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Gross National Happiness Commission

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
 - 12th Five Year Plan: 2018 to 2023
- Enhanced Support Measures



LDC Graduation: Status Update

Criteria	1 st Triennial Review (2015)	2 nd Triennial Review (March, 2018)
GNI Per Capita	USD 2277 (83.3% above threshold)	USD 2401 (95.2% above threshold)
Human Asset Indicator	67.9 (2.9% above threshold)	72.9 (10.45% above threshold)
Economic Vulnerability Indicator	40.2 (25.6% below threshold)	36.3 (13.44% below threshold)



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

1. Macroeconomic Stability Ensured	5. Healthy Ecosystem Services Maintained	9. Infrastructure, Communication and Public Service Delivery Improved	13. Democracy and Decentralization Strengthened
2. Economic Diversity and Productivity Enhanced	6. Carbon Neutral, Climate and Disaster Resilient Development Enhanced	10. Gender Equality Promoted, Women and Girls Empowered	14. Healthy and Caring Society Enhanced
3. Poverty Eradicated & Inequality Reduced	7. Quality of Education and Skills Improved	11. Productive & Gainful Employment Created	15. Livability, Safety and Sustainability of Human Settlements Improved
4. Culture & Traditions Preserved & Promoted	8. Water, Food and Nutrition Security Ensured	12. Corruption Reduced	16. Justice Services and Institutions Strengthened



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





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Thank You For Your Attention