trade Div.,  
South Asia Department
47. Mr. Abid Hussain,  
Sr. Economist,  
Country Coordination Division

FAO

48. Mr. Purushottam K. Mudbhary,  
Chief, Policy Assistance Branch,  
Regional Office for Asia & Pacific,  
Bangkok

49. Mr. Phintsho Dorji  
Assistant Resident Representative,  
FAO, Thimphu

GEF

50. Amb. William Ehlers,  
Team Leader for External Relations  
1818 H Street, NW  
Washington DC 20433 USA

IFAD

51. Ms. Kati Manners,  
Country Programme Manager for Bhutan  
IFAD Asia & Pacific Division  
Vin del Serafico, 107 – 00142  
Rome, Italy.

International Trade Centre

52. Mr. Xuejun Jiang,  
Asia Trust Fund Coordinator  
Rue de Montbrillant 54-56 – 1202  
Geneva, Switzerland

International Telecommunication Union

53. Mr. Cosmas Zavazava,  
Head, LDCs,  
SIDS & Emergency Telecommunications  
Intl. Telecommunicaitons Union,  
Place Des Nations,  
1211 Geneva 20.

UNAIDS

54. Dr. Maria Elena Filio-Borromeo,  
Country Coordinator,  
UNAIDS Regional Office,  
P.O. Box 107, Kathmandu, Nepal

UNCTAD

55. Mr. Kobsak Chutikul,  
Special Adviser to the Secretary-General of UNCTAD  
E-9034, UNCTAD,  
Palais Des Nations,  
1211 Geneva 10

UNCDF

56. Mr. Roger Shotton,  
Technical Advisor,  
UNCDF Regional Centre Bangkok

UNDP

57. Mr. David E. Lockwood,  
Acting Assistant Administrator and  
Regional Director for Asia & the Pacific,  
UNDP HQ, New York

58. Ms. Fadzai Gwaradzimba,  
Chief of the South & West Asia Division,  
Regional Bureau for Asia & the Pacific

59. Mr. Nicholas Rosellini,  
UN Resident Coordinator/ Resident Representative for UNDP  
UNDP, Thimphu

60. Mr. Toshihiro Tanaka,  
Dy. Resident Representative  
UNDP, Thimphu

UNESCO

61. Ms. Minja Yang,  
Director & UNESCO Representative in Bhutan,  
UNESCO House,  
B-5/29, Safdarjung Enclave,  
New Delhi-110029.

UNFPA

62. Ms. Dechen Chime,  
National Program Officer  
UNFPA, Thimphu

UNICEF

63. Dr. Gepke Hingst,  
Representative,  
UNICEF, Thimphu

UNIDO

64. Mr. Philippe Scholtes  
UNIDO Representative in India & Head,  
Regional Office for South Asia, New Delhi

UNIFEM

65. Ms. Gitanjali Singh,  
South Asia Sub-Regional Office,  
223, Jor Bagh, Ground Floor,  
New Delhi-110003.

UNV

66. Ms. Junko Taguchi,  
Programme Officer,  
Thimphu

WFP

67. Mr. Leo Van der Velden,  
Representative,  
WFP, Thimphu

WHO

68. Dr. Poonam Khetrpal Singh,  
Dy. Regional Director,  
WHO/SEARO,  
Indraprastha Estate,  
Mahatma Gandhi Marg,  
New Delhi-110002.

69. Dr. Yonas Tegegn,  
Strategic Alliance & Partnerships Officer,  
WHO/SEARO,  
Indraprastha Estate,  
Mahatma Gandhi Marg,  
New Delhi-110002.

70. Dr. Ei Kubota,  
Representative,  
WHO, Thimphu

71. Mr. Norbu Wangchuk,  
National Program Officer,  
WHO, Thimphu

WIPO

72. Ms. Rowena Paguio,  
Head, Singapore Office

World Bank

73. Mr. Alastair McKechnie,  
Country Director for Bhutan  
The World Bank,  
Washington D.C., 20433  
USA.

74. Mr. Marco Scuriatti,  
Sr. Country Officer for Bhutan  
The World Bank,  
Washington D.C., 20433  
USA.

75. Mr. Mark LaPrairie,  
Education Specialist  
The World Bank,  
Washington D.C., 20433  
USA.

76. Ms. Irena Niedaberger  
IFC, The World Bank,  
Washington D.C., 20433  
USA.

World Meteorological Organization

77. Mr. Caifang Wang,  
Senior External Relations Officer  
7 Bis Avenue De La Paix,  
Case Postale 2300,  
1211 Geneva 2, Switzerland

