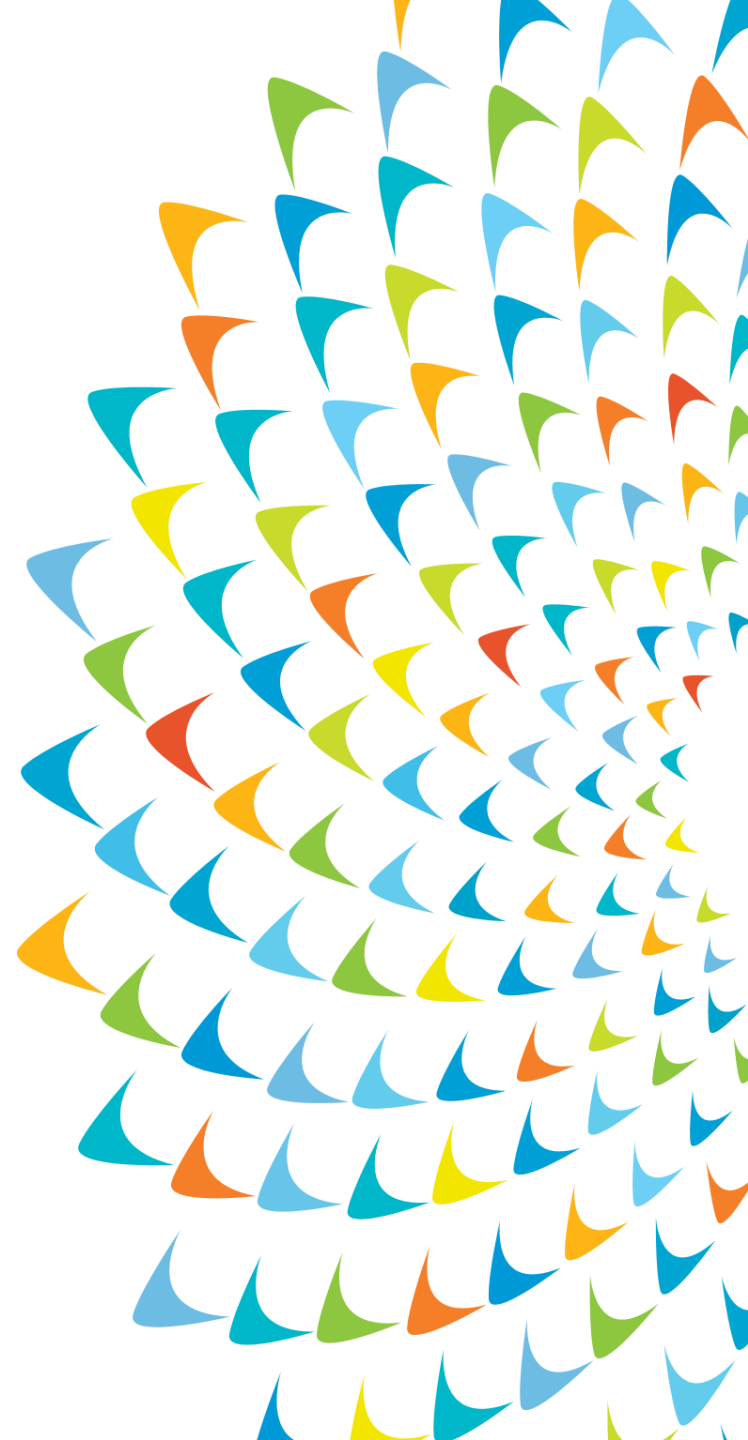




Bhutan's Development Pathway during Economic Transition: Implication for ADB's Assistance

