

Goodbye Poverty, Hello Equity: How Can Bhutan Do It?

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“Worrying where our next meal will come from... not having someone to care for me when I am sick... asking my neighbours to look after and feed my three-year old daughter and my mother when I go to work... yes poverty is real...” A single mother of three, Dorji Dema, 30, of Langdurbi village in Zhemgang, supports her children, a visually impaired mother, and her partially visually impaired uncle.

Langdurbi is a one-day walk from the Bardo *gewog* centre and a day’s walk from the nearest roadhead in Rendibi. For a living, the people in the village depend on subsistence agriculture, cultivating maize, and transporting food and other items on horses. During the non-farming season, they work as day labourers at the construction sites of schools, roads, and private houses.

Since her husband died in a boat accident, along with eight other men from their village three years ago, Dorji Dema has had to beg for food from her neighbours when the harvest from her three-acre plot is exhausted. Next year her oldest daughter will have to go to school in Yebilaptsa.

“I’m already worried about how I can get the money to send to her to school,” she said. “When I go to bed every night, I worry what would become of my mother and children if I do not wake up tomorrow.” Dorji adds that her neighbours are not much better off.

This article attempts to understand the complexities of the problems related to poverty in Bhutan, what is being done to combat these problems, and what are the challenges that lie ahead.

Development

After centuries of self-imposed isolation, Bhutan opened up to planned development in 1961. The country saw tremendous progress in the decades that followed. Today, it is reportedly the third fastest growing economy in the world out of 196 countries

(IMF World Economic Outlook 2016). It also ranked 71st out of 189 countries in the Ease of Doing Business (World Bank 2016), 27th least corrupt country of 175 countries, the 13th most peaceful country, and the 84th happiest country out of 157 (UN Happiness report 2016).

Between 2013 and 2015, cereal production increased from 163,830 Metric Tonnes (MT) to 166,299 MT, vegetable productivity increased from 46,747 MT to 49,519 MT, milk production rose from 30,920 MT to 39,844 MT, eggs from 66.374 million to 68.695 million, and meat from 1,987 MT to 2,628 MT State of the Nation 2016 (SOTN).

Taking free education to the next level the government started 51 central schools with free boarding facilities, including basic necessities. It also introduced medical evacuation by helicopter to advance free health care, in addition to referrals abroad for tertiary treatment.

Today, there are 675,747 mobile connections, 75 percent have televisions sets at home, 54 percent have refrigerators, and 24 percent own vehicles. For the former three items, the ownership increased by more than 20 percent in the past decade (SOTN 2016).

Bhutan achieved remarkable socio-economic progress and poverty reduction on the back of robust economic growth and the government's efforts to improve the living standards of the people (ADB, 2014). Poverty reduction was the core development objective of the 10th Five Year Plan (2008-2013) with the eradication of poverty to be mainstreamed into all development initiatives. The government also piloted a targeted sustainable livelihoods intervention programme to fill the gaps that the broad-based Plan left and was able to halve national poverty rate to 12 percent by 2012 (GNHC 2016). Poverty incidence continually declined from 31.7 percent in 2003 to 23.2 percent in 2007 (ADB 2014).

With the most remote mountainous communities remaining as pockets of poverty, the 10th Five Year Plan focused on a more targeted approach to poverty reduction which proved effective and reduced the national poverty to under 15 percent by the end of the 2012; achieving its poverty MDG target three years ahead of time (UNDP 2017). The government pledged to reduce poverty to five percent by end the of 11th Five Year Plan in 2018 (PDP manifesto 2013).

Since assuming office in 2013, the government instituted a Business Opportunity and Information Centre which was later converted to the Rural Enterprise Development Corporation (REDCL). Among other initiatives, REDCL served to ease access to credit by giving collateral-free loans; it distributed 462 power tillers - at least one to every *gewog*; established the Farm Machinery Corporation to solve the farm labour shortage problem; and established farm shops to provide access to markets for farm produce.

Bhutan has committed to meet the Sustainable Development Goals 2030, chief among which is ending extreme poverty in the country.

Some Way to Go

However, as the Prime Minister noted during a “Meet The Press session” in April, 2017 (Kuensel, 2017), the country is prospering and the economy is in good shape but the government is aware that there is still a large number of Bhutanese who have to deal with poverty on a daily basis. Research confirms that it is not all a happy situation for the largest section of the Bhutanese population, the farmers. “The problem is that many a times the poorest of the poor escape our attention, not just the government but the whole of society,” he said. “The poorest of the poor are those who don’t even know how to ask for help.” (Kuensel 2017).