WWF, Bhutan

78. Mr Kinzang Namgay,  
Country Representative,  
Thimphu

HELVETAS/SDC, Bhutan

79. Mr. Werner E. Kuelling,  
Resident Coordinator,  
HELVATAS, Thimphu

80. Mr. Franz Gawhwiter,  
Programme Coordinator for Bhutan Desk,  
Helvetas Head Office,  
Zurich-Switzerland.

SCF/USA, Bhutan

81. Mr. M.B. Ghaley  
National Director,  
SCF/USA Thimphu

SNV, Bhutan

82. Ms. Anne-Marie Schreven,  
Honorary Consul of the Netherlands,  
Thimphu

83. Ms. Megan Ritchie,  
Country Director,  
SNV, Thimphu

Royal Government of Bhutan

84. Lyonpo Kinzang Dorji,  
Prime Minister

85. Lyonpo Thinley Gyamtsho,  
Minister of Education (Co-chair – RTM)

86. Dasho Nado Rinchen,  
Deputy Minister,  
National Environment Commission

87. Mr. Yeshey Dorji,  
Foreign Secretary,  
Ministry of Foreign Affairs  
Mr. Karma Tshiteem,  
Secretary, GNHC

88. Dasho Sherab Tenzin,  
Secretary,  
Cabinet Secretariat

89. Dasho Penden Wangchuk,  
Secretary,  
Ministry of Home & Cultural Affairs
90. Dasho Yanki T. Wangchuk,  
Finance Secretary,  
Ministry of Finance
91. Dasho Sonam Tenzin,  
Secretary,  
Ministry of Labour & Human Resources
92. Dasho Gado Tshering,  
Secretary,  
Ministry of Health
93. Dasho Sonam Tshering,  
Secretary,  
Ministry of Economic Affairs
94. Dasho Bap Kesang,  
Secretary, RCSC
95. Dasho Pema Thinley,  
Vice Chancellor,  
Royal University of Bhutan
96. Dasho Kunzang Wangdi,  
Chief Election Commissioner of Bhutan
97. Dasho Karma Ura,  
Director,  
Centre for Bhutan Studies
98. Mr. Nima Wangdi,  
Secretary,  
Ministry of Works and Human Settlement
99. Mr. Sherab Gyeltshen,  
Secretary,  
Ministry of Agriculture
100. Aum Sangay Zam,  
Secretary,  
Ministry of Education.

101. Mr. Nima Tshering,  
Secretary,  
National Assembly
102. Mr. Tenzin Choeda,  
Offtg. Secretary,  
Ministry of Information & Communications
103. Aum Neten Zangmo,  
Commissioner,  
Anti-Corruption Commission
104. Mr. Karma Lhuntshi,  
Offtg. Attorney General
105. Mr. Ugen Chewang,  
Auditor General,  
Royal Audit Authority
106. Mr. Daw Tenzin  
Managing Director,  
RMA, Thimphu.
107. Mr. Kesang Wangdi,  
Director,  
Bilateral Dept., MFA
108. Mr. Dechen Tshering,  
Dy. Managing Director,  
Royal Monetary Authority
109. Mr. Kuenga Tshering,  
Director,  
National Statistical Bureau
110. Ms. Pema Choden,  
Managing Director, BBSC
111. Mr. Bachu Phub  
Dy. Secretary,  
RCSC, Thimphu

112. Ms. Ugen Chozom,  
Offtg. Director,  
Multilateral Dept., MFA
113. Mr. Sonam Tobgay,  
Head, PPD,  
MFA
114. Mr. Thinley Namgyel,  
Chief Programme Coordinator, Development Cooperation Division,  
GNHC
115. Mr. Kunzang Norbu,  
Chief Planning Officer, Programme Monitoring and Coordination Division,  
GNHC
116. Ms. Karma Hamu,  
Chief Planning Officer, Local Development Division,  
GNHC
117. Mr. Rinzin Dorji,  
Chief Planning Officer, Programme Support Division,  
GNHC
118. Mr. Jambay Tashi,  
Chief Administrative Officer, Administration and Finance Division,  
GNHC
119. Ms. Kunzang Lhamu,  
Dy. Chief Planning Officer, Research and Evaluation Division,  
GNHC
120. Mr. Karma Ghaley,  
Dy. Chief Planning Officer, Prespective Planning Division  
GNHC
121. Mr. Rinchen Kuentsyl,  
Sr. Desk Officer,  
Asia Div. BD, MFA
122. Ms. Tshering Lhadn,  
Sr. Desk Officer,  
IOD, MD, MFA

123. Mr. Sangay Dawa  
Program Officer, GNHC
- Non-governmental organisations
124. Dasho Daw Dem,  
Secretary,  
National Women Association of Bhutan
125. Aum Chimi P. Wangdi,  
Secretary General,  
Tarayana
126. Ms. Chimi Wangmo,  
Executive Director,  
RENEW
127. Ms. Yangdey Penjor  
Director,  
Youth Development Fund
128. Ms. Tshering Lham,  
Offtg. Executive Director,  
RSPN
- UNDP
129. Ms. Tshering Pem  
Asst. Representative (Program)  
UNDP, Thimphu
130. Ms. Sunita Giri  
Communication Officer,  
UNDP, Thimphu
131. Mr. Doley Tshering  
Program Officer,  
UNDP, Thimphu
132. Ms. Birgit Wyess  
Program Officer,  
UNDP, Thimphu

133. Mr. Tenzin Thinley  
Asst. Representative (Program)  
UNDP, Thimphu

134. Ms. Pem C Wangdi  
Program Officer  
UNDP, Thimphu

135. Mr. Dorji Wangchuk  
Consultant, UNDP