



# Bhutan Economy Overview and the EIF Initiatives

NIU, Department of Trade  
Ministry of Economic Affairs  
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# Outline of the Presentation

- Overview of the Economy
- EIF Process
- Challenges
- The Way Forward

# Overview of the Economy

- **Average GDP growth:** 8% per annum (2006-2013)
- **GDP (at current prices):** Nu 119.5 billion (2015/16)
- **Real GDP growth:** 5.17% (2015/16)
- **Per Capita Income:** Nu 176,963 (2015/16)
- **Average Inflation rate :** 3.3% (March 2016)
- **Foreign Reserves:** US\$ 1.01 billion (May, 2016)
- **External Debt:** Nu.155.9 billion (June, 2016)
- **HDI Index 2013:** 0.605 (medium human development)

*Source: RMA Annual report 2015 and NSB Socio-Economic Indicators, June 2016*

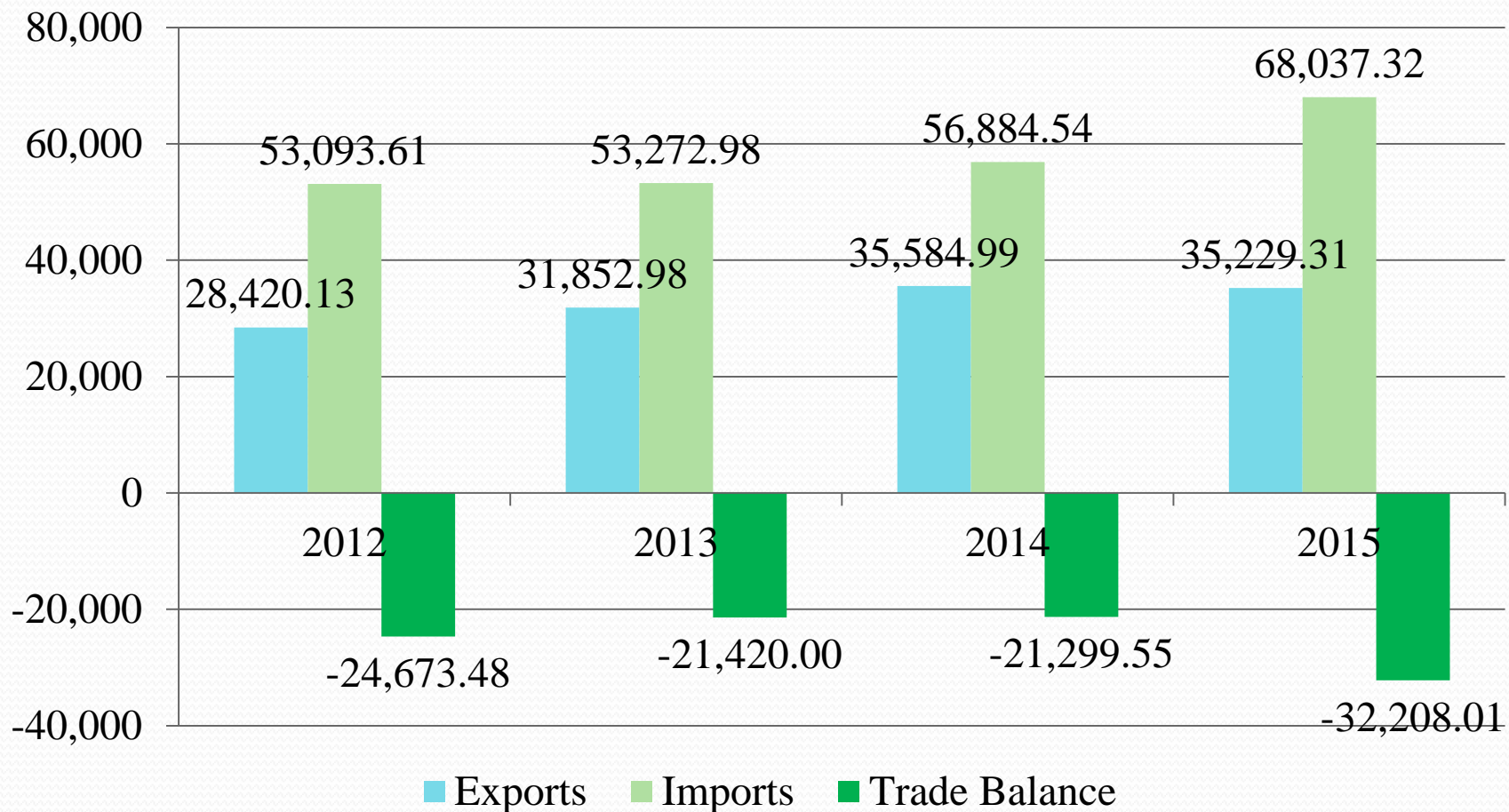
# Overview of the Economy

## **Main drivers of growth:**

- ❑ Hydropower
- ❑ Tourism
- ❑ Donor Assistance

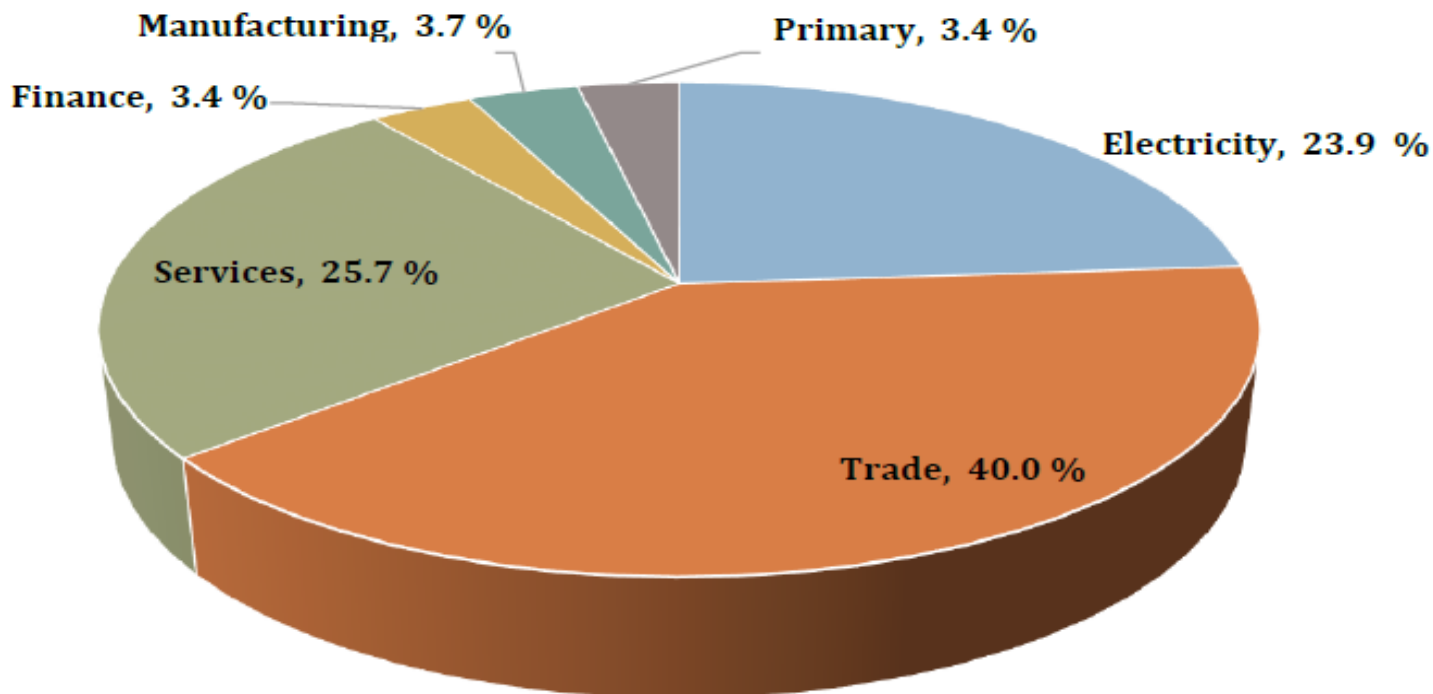


## Balance of Trade (In Million Nu.)



# Revenue by Sector 2014/2015

**Fig. 8: Composition of Sectoral Revenue**

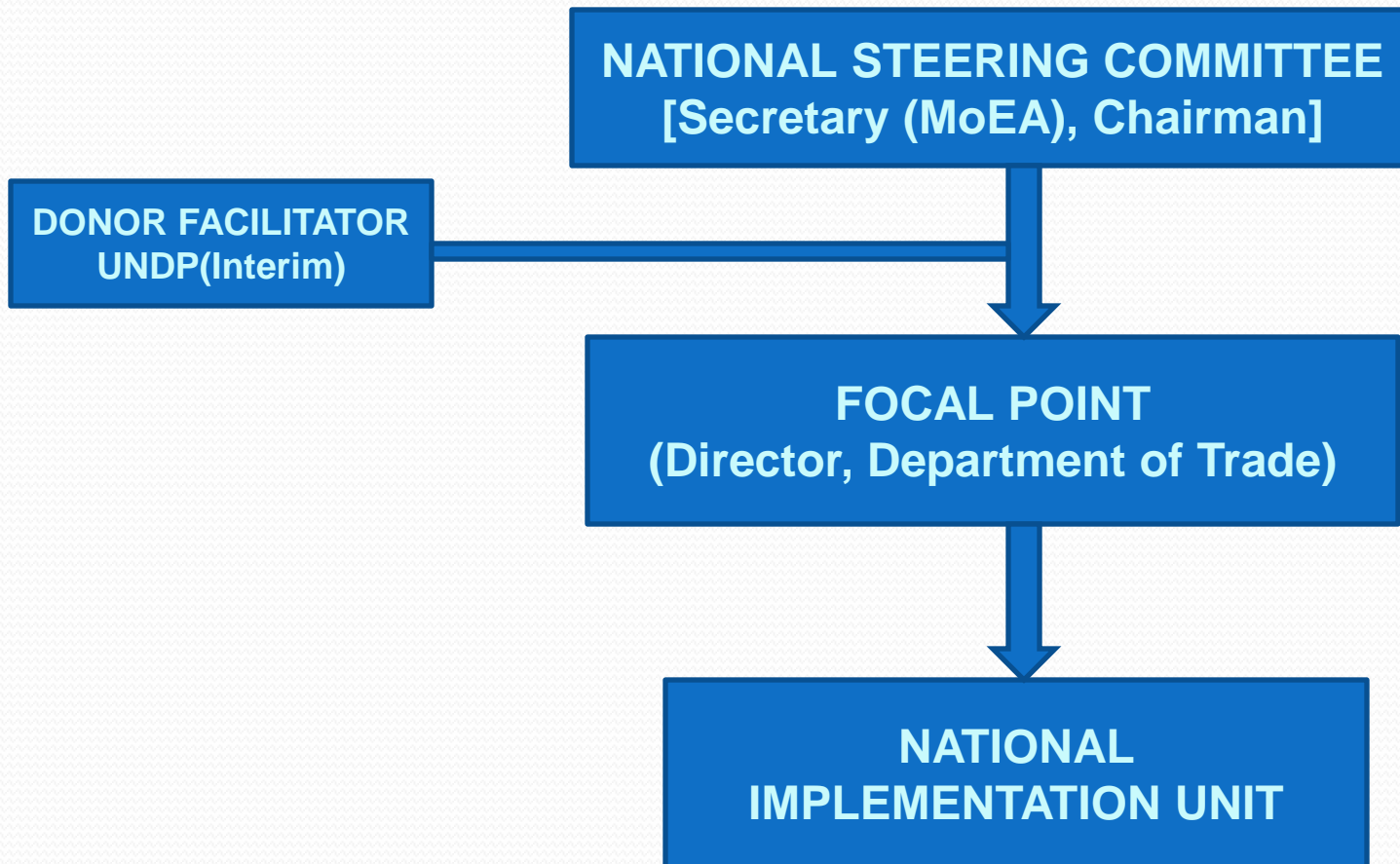


**Total National Revenue in 2014/2015- Nu. 25,665.773 million, covers 100% of recurrent expenditure and around 40% of capital expenditure**

# EIF Tier 1 Project Summary

<b>Title:</b>	<b><i>Strengthening institutional and human capacity for trade Promotion and Development</i></b>
