

RC's Opening Statement at the National Workshop on Capital Market Development in Bhutan

Date: 18 December

Venue: Ariya Hotel, Thimphu

Time: 9:00

“Our pursuit of balanced and equitable socio-economic development brought about immense prosperity for our people. For example, enlightened economic policies ensured that benefits from valuable national resources such as hydropower was neither captured by a narrow economic elite nor influential foreign investors. Instead it was judiciously developed by the state to strengthen our economy and benefit the nation and people at large.”- His Majesty the King

Kuzuzangpola!

Salutations

Guest list not yet confirmed

Opening

As Bhutan moves towards LDC graduation, it has become important to increase attention to the need to support a smooth transition.

This national workshop on Capital Market Development in Bhutan aims to engage with the government and key stakeholders to help facilitate the issuance of Bhutan's first sovereign bonds. It will emphasize experiential learning and exchange of information with experts, institutional investors, and private sector investors.

Today I have three key messages:

1. Leveraging the capital market for sustainable development
2. *Yang Dak Pai Dren Pa* (or Right Mindfulness)
3. Innovative Financing for development

Leveraging the capital market for sustainable development

The UN estimates that of the USD 3.9 trillion needed annually for developing countries to meet the SDGs, only USD 2.5 trillion is being invested every year. This means we need to bridge this USD 1.4 trillion annual gap, and I believe we can do so

by leveraging the capital markets to complement what private-sector resources already do.

When it comes to leveraging the capital market for sustainable development, we must seek to promote capital markets that finance development that meets the need of the present, without compromising the ability of future generations to meet their own needs.

Based on past experiences, we need the primary failure of the capital markets in relation to sustainable development as one of misallocation of capital. In the words of the UN Secretary General, “the world has the resources to deliver, but they are not allocated where they are needed most.”

Studies have confirmed that capital markets were allocating capital in a way that undermines sustainable development. We are approaching the limits to which the amount of land surface can be converted to cropland, and that human processes convert more nitrogen than the combined effects of the Earth’s natural processes. It also confirmed that the marine fisheries, and global forests are being exploited at unsustainable rates of consumption.

Individually, these problems are deeply concerning indicators about the status and stability of our economic development. Collectively, they are profoundly worrying signs that our economy and capital markets are on an unsustainable footing.

What does humanity need from our shared economy? I believe, a resilient, sustainable economy that maximizes quality of life for all, so that people can develop their full potential and lead productive, creative lives within environmental limits it key in sustainable development.

Capital markets are phenomenally important to society. Allocating capital to innovative research and development projects helps to ensure that our economy continually improves the efficiency and effectiveness with which it meets our current and future needs and desires. From this perspective markets provide the foundation upon which we build our culture, values and ambitions.

Yang Dak Pai Dren Pa (or Right Mindfulness)

Leaving No One Behind depends on data. If you can’t count the vulnerable, the very essence of Leaving No One Behind is undermined.

We are fortunate the government are open and aware about the challenges around data. We are also fortunate The National Statistics Bureau has produced an important draft National Statistics strategy – when this is approved, the international community need to actively support the ministries and NSB in its implementation.

We know that Leaving no one behind requires the use of disaggregated data, to allow an in-depth look at trends across different population groups. This disaggregation includes breaking data down by gender and age at the Dzongkhag and Gewog levels. Data based on national averages often misses the opportunities to identify specific challenges that must be addressed if we are to fully implement the 2030 Agenda.

This disaggregation to Gewog level will grow ever more important as government financial disbursements happen at the Dzongkhag and Gewog levels. Bearing this in mind, I decided to be guided by what is called the Gandhi Talisman's which goes like:

Whenever you are in doubt about your work, apply following test. Recall the face of the poorest and weakest woman or man whom you may have seen, and ask yourself, if the step you are considering is going to be of any use to them.

Likewise, many of today's challenges for capital markets firms can be addressed by a structured enterprise data management initiative. Data management has been pushed to the forefront today making accuracy of data important for effective decision making.

Innovative Financing for development

To focus more on sustainability, I think we need to continue to think about innovative financing solutions. Innovation is key to scaling up and broadening the opportunities to leverage the capital markets for development. I encourage you to think about innovation that will enable to secure profit but also engage in developing countries.

Looking forward, we must search for game-changing opportunities to leverage the capital market for sustainable development. This is timely and an important work.

The UN is supporting the government in identifying the best practices in innovative financing to achieve the Sustainable Development Goals and the 12th Five Year Plan.

Innovative finance comprises of initiatives to raise new funding or to optimize the use of traditional funding for development. Innovative finance is not about replacing

or realigning international assistance, but to identify solutions that mobilize new financing for development, more sustainably and more predictability.

It is also about generating a new relationship on development with the private sector and non-state actors. Innovative finance is at the heart of LDC graduation and to take a recent quote of the Prime Minister, to ‘convert donors to trading partners.’ I trust we will do this transition deliberately and strengthen the country’s inherent strengths when it comes to self- reliance.

Closing

The world needs a robust civil society, and every citizen should be a part of it, because there are limits to what can be achieved by government and the private economy alone. By financing development, we invest in the future of our world. Whenever we do something to empower another person or to solve a problem, whether around the corner or thousands of miles away, we strengthen our communities, our common economies, and our shared future.

Please allow me to close with a quote from the UN Secretary General, Antonio Guterres:

“Building the road is the first step towards prosperity. The United Nations system stands ready to travel this road with you in order to achieve the Sustainable Development Goals and to fulfil our promise to leave no one behind.”

Thank you Tashi Delek!