Poverty in Bhutan has diverse causes. Villages are isolated and the terrain is extremely rugged so people live long distances from social and health services and markets. The population is growing at an annual rate of 1.8 percent (NSB 2012) but resources and opportunities are limited. The low adult literacy rate of 55 percent (MoE 2015) and lack of training means that the rural people do not have the professional and technical skills to improve their living standards. They have few opportunities for off-farm employment for generating income (IFAD 2017).

Bhutan’s poorest people include subsistence farmers, small traders, and day labourers and their families. The GNH survey 2015 shows that rural people are less happy than urban people. Poverty is higher in rural areas at 32 percent. Stunting is also higher in rural areas (26.1 percent versus 16 percent in urban). Rural-urban migration is increasing each year and, with it, the number of *gungtongs* (absentee households) is also increasing.

Rural-Urban Migration

A total of 4,269 households are registered as *gungtongs* out of total 85,261 households in all 20 dzongkhags. Of that, 3,097 or 72 percent of total *gungtongs*, are in the six eastern *dzongkhags* (SOTN 2016).

In Gangjab *chizog*, Dagana, just half of the 35 households are left today. A mother of four, Harka Maya Subba, says that, in the past few years, many of her neighbours have moved out, leaving behind empty houses and fertile lands that have become fallow and have gradually turned into forest.

The village, which is about six hours walk from Dagapela, has no road connectivity, health unit, or school. But these are not the main reasons that farmers have left their homes. The wildlife problem, growing as more farmers leave, has taken on disastrous proportions. Today, Harka Maya Subba and her family guard their fields as much as they can but half their maize, millet, *dhal* (pulses), and other vegetables is eaten by monkeys, boars, and other wild animals.

The growing human-wildlife conflict, poor irrigation, and shortage of farm labour are a few of the multiple factors that aggravate rural poverty in Bhutan; amongst them are natural calamities such as floods and landslides and the increasing cost of goods and services. Seventy percent of farmers reported that their crops were damaged by wildlife, and 12 percent reported having lost their livestock to wildlife in 2015 (GNH survey 2015).

Centre for Bhutan Studies researcher, Dr Dorji Penjore, argues that strict conservation regulations like the ban of *tseri* (slash and burn shifting cultivation), by the National Assembly in 1993 has directly increased the farmers' food insecurity. "The loss of farmlands through encroachment of forests and a *tseri* ban, especially in some districts, have left farmers with small landholdings to cultivate, and whatever crops they cultivate are lost to wild animals (especially wild boars) whose populations are multiplying because of increasing forest cover and the legal protection given by the government." (CBS 3rd GNH conference)

The Urban Poor

Only about seven percent of Bhutan's land is arable. Urbanisation is identified as a direct factor leading to land degradation in Bhutan, primarily due to direct utilisation of agricultural land (MoAF 2014). The annual growth in the urban population

was estimated at 7.3 percent in the Bhutan National Urbanisation Strategy 2008 (MoWHS, 2008). The strategy also projects that additional land required nationally for urban areas by 2020 may vary from 900 Hectares (Ha) to over 34,000 Hectares, depending on town densities and urban population growth. The strategy also projects that, with the most likely scenario of urban population growth of 250,000 by 2020, the additional land requirement would be 2,462 Ha (0.06%) of total land area. The strategy also recognises that most pressure for urban growth would fall on agricultural land.

An increase in the urban poor from 1.9 percent in 2007 to 4.6 percent in 2012 is partly due to rapid migration from rural to urban areas. Rural Bhutan cut poverty by more than half between 2007 and 2012. In contrast, poverty increased in urban areas. The number of poor in urban Bhutan increased by 800 persons while in rural areas it dropped by 77,000 (World Bank 2014).

No study has been done on the rate of rural-urban migration so far. However the Works and Human Settlement Ministry (MoWHS) is monitoring the trend of rural-urban migration and the related problems that are emerging in towns, according to the Department of Human Settlement.