<b>Objective:</b>	To build a strong institutional and human capacity which ultimately contribute to the realization of Bhutan's trade development agenda
<b>Project Cost:</b>	USD 1.13 Million (EIF Trust Fund: 900,000.00 + RGoB: 229,680.00)
<b>Project Duration :</b>	Three Years & subject to extension for two more years January 2013-May 2017
<b>Implementing Agency</b>	National Implementation Unit, Department of Trade
<b>Target Beneficiary</b>	Department of Trade/RTIOs Sectoral Agencies Private Sectors

# National Institutional Structure





# Main Activities

- Capacity development for Department of Trade & Sectoral Agencies;
- Development of legal and institutional frameworks;
- Enhancement of private sector participation in trade initiatives;
- Trade mainstreaming initiatives at policy and institutional level;
- Setting-up and strengthening of necessary structure for implementation of TRTAs; and
- Sensitization on the benefits of trade and EIF.

# Sustainability & Leveraging

- National Implementation Unit established under department of Trade, Ministry of Economic Affairs;
- Department of Trade is responsible for national trade policy consultation/coordination - trade facilitation and trade negotiations and any trade related issues;
- NSC members includes representatives from government ministries and private sectors;
- Capacity building activities are carried out for relevant sectors for strengthening Human and Institutional Capacity;
- Department liaise with GNHC (focal for development cooperation agency) for resource leveraging during the round table meeting/donor coordination meeting;

# Sustainability & Leveraging contd.

- Activities identified in the DTIS are being incorporated in the national development plan and sector plans;
- NIU Officials are regular government employees who would be working in the ministry after the exit of the project;
- Projects implemented or identified under EIF will be continued beyond project term through regular budgetary support from the government; and
- The knowledge acquired from the project is utilized and retained in the relevant sectors after completion of the project.

# Challenges

- Limited Resource - Economic Growth largely financed through external aid resources
- Small domestic market – less investment activities
- Priority of donors to fund the activities identified in the DTIS (ADB, UNDP, WB etc.)
- Ambiguity of ownership in taking forward the activities (several sectors involved).

# Way Forward

- Continue with capacity building of relevant sectors to push the trade agenda.
- Heightened coordination among stakeholders and developing partners.
- Implementation of First Tier 2 project.



A scenic view of a village with terraced rice fields and traditional houses, overlaid with a teal wavy graphic at the top. The text "THANK YOU!" is centered in the middle of the image.

**THANK YOU!**