



UN Statement on Poverty and Disparities 11th Round Table Meeting, Thimphu, September 01, 2011

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The philosophy of Gross National Happiness uniquely promotes economic growth on par with good governance, community development and environmental conservation. As part of the 10th Five-Year Plan, targeted poverty reduction investments are pursued in health, education and rural infrastructure development, coupled with decentralized decision-making and fiscal transfers to local governments. These wide-ranging efforts have improved the lives of many Bhutanese and, at the same time, protected Bhutan's traditional heritage and culture.

Bhutan has also made significant strides toward meeting MDG targets, particularly those related to poverty alleviation, education, health and environment. Despite these impressive achievements and the Royal Government's commitment to pro-poor policies, many Bhutanese still face challenges of access to services and productive capacities. New evidence substantiates known disparities at sub-national level, between and within *dzongkhags*.

Seven out of ten Bhutanese live in rural communities and represent the majority of the country's poor. A recent assessment of multidimensional poverty in Bhutan confirmed significant urban-rural gaps across income and non-income aspects of deprivation. For example, the least connected rural *dzongkhags* face more pressing food security concerns—along with overall higher rates of stunting and malnutrition—as well as higher rates of child and infant mortality. Rural populations are also harder hit by natural disasters and the effects of climate change, including irregular temperature and rainfall patterns and increased flooding—all of which impact rural livelihoods dependent on subsistence farming.

The 10th Five-Year Plan recognizes many of these challenges and lays out an ambitious program to address poverty and enhance equity and sustainability. The UN Country Team has been a partner in these efforts. To build on hard-won accomplishments over the remainder of the five-year period, a number of key issues will require attention and support moving forward:

- It is essential to **isolate the factors impeding local development** by improving the coherence and analysis of primary data on poverty and deprivations at the district and sub-district levels, disaggregated by sex and age. This is critical for targeted poverty reduction.
- Also, investment in infrastructure must be complemented with **investment in human capital** through formal and non-formal education and empowering women and youth through targeted employment schemes and reproductive health programmes. Investments in infrastructure should also go hand in hand with **investment in rural productive capacities** and incentives to promote sustainable farming practices. This is essential for sustained and balanced rural development.
- Further, **fiscal and administrative decentralization** should continue to be seen as a vital measure of local development which enhances the capacity and resource base of elected local governments to design and implement programs and deliver basic services. This is key for bridging an increasing urban-rural socio-economic divide.
- Lastly, **closer coordination and long-term support from development partners** are critical. Many pilot programs—such as the Rural Economic Advancement Programme (REAP)—have demonstrated success and are in need of scale-up financing. Sustained funding and further alignment of national and donor programs is needed to secure and expand development gains over the remainder of the 10th FYP and into the 11th Plan period. This is instrumental for ensuring the sustainability of efforts and achievements to date.

The UN Country Team is fully committed to its partnership with the Royal Government to help realize the vision of GNH encompassing both material and non-tangible aspects of human well-being. We thank our national and international partners for their cooperation and look forward to continued joint efforts toward ensuring that all Bhutanese benefit from inclusive and equitable development as a central tenet of GNH.