Country Presentation: Bhutan

Achieving Sustainable Graduation

Meeting of the National Focal Points of the LDCs
July 2018
Outline

• Status Update

• Achievements, Challenges & Constraints

• Achieving Sustainable Graduation
  – 12\textsuperscript{th} Five Year Plan: 2018 to 2023

• Enhanced Support Measures
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<tbody>
<tr>
<td>GNI Per Capita</td>
<td>USD 2277 (83.3% above threshold)</td>
<td>USD 2401 (95.2% above threshold)</td>
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<td>Human Asset Indicator</td>
<td>67.9 (2.9% above threshold)</td>
<td>72.9 (10.45% above threshold)</td>
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<td>Economic Vulnerability Indicator</td>
<td>40.2 (25.6% below threshold)</td>
<td>36.3 (13.44% below threshold)</td>
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Achievements, Challenges & Constraints

**Sustained Growth**
- Avg. 7.5% over 3 decades
- 7.99% (2016)
- Single sector dependence
- Limited structural transformation
- Agricultural instability & low productivity
- Youth & female unemployment

**Poverty**
- 23.2% (2007) to 8.2% (2017)
- MPI 25.8% (2007) to 5.8% (2017)
- Disparities at disaggregated levels
- Vulnerable groups

**Domestic resource mobilization**
- 100% current expenditure covered
- 62.1% of total expenditure
- Current expenditure growing
- Dependent on ODA & borrowings for capital expenditure
- Underdeveloped domestic capital markets

**Trade**
- Steady increase in exports
- Changing export composition
- Narrow range of exports
- Export market concentration
- Limited scale and volumes
- High costs
Opportunities

- Potential to reap demographic dividend
  - Median age 26.9 years
  - 68% within productive population age group

- Institutions and enabling policies in place
  - Successful transition to democratic form of governance
    - 3 round of National Parliamentary Elections in August, 2018
  - Focus on Performance & Efficiency
    - G2C services
    - Government Performance Management System

- Ease of Doing Business Ranking
  - Ranked 75th in 2017 from 148th in 2013

- Transparency International Corruption Perception Index
  - 26th least corrupt of 180 countries (2017)
Achieving Sustainable Graduation

Standard Transition Period
2018-2021
Graduate in 2021

12th Five Year Plan (2018-23) - “last plan as an LDC”
• Address last mile challenges in all sectors
• Focus on resilience building through economic diversification

Effective Graduation:
End of 12th Plan-2023

• Bhutan recommended for graduation by CDP in March, 2018
• Found reasonable the request to align the effective graduation date with the end 12th FYP
• Reiterated importance for development partners to support graduating countries with concrete measures to facilitate a smooth transition.
### 12th Five Year Plan National Key Results Areas

|-----------------------------------|-----------------------------------------|-------------------------------------------------|-----------------------------------------------|
Enhanced Support Measures

• Customized to suit different country contexts
• Beyond trade preferences
  – Targeted support for development and utilization of productive capacity
    • Economic diversification strategy and implementation support
  – Technology transfer
    – Develop human capital entrepreneurial capacity
• Specific aid for production and productive sector development
• Macroeconomic modelling and analysis capabilities
• Technical support to enhance domestic managerial and institutional capacities
  – Develop Green Investment Projects
  – Access international development financing mechanisms
• Assist in development of domestic capital market
Thank You For Your Attention