

An Update on the Progress of Implementation of the Brussel Programme of Action by the Royal Government of Bhutan

Executive Summary:

Review of the past performance:

As the Brussels Programme of Action enters its sixth year of implementation, it is only appropriate to look back and reflect on the progress we have made in attaining the goals set by leaders from all over the world, who all, for common cause met in Brussels in May 2001. While making an assessment of the progress, we have to bear in mind that the development progress that Bhutan has achieved is something that has accumulated over last four decades. It is a result of a more broad based progress from the most modest beginnings.

Bhutan's development philosophy of "Gross National Happiness" has provided a single unifying concept of development that has enabled it to find the right path and will provide the future directions. This philosophy underscores the process that seeks to maximize happiness rather than economic growth. It places the individual at the center of all development efforts permeating across an individual's material, spiritual and emotional needs. The concept has been translated into objectives that give direction to the long-term development of the nation. The multi-dimensional character of the concept lends itself to many priorities, which are classified under the five thematic headings that provides with powerful objectives for steering the process of change. These five objectives are human development, culture and heritage, balanced and equitable development, governance and environment.

To maximize the material and spiritual well being of the people and to enable them to achieve their full and innate potential, the government has been pursuing development goals within the framework of traditional values and ethics, and through concerted efforts to achieve sustainable improvements in the standard of living, the quality of life, and levels of well-being and welfare. This framework also provides for expanded choices and opportunities consistent with the greater self-reliance of both the nation and

of individuals, families and communities.

In the development process, the government has always articulated the unambiguous cultural imperatives that not only recognizes, promotes and instills an appreciation and awareness of the importance of the nation's rich cultural heritage and its continued value as the foundation for social philosophy, but also its role in meeting spiritual and emotional needs, in maintaining our identity and in cushioning the country from some of the negative impacts of modernization.

The government has always ensured that the benefits of development are shared equitably between different income groups and regions and in ways that promote social harmony, stability and unity. It has required the government to put in special measures in support of disadvantaged and vulnerable groups as well as efforts to mainstream those who have been bypassed by the benefits of development.

The people of Bhutan have always enjoyed a strong, transparent and efficient government through continuous efforts to developing the political institutions, human resources and the system of governance. This has in turn enabled it to manage an increasingly complex process of development, and to enlarge opportunities for people at all levels to participate more fully and effectively in decisions that have a bearing on their lives and livelihoods and the future of their families, communities and the nation. Institutional development embodies a commitment to the principles of morality in government and of ethical behavior in the conduct of public affairs. It promotes transparency and accountability, and supported by the forces of law that embodies a commitment to universal values and at the same time, gives tangible expression to the distinctive features of Bhutanese culture and society. **Atleast 21 Acts/charters have been identified, 17 of which are targeted for adoption before 2008. Existing Acts and charters viz. the Lhengye Zhungtshog Chatrim, the Royal Chartes, Cooperative Acts and Acts relaying to natural and mineral resources are planned for review after 2008.**

Major reforms have also taken place in the judiciary system. In 2001, the National Assembly adopted the Code of Civil and Criminal Procedures. A

separate judicial cadre was formed with court record systems fully computerized. While there is a gradual shift in the composition of the judges of Buddhist institutional background to modern law graduates, there is also a renewed attempt to bridge the modern legal system with the traditional system.

Biological diversity and natural environment is regarded as development asset with a global significance to be protected and conserved in the interest of present and future generations. Therefore, development efforts are made in responses to the many challenges that embody the principle of environmental sustainability and do not impair the biological productivity.

In 1995, the National Assembly mandated that country should maintain at least **60% of its land under forest cover** for perpetuity. Meaningful policy actions such as the prohibition of the export of timber and semi-finished wood products and proactive social forestry and afforestation program were being pursued to maintain the high levels of forest cover and the country rich bio-diversity.

Bhutan has till date, signed several multilateral environmental agreements, including the Convention on Biological Diversity and the UN Framework Convention for Climate Change. The country has also entered into a multi-lateral partnership with a few other countries under the Sustainable Development Agreement to promote sustainable development projects and activities through a unique arrangement. Numerous domestic environmental legislation and policies have been enacted and implemented to facilitate a holistic approach to environmental conservation and management.

Bhutan still remains predominantly an agrarian society with an estimated 79% of the population dependent on agriculture for employment and livelihood. Today, the vast majority of the farmers are able to draw upon a system of agricultural services that consists of research centers, extension, livestock centers, seed and plant production farms, machinery and training centers amongst others. The services provided penetrate into the most inaccessible and rugged parts of the country. At the same time, farming has become more diversified. New crops, especially fruits and vegetables, have been introduced to enrich traditional diets and provide new source of income. These factors have changed the dimension of subsistence agriculture as well as the lives of the farmers.

