

**OPENING STATEMENT BY HIS EXCELLENCY LYONPO RINZIN DORJE,
MINISTER OF FOREIGN AFFAIRS, ROYAL GOVERNMENT OF BHUTAN,
AT THE 12TH ROUND TABLE MEETING, THIMPHU,
11-12 DECEMBER 2013**

Excellencies, Distinguished Delegates, Ladies and Gentlemen,

It gives me great pleasure to join the Hon'ble Prime Minister in extending a very warm welcome to all the distinguished representatives of our development partners.

I would like to acknowledge the presence of H.E. Haoliang Xu, UN Assistant Secretary-General, UNDP Assistant Administrator and Regional Director, Asia and Pacific, with whom I have the privilege of Co-chairing this important meeting, the outcome of which will play an instrumental role in the successful implementation of the Eleventh Plan. I thank you for being here in Bhutan to facilitate our discussions over the next two days, which will benefit greatly from your vast experience.

At the outset, on behalf of the Royal Government and the people of Bhutan, I would also like to express our deepest gratitude to all our development partners for the unstinting assistance, support and cooperation rendered to Bhutan, without which the tremendous progress that we have made over the last five decades of planned development would not have been possible.

Excellencies,

Distinguished Delegates,

Ladies and Gentlemen,

The Twelfth Round Table is being held at a crucial period for Bhutan as it coincides with the launch of the Eleventh Plan, which serves as a vital platform for achieving three key and related national development milestones by the

year 2020. These are namely the goals and objectives envisaged in “Bhutan 2020 – A Vision for Peace, Prosperity and Happiness”, which has served as our national development strategy and guided the formulation and implementation of our Five Year Plans, the objectives of the Economic Development Policy 2010 and our aspiration to graduate from the list of Least Developed Countries. As we move forward to consolidate the strong foundations we have laid in our socio-economic and political development process, much depends on the successful achievement of these three milestones.

Firstly, as we approach 2020, I am happy to state that under the wise and farsighted leadership of our Kings we have made significant progress in the five thematic areas Vision 2020, encompassing our nation, our people, our economy, our environment and our institutions.

The peace, security and prosperity of our nation have been strengthened with the establishment of a Democratic Constitutional Monarchy in 2008, under which two elections to install a democratically elected parliament and government have been successfully held. While strong foundations have been laid in our democratic process, we are mindful of the many new challenges that we face as a young democracy. We are, however, confident that with time and experience, complemented by concerted efforts in education and capacity building to strengthen our institutions, including the media, the abundant processes, interactions and systems of a well functioning democracy will be firmly established.

Our people today enjoy a quality of life far removed from the harsh realities that prevailed prior to years of planned development. Most notably, poverty has been reduced from 31 percent in 2003 to 12 percent in 2012. Today, our primary school enrollment rate is nearly 100 percent and life expectancy has increased to 68 years. With regard to the MDGs, I am pleased to inform that

Bhutan has already achieved most of the targets and is currently on track to achieve the rest by 2015.

Notwithstanding the progress made, ensuring equitable access to high quality social outcomes evidently remains a challenge with more than half of the 20 Dzongkhags having poverty levels above the national average. With regard to the MDGs, malnutrition, female enrollment in tertiary education, maternal and under five mortality rates, spread of HIV/AIDS and the challenges of youth unemployment remain key areas of concern. We are, however, confident that with the continued support of our development partners these challenges will be effectively addressed in the Eleventh Plan.

Our economy has undergone major structural transformation. The secondary and tertiary sectors contribute to more than 80% of GDP. Growth has been robust averaging at about 8 percent per annum over the last five years. Our GDP per-capita has increased from USD 1,387 in 2006 to USD 2,590 in 2011. Unemployment rates are below 3 percent. Today domestic revenues cover about 65 percent of our annual budgetary requirements. By 2020, the second transnational highway will be completed and 10,000 MW of hydropower generation capacity, far exceeding the Vision 2020 target of 3,000 MW, will be installed.

Despite the positive outlook, major challenges remain in strengthening our economy and building resilience against exogenous shocks as we inevitably integrate into the global economy and financial system. Ensuring that the structural transformation and high growth rates result in a more diversified economy that creates productive employment opportunities for a growing and educated work force and more than 60 percent of the population currently dependent on agriculture that is largely subsistence based has now become crucial if we are to ensure inclusive and sustainable development. Of particular significance and a key consideration of the Eleventh Plan is that 56 percent of our population is below the age of 24 years. Timely investments to ensure that

our youth are equipped with relevant education and life skills and reorienting our economy to provide them corresponding employment opportunities will be crucial to reap the potential “demographic dividends” that our current demographic architecture offers.

In terms of our environment, with 70.46 percent of land under forest coverage we remain a bastion for environmental conservation. Our efforts in this regard have been further reinforced by a constitutional mandate of maintaining a minimum of 60 percent forest coverage at all times as well as our commitment to the global community to maintain our status as a net sink for green house gases. Although we remain firmly committed to our strong environmental policies, we are, however, confronted with many new challenges arising from pressing demands as well as outcomes of our development. The support and cooperation of our development partners will be crucial as we strive to seek more innovative approaches to balancing our environmental aspirations and pressing developmental needs, especially in addressing the challenges to urbanization, industrialization and infrastructure development.

In terms of institutions, key national and local government institutions that are vital for a vibrant democracy and good governance have been established. Given the nascent stage of development of most of these institutions, we are currently in the process of addressing infrastructure and human resource constraints to strengthen their effectiveness.

