Bhutan’s LDC Graduation: Smooth Transition Strategy

Royal Government of Bhutan
2023
Timeline of Bhutan’s Graduation

- Met graduation criteria at CDP’s triennial Review (2015)
- Graduation assessment by UN-DESA (2015-2018)
- Met criteria for second consecutive time (2018)
- UN General Assembly Resolution- A/RES/73/133
- CDP Recommendation (2018)
- Preparatory Period (2018-2023)
- Transition Period
- Monitoring by CDP for three consecutive years and then at two triennial reviews
# Bhutan’s Performance in the CDP Triennial Reviews

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Graduation Threshold</th>
<th>Bhutan’s Performance</th>
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<tbody>
<tr>
<td>GNI Per Capita (Income only criteria=twice the threshold)</td>
<td>≥ USD 1,242 (2015) ≥ USD 1230 (2018) ≥ USD 1222</td>
<td>1&lt;sup&gt;st&lt;/sup&gt; Triennial Review: USD 2277 (83.3% above threshold) 2&lt;sup&gt;nd&lt;/sup&gt; Triennial Review: USD 2401 (95.2% above threshold) 3&lt;sup&gt;rd&lt;/sup&gt; Triennial Review: USD 2982 (144% above threshold)</td>
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<tr>
<td>Human Asset Indicator</td>
<td>≥ 66</td>
<td>67.9 (2.9% above threshold) 72.9 (10.45% above threshold) 79.5 (20.45% above threshold)</td>
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<tr>
<td>Economic and Environmental Vulnerability Indicator</td>
<td>≤ 32</td>
<td>40.2 (25.6% below threshold) 36.3 (13.44% below threshold) 25.7 (19.68% above threshold)</td>
</tr>
</tbody>
</table>

Source: Committee for Development Policy, United Nations
Benefits enjoyed as an LDC

1. Trade
- Preferential market access for goods (DFQF & EU’s EBA Scheme)
- Special & Differential Treatment Provisions and flexibilities under WTO
- Special Treatment under regional agreements
- Trade related Technical Assistance and capacity building

2. Development Cooperation
- Commitments in bilateral official development assistance flow to LDC
- Mechanisms dedicated primarily to LDCs and recent graduates
- Scholarships and other forms of financial support for education and research

3. Support for participation in the United Nations and other international forum
- Contributions
- Travel Support
- Capacity building for participation in negotiations
## After Graduation

<table>
<thead>
<tr>
<th>No Impact</th>
<th>Minimal Impact</th>
<th>Major Impact</th>
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<tbody>
<tr>
<td>Development assistance from major bilateral partners</td>
<td>Continue to have access to funds from the GEF and the GCF, but it will be excluded from the priority group of the GCF. Contribution to international and regional organizations</td>
<td>Lose access to DFQF scheme from developed and developing countries.</td>
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<tr>
<td>Financial and technical support provided by the Multilateral Development Banks (Asian Development Bank, World Bank) which are main multilateral funding sources for Bhutan will not be affected by graduation.</td>
<td></td>
<td>Not eligible for EBA scheme for Trade with EU</td>
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<tr>
<td>Trade with major bilateral partners will not be affected given bilateral/regional trade agreements.</td>
<td></td>
<td>Potential increase in tariff expected for dairy products, vegetables and fruits in the EU, Japan, Thailand, etc.</td>
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<td></td>
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<td>Not eligible for Priority support extended by international organizations to attend meetings/conferences/forums</td>
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Smooth Transition Strategy

- Bhutan’s Thirteenth Five Year Plan will serve as the Smooth Transition Strategy
- The budget for the implementation of STS will be integrated into the national plan
- Comprehensive national consultations underway
- Aligned with the transformation measures in the country
- Monitoring Mechanism: As mandated by CDP, the country will submit a national report for three consecutive years after graduation and then at the next two triennial reviews
- Expedite concluding negotiations on Bilateral/Regional trade agreements; Resume works on WTO Accession while still a LDC.
- Leverage on the LDC-associated benefits that will still be extended for a period of 3-5 years
Salient Features of 13th Five Year Plan/ STS

- Aimed towards becoming a High income country driven by innovation and sustainability
- Efforts towards people centric governance
- Aspires to improve health and well being of people
- Drive active engagement of citizens at all levels
- Good Governance at the core of plan
- Plan to be dynamic and cascaded till the grassroots
1. Business ecosystem improved
2. Private investment and FDI enhanced
3. Innovative and technology driven economy accelerated
4. Diversified products, enhanced production and productivity of key sectors
5. Ecological services utilized and climate resilience strengthened
6. Export and market access enhanced

Consistent and uniform application of law and policies (rule of law)
Citizens are more actively engaged in development at all levels
More transparency and accountability in governance systems
More efficient and effective public sector and services
More robust management of the economy
Bhutanese citizens enjoy improved health and wellbeing.

More Bhutanese are equitably accessing and benefiting from quality and wholesome education and lifelong learning.

A shock-responsive, inclusive and comprehensive social protection system is established and available for all in need.

1. Effective and efficient border management
2. Air, surface and internet connectivity enhanced
3. Law and order and safety maintained
4. Infrastructure is more disaster resilient, environmentally friendly and protected
5. Enhancing disaster risk governance and institutional capacity
6. Communities are prepared and resilient to disaster
Thank you