

## Bhutan's Main Message for Voluntary National Review 2018

1. Guided by the development philosophy of Gross National Happiness, Bhutan is committed to realizing the 2030 Agenda for Sustainable Development. Bhutan will graduate from the Least Developed Country category on completion of its 12<sup>th</sup> Five Year Plan period (2018-2023). The 12<sup>th</sup> Plan will be Bhutan's transition plan to non-LDC status during which concerted national efforts will continue towards implementing the Sustainable Development Goals (SDGs).
2. Bhutan is well on track in implementing the SDGs. Having made great progress in its socio-economic development, the incidences of income poverty reduced from 23.2 per cent in 2007 to 8.2 in 2017, while multidimensional poverty fell from 12.7 per cent in 2012 to 5.8 in 2017 respectively. Income inequality, on average, has remained at a minimal level; and the economy has grown at an average of 7.5 per cent along with structural changes. The share of the industry to total GDP has increased to 41.5 per cent in 2016 from 11.5 per cent in 1980, and service sector contributed about 42 per cent to the total GDP. Bhutan's population today is increasingly urbanized, young, and educated with half the population below 28 years; and unemployment under 2.5 per cent.
3. Despite the progress made, Bhutan is confronted with the following challenges in its development efforts:
  - a. In ensuring that no one is left behind, Bhutan faces last mile challenges. In the 12<sup>th</sup> FYP, Bhutan aims to eradicate poverty, reduce inequality and address the needs of vulnerable groups. It endeavours to reduce income and multidimensional poverty to less than 5 per cent. The Gini coefficient increased slightly to 0.38 in 2017 from 0.36 in 2012, indicating a need to assess existing policies and programmes. Further, addressing the needs of vulnerable groups through targeted interventions is a priority. Promoting gender equality and empowering women and girls has been identified as one of the sixteen national key result areas. Fourteen different vulnerable groups have been identified through a Vulnerability Baseline Assessment. Bhutan is currently in the process of drafting the National Disability Policy and National Gender Equality Policy.
  - b. Enhancing productive capacity to develop economic resilience is vital to sustainable graduation and achieving the SDGs. While the economy has grown steadily over the years, hydropower remains to be the major contributor to the economy and efforts to optimally tap the potential of this resource continues. Bhutan aims to diversify investments into tourism, organic agriculture, mining, and cottage and small industries, with the objective to increase the share of national revenue from non-hydro sectors to over 75 per cent and attract approximately Nu. 10 billion (\$150 m) in FDIs. Although the overall unemployment is low, youth unemployment remains high at 11 per cent. Initiatives will be undertaken to establish '*entrepreneurship ecosystem*' so as to provide a platform

for innovation to generate green jobs through the participation of corporate and private sectors.

- c. Bhutan aims to further develop its human capital and needs to take advantage of its demographic dividend. While tremendous progress has been made in education with near 100 percent school enrolment, initiatives to improve the quality of education including learning outcomes, inculcate innovative and creative mindset, and enhancing employability will be undertaken.
  - d. Sustainable graduation and effective implementation of the Agenda 2030 are contingent on the availability of adequate and timely resources. This necessitates a Financing Needs Assessment to develop a resource mobilization strategy for the effective implementation of the SDGs. Bhutan will explore both domestic and external financing mechanisms. Measures to increase domestic revenues through expansion of tax base and improvement in revenue collection systems will be pursued. Given Bhutan's effective implementation of ODA and its relations with international development partners, Bhutan will further explore innovative financing opportunities with multilateral and bilateral partners. FDI and PPP will be key financing measures; and efforts to improve the ease of doing business are ongoing. In view of Bhutan's commitment to conservation, international green financing opportunities will also be explored.
4. Bhutan looks forward to receiving the support of the international community to ensure the hard earned developmental gains are not derailed by the perils of climate change and natural disaster; and that the institutional capacity including human resources are in place.