Unemployment

The rapid growth and consequent structural changes following years of planned development have been driven by the public sector mainly through hydropower projects and donor aid. The occupational structure of the economy, however, has not shifted in a manner consistent with the changes in the sectoral composition of GDP and is a disturbing trend reflecting jobless growth (EDP 2016).

Bhutan Living Standard Survey 2012 also showed that regions with higher poverty rates had a higher proportion of workers earning below the poverty threshold.

Economist are of the view that, be it subsistence farmers, salaried workers, self-employed entrepreneurs, or poor people, they derive most of their income from work, meaning that level of employment and consequently decent earning opportunities will be crucial determinants of poverty reduction. The World Bank's report (Kuensel, 2016) states that "shared prosperity will depend on the ability of the economy to provide jobs to the educated youth whose aspirations increasingly differ from existing employment opportunities." It also highlighted that poor households face new risks and vulnerabilities as the economy grows and requires new strategies.

Call for Equity

In a Royal Address to Keio University students in Japan 2011, His Majesty The King said that, in a world that had seen unprecedented material growth, people in the richest countries were richer than ever before. “Poverty brings hardship, suffering and untold misery. We have to be mindful that with such disparities come disharmony, conflict and ultimately instability on a global scale,” His Majesty The King said.

His Majesty The King’s 2012 National Day Address drove home a strong message: “Our nation has seen great socio-economic growth but it is more important that we have growth with equity. We must raise, with all our effort, the less fortunate so that they may, at the earliest, begin to partake in the opportunities brought by modernisation and progress.”

The World Bank’s macro poverty outlook 2015 income inequality, measured by the Gini coefficient of consumption, has barely changed from 0.381 in 2007 to 0.387 in 2012 and is not expected to change in the near future. Bhutan’s National Gini Index for 2012 stands at 0.36, up from 0.35 in 2007. This means that Bhutan, along with Sri Lanka, has the highest rich and poor gap in South Asia. The richest category of 20 percent consumes 6.7 times or 670 percent more in one month than the poorest category (BLSS 2012). Among the poorest 20 percent, around 71.7 percent of the expenditure is on food while in the richest 20 percent only 52 percent of the expenditure is on food. The poorest category has more members in one household at an average size of 6.1 percent compared with just 3.2 in the richest category.

The contrast is obvious in Bhutan. While a handful of the rich can afford vacations in Europe and Bangkok, many rural families depend on His Majesty’s kidu. While there is a drop in poverty in general, the Gini Index shows a widening income disparity between the poor and the rich. NSB officials said that this could be because the richer people have had more opportunities in various businesses including mining, construction, and trade. The Gini Index could thus be correlated to the slow growth of the agriculture sector against the faster growth of other sectors such as manufacturing, construction, services, among others.

As Bhutan joins the international community in working towards fulfilling the Sustainable Development Goals by 2030, poverty reduction remains an uphill task given current resources and the fact that the donor countries are withdrawing their support. Foreign aid is expected to fall as Bhutan gradually climbs out of the least developed country bracket and becomes a middle income country by 2020 (Prime

Minister Tshering Tobgay's key note address at Round Table Meeting, 2017).

The Way Forward

His Majesty's *kidu* programmes have had the biggest impact in terms of targeted intervention in poverty reduction. Support from the *kidu* programmes of land, scholarships, and direct financial support have brought about significant improvements in the lives of the people (SoTN 2015). As of July, 2016, more than 814 elderly people were dependent on His Majesty The King's *kidu* for survival, and 2,657 students had their education provided for as their families could not even afford basic school paraphernalia (SoTN 2016). Also, there were 136 people studying at the undergraduate level through *kidu* while 164 had completed their studies. Another 179 students graduated from educational institutions in various countries and 209 are currently studying abroad, mostly in Thailand.

His Majesty has granted land *kidu* of 136,474 acres to 110,455 households in the country since 2009. Land ownership patterns have changed. Bhutanese will get land user rights as long as the land is used for the purpose intended. This is to ensure that cultivable land does not remain fallow.

The challenge for Bhutan is to continue to make growth more resilient and inclusive. The high rates of economic growth remain narrowly based, vulnerable to sectoral shocks and cyclical swings, and unable to create adequate jobs, especially for the growing youth population (Bhutan: Critical Development Constraints 2013). For our vision of achieving pro-poor and equitable development, the country needs to transform our opportunities for all Bhutanese. The development gaps between the districts and high inequality across income groups continue to be a concern and calls for more targeted interventions.

