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Gross National Happiness Commission

Country Presentation: Bhutan

Priority 5: Structural Economic Transformation

Expert Group Meeting on VPoA Midterm Review
Almaty, Kazakhstan
September 2018

Outline

- Achievements in Priority Area 5
- Key Interventions
- Challenges and Constraints
- Enhanced Support Measures



Achievements in Priority Area 5

Sustained Growth

- Average growth rate of 5.59% over the period 2013 (2.14%) to 2016 (7.99%)
- GDP per capita increased from USD 2,464 in 2013 to USD 2,879 in 2016

Poverty

- Income Poverty has been reduced from 12% in 2012 to 8.2% in 2017
- Multidimensional poverty has been more than halved to 5.8% in 2017 from 12.7% in 2012

Five Jewels

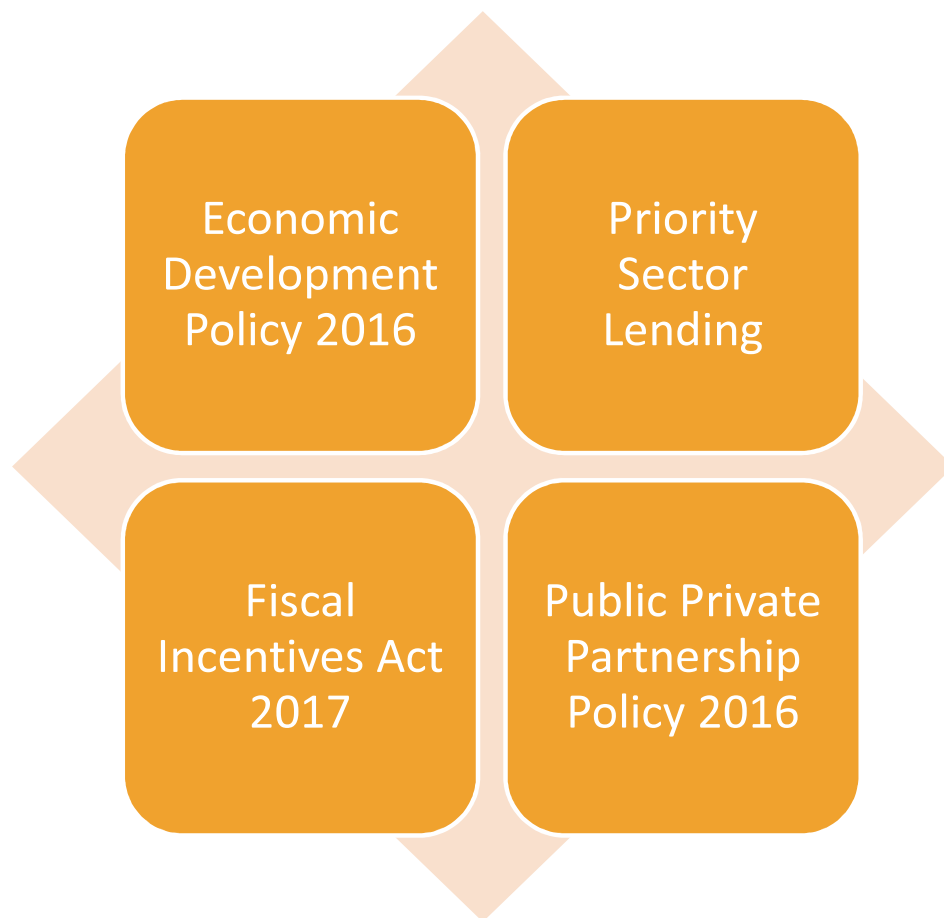
- Hydropower
- Cottage and Small Industries
- Mining
- Tourism
- Agriculture

Trade

- Steady increase in exports
- Changing export composition



Key Interventions



Other Policy Initiatives:

- Public Debt Policy adopted in 2016
- Foreign Direct Investment Policy revised in 2016
- Established an Economic Stabilization Fund



Challenges and Constraints

Major Challenges

- Increasing youth unemployment
- GDP: Single sector driven
- Absence of real economic transformation

Trade Related Challenges

- Narrow range of exports
- Export market concentration
- High costs of trade

Agriculture Instability

- Subsistence farming
- Low returns and low productivity
- Human wildlife conflict
- Impact of climate change



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

- The Comprehensive High-Level Midterm Review (MTR) of the VPoA should accord emphasis and support to ensure smooth and sustainable graduation from the list of LDCs.
- Beyond trade preferences
 - Targeted support for development and utilization of productive capacity
 - Economic diversification strategy and implementation support
 - Technology transfer especially in R&D
 - Develop human capital entrepreneurial capacity
- Support in attracting and retaining FDI
- Support to establish a preferential market access scheme specifically for exports
- Specific aid for production and productive sector development
- Macroeconomic modeling and analysis capabilities
- Technical support to enhance domestic managerial and institutional capacities
 - Develop Green Investment Projects
 - Access international development financing mechanisms (in the areas of green climate funds)



Thank You For Your Attention