**Development Partner Group Meeting
23 October 2018
Thimphu**





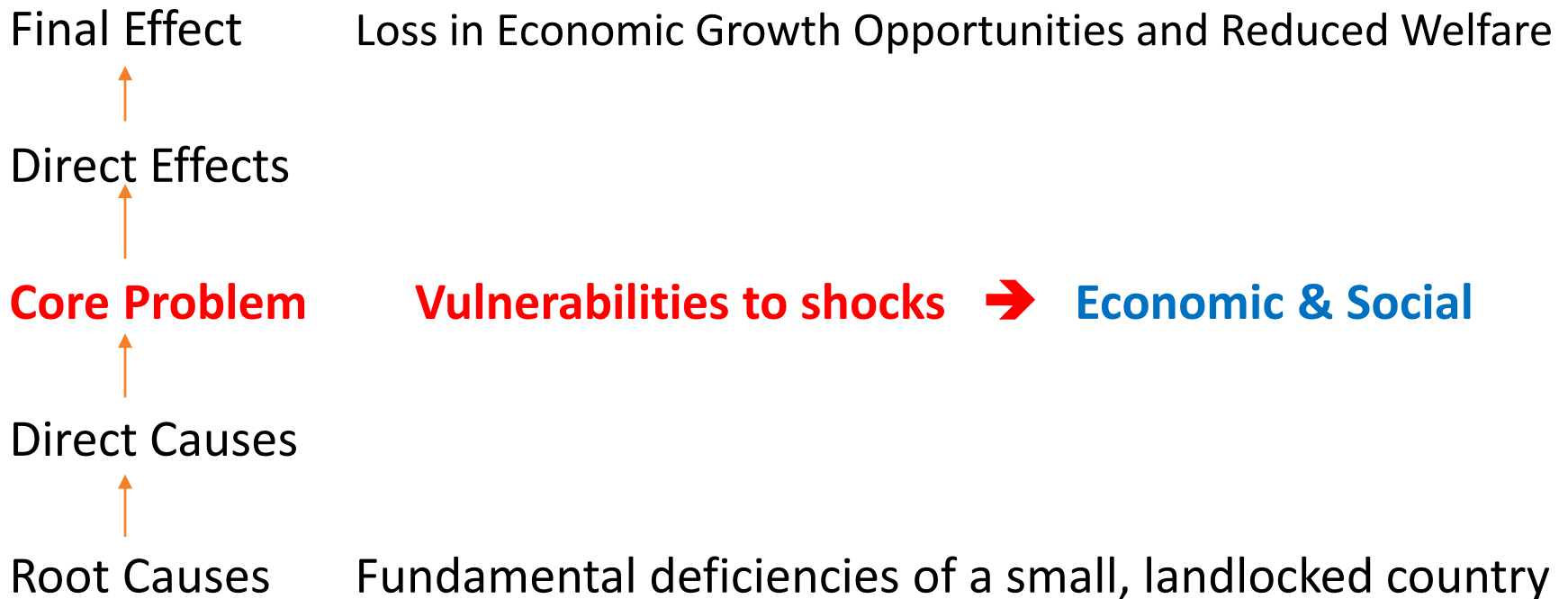
Progress and Achievements

Economic and Social Development

- Strong economic growth over the last five years
- Current account deficit and external public debt on declining trends
- Close to eliminating extreme poverty
- Significant progress in all key areas of human development



Problem Tree Analysis





Economic Transition from LDC to MIC: **Challenges**

- Access to grants
- Insufficient and volatile revenue inflows
- Private sector participation
- Infrastructure shortage, poor connectivity
- High cost of production and low degree of competitiveness
- Imbalanced external trade
- Education system not aligned with market needs



Going Forward

- 1. Enabling Economic Transformation**
- 2. Removing Disparities**



1. Enabling Economic Transformation

- Increase private sector participation
 - Promote MSMEs, Access to Finance, Enabling policy and regulatory environment
- Diversify economic base
 - Tourism, high-value agribusiness, ICT
- Further develop finance sector
 - Broaden and deepen financial market



2. Removing Disparities

- Labor market disparities
 - Youth unemployment, female labor participation, skills mismatch
- Quality and capacity of urban infrastructure and services
 - Building livable cities
- Balanced regional development
 - Connectivity, asset management, logistics



Shaping ADB's Program

CPS 2019–2023 will rest on 3 priorities

- Support economic transformation
- Promote connectivity (infrastructure and IT)
- Foster equitable socioeconomic development

Cross-cutting themes:

Sustainable Environment, Governance, Gender Equality, Regional Connectivity, and Innovation and knowledge



Thank you.

