



Bhutan: socio-economic development experiences

Ms. Rinchen Lhazom
Dy.Chief Trade Officer,
Department of Trade, MoEA
Bhutan

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Presentation Outline



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- Brief Overview of the economy of Bhutan
- Bhutan and its progress in achieving MDGs
- Challenges in meeting MDGs
- Way Forward
- Conclusion



Brief overview of the economy of Bhutan



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- ❑ Bhutan's real growth rate is 6.73% in 2009 and 11.77 % in 2010.
- ❑ GDP is USD 1,584.90 million and GDP per capita income is USD 2,277.16 (Pop = .696 million).
- ❑ Gross National Income at current price is Nu.65,930.50 million in 2010 as compared to Nu. 49,715.80 m in 2009.
- ❑ Average Inflation rate is estimated as 7.03% in 2010 and 8.86 % in 2011.
- ❑ Purchasing Power is Nu.0.66 in 4th Qtr. 2010 and 0.61 in 4th Qtr. 2011.



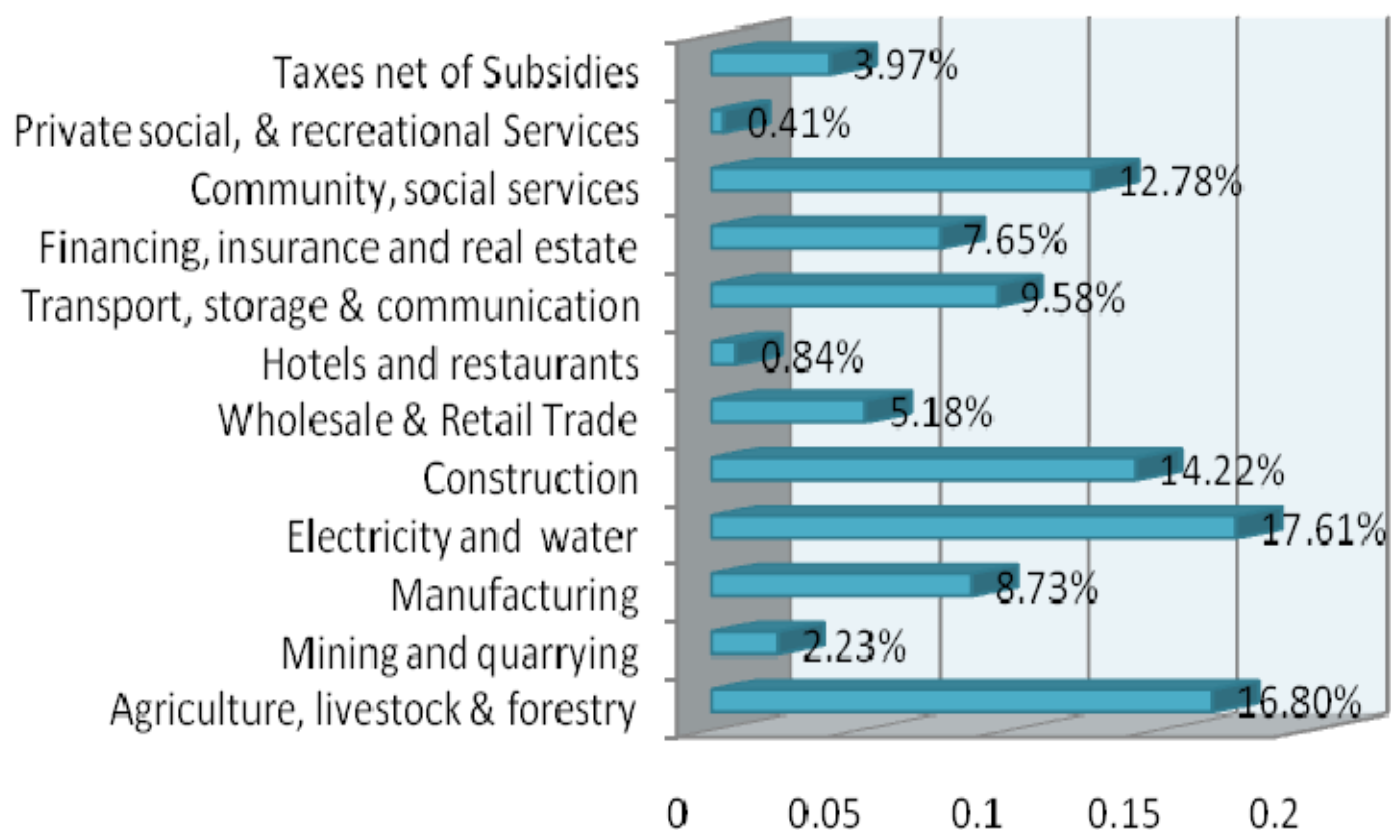
Continuation



- Balance of Trade 2009/2010 is (13,938.2) Mn
- Labour force participation rate is 68.8
- Unemployment rate is 3.3.%
- Services – economic importance
 - Fastest growing sector of Glob eco, valued 3T US\$; reach 50% global trade by 2020
 - 60% global output, 30% of global employment
 - Services attract bulk of investment flows
- Services as % of GDP
 - India 54%, Bangladesh 53%, Nepal 40.%, SL 56%
- Average growth of services
 - India 8%, Bangladesh 6%, Nepal 3%, SL 51%
- For Bhutan
 - Over 40% of GDP, highest foreign exch. earner
 - Dev of services infrastructure vital to the growth of overall economy