The development of transport and communications has transformed the country from an undifferentiated economic space into an increasingly integrated national economy. Road networks reach most part of the country with farm roads reaching remote communities. From a mere 179 KM of roads in 1959, Bhutan had **3,746 km of motorable roads by the end of 2002**. Such facilities have made it possible for them to market their agricultural surpluses, to acquire goods and obtain access to essential basic services.

The state of the art telecommunication network provides connectivity within the country and with the outside world as well. ICT is rapidly and equally gaining importance on the domestic front. Bhutan in its path to democratic Constitutional Monarchy will benefit from the use ICT not only to strengthen the government, but also strengthen the democratic processes helping citizens participate in an inclusive Government, and enhance checks and balances.

Bhutan today is no longer an isolated country, it once was.

The arrival of electricity has transformed the lives of the people and the economic base of the country. Electricity is much more widely available now than ever. The cheap availability of power holds much promise for power intensive industries in the future as is indicated by the existing industry which all rely on cheap power to be competitive in the international market. With extensive rural electrification, the lives of the rural people have improved dramatically. By 2020, it is planned that 100% rural electrification will be achieved. **Besides, the already harnessed hydro-electricity exported to India earns about 45% of its internal revenue. Another 98% of the 30,000 MW remains to be harnessed.** The foundation of Bhutanese economy will be based on the exploitation of this potential and holds much promise.

The progress in the diversification of the economy and the development of physical infrastructure has seen similar progress in the social sectors. **As of 2002, 29 hospitals, 166 Basic Health Units, 1 indigenous hospital. 19 indigenous units, 3 training institutes, 455 outreach clinics catered and delivered free basic health care to 90% of the nation's highly dispersed population.** These developments have made it possible to achieve

remarkable improvements in the health of the population and the people enjoy a far better quality of life than ever before.

These positive developments have in part been made possible by progress in bringing potable and safe sanitation. **Access to safe drinking water went up from 31% in 1987 to 58% in 1995. This was further increased to 78% in 2000. In 2003, the achievement was 84% of the country's population. It is planned that 100% of the population will have access to safe drinking water by 2007. 92.5% of the rural population has now access to safe means of excreta disposal while piped systems have been completed in major towns.**

Education has emerged as the basic right of all the young people today. A modern education system penetrates deep into the most inaccessible parts of the country as well as a well-developed capacity to train teachers with innovative teaching materials. **The educational infrastructure consists of 202 community primary schools, 90 primary schools, 77 lower secondary schools, 29 middle secondary schools, 16 higher secondary schools, 19 private schools, 14 higher institutes and 455 non-formal education centers catering to 155,234 students and manned by 5,216 teachers. Gross primary enrollment rate has touched 84.2% and adult literacy has reached 54% by 2004.**

Bhutan's private sector though in nascent stage is growing slowly and increasingly providing employment opportunities. The tourism industry has seen the biggest growth though it continues to suffer from low standards, demand constraints and the volatility of the industry. **In 2005, the numbers of tourist arrivals have crossed a record 13,000 numbers.**

Bhutan's achievements in the last four decades find clear expression in the composite indicators traditionally used to measure a nation's development performance and its progress towards sustainable human development. **In the Human Development Index (HDI) used by UNDP, Bhutan was rated at a low human development index of 0.310 in 1984. By 2003, Bhutan had graduated to a medium development index of 0.583, placing Bhutan at 129 out of the 177 countries. In 1961, Bhutan's per capita GDP was estimated at US\$ 51, the lowest in the world. This has grown to US\$ 551 by 1999, one of the highest in South Asia and to US\$834 by 2004. Bhutan has also for the first time did a human poverty index (HPI-1),**

which is estimated at 33.34, placing it at 61 from among 103 developing countries.

Women constitute **about 50% of the population** in Bhutan. Women enjoy equal status with men and contribute equally to the development of the society. While women's representation in the formal decision and political sphere is low for reasons of access in the early days of its development initiatives, trends are changing with rapid increase in the representation of women in the formal sector. In the legislature, **14 out of 99 people's representative in the national Assembly and one out six Royal Advisory Councilors were women by 2002. In the same year, women also accounted for 19% of the civil servants.**

Future Challenges:

While Bhutan has made remarkable achievements, there are no illusions about the magnitude and the severity of the challenges ahead.

One of the greatest challenges that will confront Bhutan is **the rapid growth of population, which stands at 2.6%, one of the highest in the sub-region.** If population growth is not thwarted, it has disturbing prospect that carries many negative consequences for the environment, food security, nutrition, employment creation and the provision of free social services. High growth of population will threaten Bhutan's ability to sustain the process of development and to achieve sustainable increases in levels of well-being and welfare. The more rapidly the population grows, the slower the standard of living will rise and this will put pressure on resource allocations for social sectors, roads, electricity and other basic infrastructure with negative implications not only for the availability but also of the quality of services provided. **This calls for Bhutan to meet its goal of population replacement rate by 2012.**

43% of the population is below the age of 15 years. The demographic transition will mean that the growth in the demand for jobs will grow tremendously. The limited capacity of the government organizations to offer jobs and the infancy of private sector will lead to growth of unemployment in the country. Such trends will have destabilizing consequences socially, economically and politically. It will be of utmost importance to create adequate employment opportunities so that all people are socially integrated and the exercise of nation building is more cohesive.