Limited land for agriculture, higher exposure to international commodity prices, and changing social structures, for instance, can increase poorer households' vulnerability to shocks. The Finance secretary Nim Dorji said that the country has to broaden the base of the economy through diversification, and strengthen the private sector, among other areas (13th RTM 2017). Boosting small and cottage enterprises mainly in the semi-urban and rural places could create both jobs and income generation for the people, including the poor.

While the government invests in promoting new horticulture crops, the older agricultural projects are in dire need of support. For instance, the mandarin

promotion programme has only a handful of staff to manage the programme which is fully dependent on foreign grants to carry out its programmes.

Many farmers see their investments and months of toil devastated, within a few days, by the increasingly erratic weather conditions: floods and droughts that have come with climate change, and increasing wildlife life attacks. Subsistence farmers are vulnerable, and a failed harvest means less investment in the next harvest, in terms of farming inputs and risk management, which translates into reduced harvests in the following seasons. Farmers say that, in the absence of insurance schemes, most of them have had to form cooperatives to manage risks (The Bhutanese Newspaper). The government has to establish or consider crop and livestock insurance schemes to protect the investments of farmers.

Yet for the very poor, improvements in social sectors alone are not enough to help individuals realise their full potential. That is why targeted poverty intervention is the only solution.

A targeted poverty alleviation programme - Rural Economy Advancement Programme (REAP I) - was initiated in 10th Five Year Plan and piloted in fourteen of the poorest villages, covering ten *dzongkhags* to target extreme poverty not adequately addressed by mainstream development plan programmes. The project's terminal evaluation report showed that the programme was effective in reducing extreme poverty and recommended for up-scaling in the 11th Five Year Plan. REAP II was planned for 104 villages covering 20 *dzongkhags*, of that prioritising 75 villages. The village development plans (VDPs) for all 104 villages were prepared by the communities themselves. Interventions included building and renovating homes, toilets, solar fencing, and creating self-help groups.

Bhutan Poverty Assessment 2014 found that of the 12.4 percent poor in 2012, 8.4 percent were poor also in 2007. While 10.5 percent of the population exited poverty between 2007 and 2012, four percent of the population dropped in to poverty from the non-poor. This means for every two families that escape poverty, one falls back into dire circumstances.

This desperate situation calls for sustainable livelihood interventions. However, some Jersey cows given to poor farmers, as part of a plan for targeted interventions, died from poor management, depriving the families of a possible income that could potentially lift them out of extreme poverty.

Research shows that in order to end poverty in all its forms, as proposed by SDG 1, it is necessary to adopt a comprehensive system of family support and social protection policies which go beyond providing benefits to most vulnerable groups and includes measures in labour market, education, healthcare, and other social services (E, Dugarova. SDG)

Addressing poverty requires cooperation with non-state actors. The governments in some transition countries (Russia, Kazakhstan) emphasised an increasing cooperation with non-state organisations, including civil society and the private sector, in providing social services. In Russia, for instance, 19,700 socially oriented non-governmental organisations carried out activities on social support and social protection of citizens in 2014 (an increase from 4,200 in 2013), with 1.97 million people participating (E.Dugarova SDG).

In Bhutan, Tarayana Foundation has been implementing targeted poverty reduction interventions for the Gross National Happiness Commission for both REAP projects (GNHC 2016). Taking on board CSOs would ensure speedy implementation and better coordinated efforts, with proper skills development in poor communities to allow them to generate income through formation of self-help groups.

Promoting education and literacy of parents through the Non-Formal Education programme, for example, is key to families staying out of poverty. The BLSS 2012 found that the higher the education level of the head of the family, the lower the chances of the household being poor. In fact, the poverty rate is three times lower if the head is literate compared with an illiterate head of the family. Stepping up the programme with skills development of learners could help improve livelihoods in the poor communities.

What is common between Dorji Dema and Harka Maya Subba, both single mothers, is that their villages lack amenities such as roads, they are plagued by human wildlife conflict, and suffer from an acute shortage of farm labour. Their situation is identical with many communities across Bhutan where farmers are struggling to make ends meet.

The above proposed interventions of education, commercial farming, and developing infrastructure in rural areas will alleviate agrarian families from poverty. Understanding the risks of poverty in urban places is key to developing measures to addressing urban poverty in a rapidly developing country.