Related and aligned to realize Vision 2020, the Economic Development Policy 2010 was launched to enhance the productive capacity of our economy and provide a strategic direction for economic diversification that has become crucial for Bhutan’s sustainable development. Promoting a green economy is a key attribute of the EDP. Since its launch in 2010, our efforts have been focused on creating an enabling environment, preparatory works for infrastructure expansion and promotion of Bhutan as a potential destination

for foreign direct investments. The Eleventh Plan recognizes that while an enabling policy and regulatory environment are important, they cannot compensate for structural bottlenecks, especially the lack of infrastructure, trained manpower and access to finance. It therefore underscores that the successful implementation of EDP will depend on ensuring that its objectives are supported by clear-cut short, medium and long-term strategies, policies, and support systems that harness our competitive advantages and address our constraints. All this will require the effective engagement of the private sector and development partners in the design and implementation of a clear roadmap to operationalize the EDP, which will be accorded a high priority in the Eleventh Plan.

On the third milestone concerning Bhutan's graduation from the LDC category, while we are strongly committed to fulfilling this aspiration by 2020, significant challenges remain in terms of achieving graduation and more importantly in sustaining the process in the post-graduation period. In this regard, I would like to draw your attention to the report by UNDP, which highlights key challenges to Bhutan's graduation, especially in addressing its high economic vulnerability. The report calls for a reorientation of Bhutan's current structural transformation path in a manner that strengthens the contribution of the agriculture, non-hydropower manufacturing and services sector to GDP, which are critical for facilitating Bhutan's graduation and ensuring the sustainability of the graduation process. The Eleventh Plan provides the framework for such a reorientation of Bhutan's economy, an integral aspect of which is the achievement of the objectives in EDP 2010. In this regard, the Royal Government seeks to strengthen cooperation with its development partners by deepening engagements into new areas of economic and technical cooperation for the successful implementation of the EDP 2010. This will ensure Bhutan remains firmly on track towards graduation from the LDC category as well as in the interest of the long-term sustainability of our overall development.

It is against this background, that the underlying objective of the Eleventh Plan to achieve “*Self-reliance and Inclusive Green Socio-Economic Development*” has been formulated.

Pursuant to its objective, the Eleventh Plan will focus on three key strategic thrust areas: firstly, inclusive social development to further reduce income and multidimensional poverty through targeted poverty intervention programmes; secondly, green accelerated economic development to promote economic diversification by fostering the growth of a dynamic private sector that catalyzes a transition to a green economy. The flagship programme for which will be the Rapid Investment in Selected Enterprises (RISE); and thirdly, strategic infrastructure development which will focus on economic (transport, ICT, industrial parks, dry ports etc), social (schools, hospitals and educational institutions) and cultural (Dzong, monasteries and monastic schools) infrastructure which are critical for achieving the Eleventh Plan objective.

Excellencies,

Distinguished Delegates,

Ladies and Gentlemen,

Pursuant to Article 9-2 of the Constitution, which directs the State “*to promote those conditions that will enable the pursuit of Gross National Happiness*”, our development efforts continue to be guided by the development philosophy of Gross National Happiness (GNH), which encompasses the four pillars of sustainable and equitable socio-economic development; preservation and promotion of culture; conservation and sustainable utilization and management of the environment; and promotion of good governance.

The operational aspects of GNH have been further strengthened with the introduction of the GNH Index in 2008 and GNH Policy Screening tool in 2009.

Furthermore a key innovation of the Eleventh Plan is the adoption of a Results Based Planning (RBP) framework that articulates clear outcomes and outputs that need to be achieved in order to realize the Eleventh Plan objective. These outcomes are defined as Key Results Areas (KRAs) at the national, sectoral, and local government (Dzongkhag, Thromde and Gewog) levels and categorized under each of the four pillars of GNH. At the national level, 16 National Key Result Areas (NKRAs) have been identified. At the sector and Dzongkhag level, more than 150 Sector Key Results Areas (SKRAs) and Dzongkhag (DKRAs), Thromde and Gewog Key Results Areas that are aligned to meet the 16 NKRAs have been identified. Furthermore, the performance of all government agencies towards the delivery of the key result areas are measured through corresponding outputs defined as Key Performance Indicators consisting of a baseline and targets. These have also been formulated based on the four pillars of GNH to ensure that all sectors contribute towards strengthening the GNH pillars.

To further strengthen our commitment to promote decentralization and participatory development that dates back to the inception of the Fifth Five Year Plan in 1981, the Eleventh Plan places special emphasis on achieving results at the community level and their integral role in achieving the overall objective of the Eleventh Plan. The structure of the local government plans, and strategies are firmly anchored to the circumstances of each Dzongkhag, underscoring the need for a common but differentiated approach to development. The Nu.25 billion capital outlay for local government plans in the Eleventh Plan is an increase of 25 percent over that of the Tenth Plan. This demonstrates the high priority accorded to local government plans to fulfill the Government's pledge of ensuring "Prosperity for All" through effective empowerment of the people.

With less than 7 years remaining, the Eleventh Plan period provides a unique opportunity to catalyze the achievement of the three related development

milestones of Bhutan by 2020 which are integrally linked to the Eleventh Plan objective of *“Self-reliance and Inclusive Green Socio-Economic Development”*. There will no doubt be daunting challenges over the next few years in implementing what is clearly but necessarily an ambitious development agenda. We however remain confident that through the continued support, good will and cooperation from our development partners, the Royal Government and the people of Bhutan will ably overcome these challenges to ensure a smooth transition during this vital juncture of our development.

We look forward to candidly engaging with you over the next two days on the development agenda of our Eleventh Plan and the ways and means with which we can ensure its successful implementation.

Tashi Delek!