While the patterns of rural-urban migration have yet to be established with certainty, the pace of rural-urban migration has measurably quickened. If the present trends continue, the nation's urban population could quadruple in the next 20-25 years. This will lead to putting pressure on urban infrastructure, lead to congestion and related negative aspects of migration. Provision of adequate housing and sanitation facilities will emerge as a priority and challenge.

Although rapid strides have been made in the field of education and human resources development, Bhutan still has a long road ahead. The nation's skill base is extremely narrow and just over one-half of the population is literate. While educational infrastructure and the number of children going to school have increased dramatically over the years, the high dropout and repeater rates provide genuine cause for concern. Problems are compounded by perceptions of job prospects. The young people are still reluctant to enter the private sector for reasons such as job security. The reluctance of young people to enter the private sector translates into a continued reliance on expatriate workers.

The inevitable consequences of scattered population have resulted in development benefits bypassing some sections of the society. Despite the rapid expansion of road networks, more than half of the population lives more than half a day's walk from the nearest road head, while in more remote areas, communities are still dependent on trails, mule tracks and ropeways for communications. In these remote and isolated areas, lives are still characterized by vulnerability and hard work for daily needs. Seasonal food shortages prevail in some pockets of the country and with food insecurity, malnutrition is widespread.

Although free basic education and health care has reached these pockets of disadvantaged and vulnerable groups, the need to contribute to the construction of community infrastructure, the cost of travels, token financial contributions to attend schools and the high opportunity costs of sending children to schools are reasons enough to render these services out of their reach. Parity in girls' education still remains to be accomplished while at the same time ensuring that a high degree of quality has to be met. Ensuring that disadvantaged and vulnerable groups are able to benefit more fully from the process of social and economic development is a challenge that must be met in the years ahead.

In health sector, the government is still grappling with common preventable disease. At the same time, the emergence of lifestyle related diseases has put more pressure to allocate additional resources. While the threat of HIV/AIDS is well recognized, the capacity of the government to deal with this silent menace still remains to be seen. **Infant and maternal mortality rate still remains unacceptably high.**

Bhutan's economic structure is still shallow and narrow, with the main impulse to economic growth provided by the exploitation of its vast hydropower potential. The government remains the driving force behind economic growth. While the role of private sector as the 'engine of growth' has been recognized, it remains relatively weak and its growth have been sluggish without any promise in the immediate future. Manufacturing sector is constrained by lack of semi-skilled and skilled labour. Further, they have to put up with the small and fragmented size of the domestic market, low purchasing power of the population, and severe diseconomies of scale in production and distribution. These obstacles translate into high production costs and ultimately their survival.

Tourism industry remains the single dominant entity in the service industry. Low level of capacity utilization, high seasonality of the tourist flow, poor infrastructure and lack of human resources have plagued this industry notwithstanding the fact that it has continued to grow rapidly.

Population pressure, demand for more agricultural land, infrastructure expansion, urbanization etc. will always remain as a threat to the environmental heritage of Bhutan, which has remained intact till now.

If future development plans are to be pursued in a more meaningful and a scientific manner, the acute shortage of timely and accurate data in all sectors should be addressed. Availability of timely statistics will enable the government to allocate both financial and human resources more effectively and efficiently. It will enable a more purposeful and targeted planning.

Bhutan is on the threshold on becoming a constitutional monarch with multi-party political system. The evolving political and governance structure in Bhutan will call for greater people's participation. For a society, which has always depended on the state to lead them from the top, they will be challenged both in terms of their ability to participate in the new political system and the maturity of their political consciousness.

While there remain many challenges to be surmounted in the future, the leaders and the people will have to come together and work hand in hand in building the nation. Bhutan has always recognized that the onus of building a nation falls on itself. However, Bhutan will have to continue relying on donor assistance for sometime before it can manage its own development sustainable. What Bhutan requires is more liberal and untied funding for its development projects.

The increasing reorientation of donor assistance from development to emergencies and the subsequent decline in the levels of development aid is a matter of serious concern for Bhutan. If Bhutan has to make sustainable progress in the future, this trend will have to be reversed.

It has to be understood that development efforts in Bhutan has a more wholistic approach with pre-conceived long-term visionary goals. Many of the international development objectives such as the Brussels Programme of Action are just a small part of the bigger dream but nonetheless very important for Bhutan.