Sectoral Contribution to GDP





Economic Vulnerability

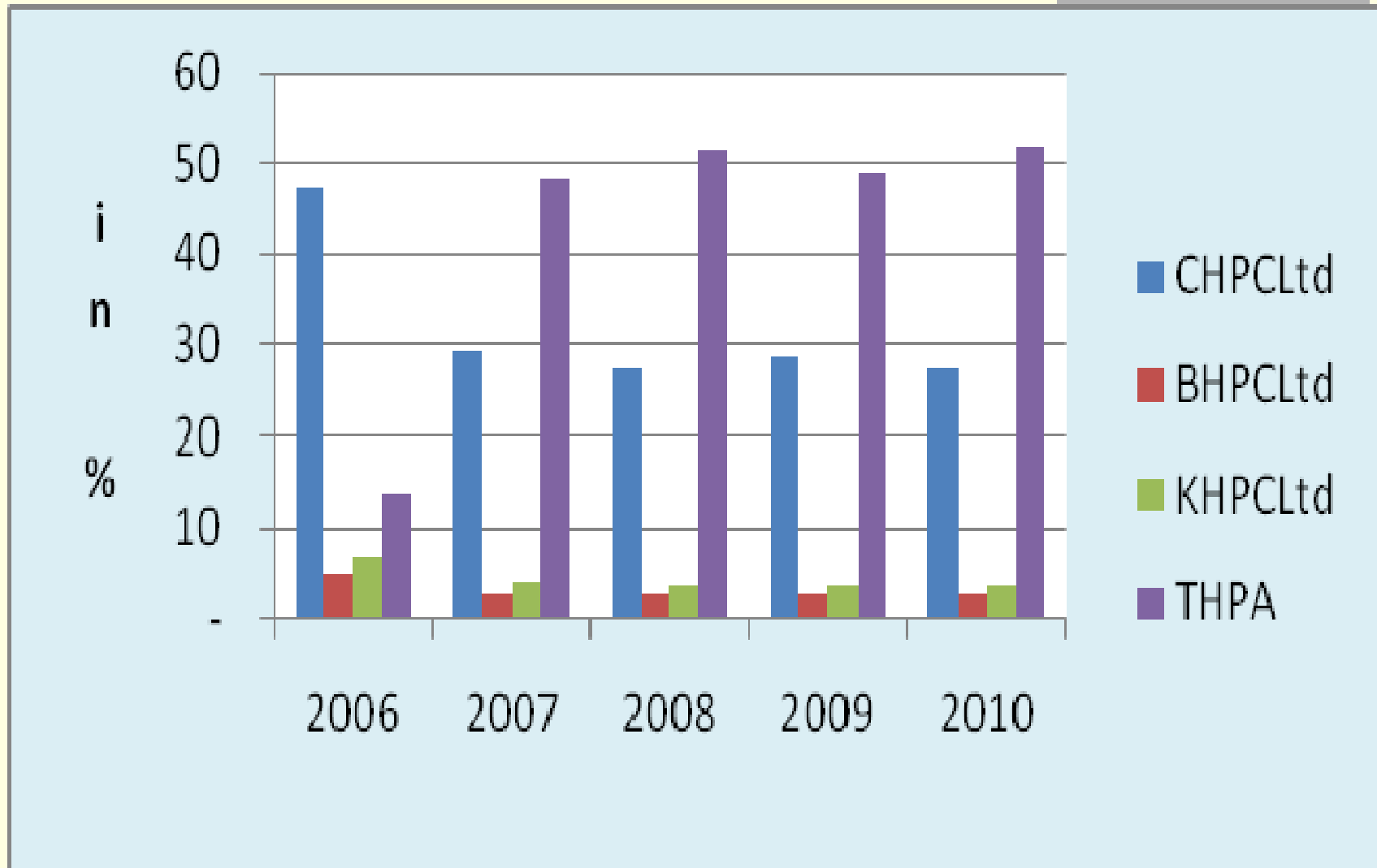


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- Bhutan an LDC due to economic vulnerability and weak human asset base.
- Economic Vulnerability Index (EVI) in 2009 at 52.9%
- Geographical Constraints
- High Development and Trading Cost
- Electricity is the main driver of the economy.
- Electricity Directly determines the overall performance of the economy.



Electricity and Water





Economic Vulnerability



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- Share of electricity to GDP is 17.61% in 2010 (5.51% growth in real terms).
- Still Highly depended on ODA for capital investment.
- Overall balance of payment is negative



Bhutan and its Progress in achieving MDGs



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- Goal 1: Reduce Extreme Poverty and Hunger
(Poverty scaled down from 36.3% in 2000 to 23.2% in 2007)
- Tenth Plan MTR indicates high likelihood of reducing poverty to 15 % by 2013.
- Reasons for successful scaling back of Poverty –
- Growth, pro poor expenditures and effective redistributive policies.



Growth Issues



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- Relatively weaker growth in sectors important for livelihood of the poor (Agriculture)
- Rural Accessibility still a major constraints
- Increase in food poverty from 3.8 % to 5.9% in 2007
- Multidimensional poverty index (MPI) calculated on basis of Bhutan specific indicators and appropriate weights (1010) indicates 25.8% of Bhutanese are deemed to be MDI poor and deprived in at-least four (Electricity, Cooking fuel, schooling 5 yrs and access to improved sanitation of the 13 indicators .



Major Challenge: Meeting MDGs with greater Equity



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- National level progress on MDG Targets often mask significant disparities & gaps at local level
- High dependence on external aid
- Increasing public debt
- Growing fiscal deficit
- Limited exports and markets



Goal 2: Achieve universal Primary Education



