

## Written statement for the 45<sup>th</sup> Session of IFAD Governing Council

### **“Leveraging innovations and finance for climate-resilient and inclusive recovery”**

Excellencies, distinguished delegates, ladies and gentlemen!

Kuzuzangpo!

It is my honor to convey the greetings of His Majesty the King, the government and people of Bhutan to the 45<sup>th</sup> Session of IFAD Governing Council.

IFAD has been an important development partner of Bhutan for more than 40 years. IFAD’s support has been critical in alleviating poverty and improving the livelihoods of our people in rural areas. As we speak, there is an ongoing project (CARLEP) that is changing the lives and livelihoods of our farmers in six remote districts of eastern Bhutan. We thank IFAD for more than 40 years of valuable support to our socio-economic development, especially in the agriculture and farming sector.

The RNR sector, comprising of agriculture, livestock and forestry, continues to be an important sector in our nation’s economy. 69 percent of Bhutan’s total population living in rural areas are dependent on agriculture and the sector employs 51 percent of the population (Labour Force Survey, 2019).

Since the beginning of Bhutan's planned development journey, the RNR sector was accorded high priority. And with the generous support from development partners like IFAD, the RNR sector has achieved significant progress.

However, our agriculture and livestock production has not been able to keep pace with the increasing demand. Imports dependency is significantly increasing with time. Challenges related to small and scattered land holdings, with minimal inputs and low mechanization, continue to result in high production costs and low productivity. Shortage of farm labour is a growing concern with high level of rural-urban migration. We continue to struggle with weak agri-food value chain and supply chain, and poor post-harvest processing and marketing. These are further aggravated by climate change impacts and human wildlife conflicts.

In our fragile mountain ecosystem, we remain highly vulnerable to adverse impacts of climate change. We also remain exposed to hazards such as flash floods, glacial lake outburst floods (GLOFs), forest fires, wind storms, and landslides. Steep slopes agri fields are highly vulnerable to land erosion aggravated by extreme monsoon patterns and wind storms. Cultivation of our major crops are mostly dependent on rain fed spring waters and streams. Erratic rainfall pattern and drying up of water sources is posing serious threat to the sustainability of agriculture and livestock farming.

The last two years of COVID-19 crisis exposed vulnerabilities and fractures within our agri-food sector. Lack of marketing infrastructure, food quality testing and certification systems challenged export and supply chain within our

agri-food system. The message is loud and clear: “*it is time to transform our agri-food sector.*”

To address these issues, we would require sustained efforts, innovative solutions, and The Ministry of Agriculture and Forests has decided to adopt a market driven agriculture system. To that end, IFAD’s theme for this year’s 45<sup>th</sup> Session of the Governing Council “**Leveraging innovations and finance for climate-resilient and inclusive recovery**” is relevant and timely. It provides hope and inspiration for us to take stock of the issues affecting our agri-food sector, share experiences, and strengthen cooperation.

The revised RNR strategy will provide the roadmap for accelerated transformation of Bhutan’s RNR sector. We have framed a 8 pathways for our food and nutrition security. Our goal is to increase the contribution of the sector to the national economy and economic recovery. We also aspire to establish transformative pathways for youth engagement and private sector development in the RNR sector. We need the transformation to make the sector the base-line of economic growth and diversification, to provide self employment and productive jobs for our youth, to end poverty and provide sustainable income for our farmers, to reverse rural-urban migration, and to accelerate the achievement of food and nutrition security. Our commitment for the 2030 global sustainable development goals (SDGs) remain strong and dedicated.

With the wisdom and guidance of His Majesty the King, with continued support and cooperation of our development partners and with the hard work and dedication of our people, we are confident that we will succeed in fulfilling the above aspirations and dreams.

Thank You and Tashi Delek.