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- On Track - 94 % Net Primary Enrollment & 93.6 % primary school Completion Rate
- Concerns:
- Out of school Children
- Quality of Education
- Withdrawal of School feeding programmes



Other Challenges



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- Other challenges include:
- Capacity Issues;
- Women Empowerment and
- Resource Needs



Goal 3: Promote Gender Equality and Empowering Women



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- Complete Gender parity in Primary and Secondary Education
- 102 girls for 100 boys in Primary schools
- 103.5 girls for 100 boys in Secondary schools
- Concerns:
 - Gender imbalance at Tertiary education (60.8 to 100)
 - low level of female representation in national parliament (13.8%) and local government (7%).



Goal 4: Reduce Child Mortality



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- On Track - with 48 % reduction in IMR to 47 per 1000 live births from 91 per 100 live births
- On Track with a 53% reduction in Under -5 MR to 69 per 1,00 live births from 148 per 100 live births
- While MDGs are on track Tenth Plan Targets would be highly challenging



Goal 6: Combat HIV/AIDS, Malaria and other Diseases



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- Success roll back of malaria and TB incidence
- HIV/AIDS prevalence low but high risk factors are rising
infection trends



Way Forward



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- Enhancing Productivity Capacity
- Continued Donor Support
- Investment Promotion
- Export diversification through value addition
- Development oriented Trade Liberalization
- Promoting SMEs
- Tapping available natural resources
- Development of industrial infrastructures



Conclusion



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- Not far from achieving MDGs
- Accelerated hydropower initiatives
(Potential -30,000 MW ; Developed -1488MW = 5%;
10 Projects totaling 11470MW -3 under construction
- ODA inflows will still continue to be vital.



TASHI DELEK



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THANK YOU
for your kind attention