

# Towards a Smooth Transition Strategy for **Bhutan**







## Towards a Smooth Transition Strategy for **Bhutan**





### © 2022, United Nations

The findings, interpretations and conclusions expressed herein are those of the author(s) and do not necessarily reflect the views of the United Nations or its officials or Member States.

The designations employed and the presentation of material on any map in this work do not imply the expression of any opinion whatsoever on the part of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

Photocopies and reproductions of excerpts are allowed with proper credits.

This publication has not been formally edited.

Prepared by the UNCTAD Secretariat

January 2022

UNCTAD/ALDC/2021/5

elSBN: 978-92-1-001323-9

## Contents

| ١.  | introduc   | uon   | 1  |  |  |  |
|-----|--|---|----|--|--|--|
| 2.  | Background to LDC Graduation                                       |   |    |  |  |  |
| 3.  | Develop  | ment Trajectory   | 3  |  |  |  |
| 4.  | Implicat   | ons of Graduating and loss of ISMs                                      | 12 |  |  |  |
|     |  | de and development  |    |  |  |  |
|     |  | velopment cooperation   |    |  |  |  |
|     |  | ntributions to the UN System and Travel Assistance                      |    |  |  |  |
|     |  | duation, vulnerabilities and building resilience                        |    |  |  |  |
| 5.  | Planning for a smooth transition and adjustment to post-graduation |   |    |  |  |  |
|     | _  | bilising the macroeconomic environment                                  |    |  |  |  |
|     |  | panding trade   |    |  |  |  |
|     | 5.3 Enh  | nancing productive capacities and economic diversification              | 20 |  |  |  |
|     | 5.4 Pro  | duct space and potential for diversification                            | 21 |  |  |  |
|     | 5.5 Mai  | ntaining sustainable levels of debt                                     | 23 |  |  |  |
|     | 5.6 Fos  | tering technological advancement and enhanced human capital development | 23 |  |  |  |
|     | 5.7 Miti   | gating vulnerability and building resilience                            | 24 |  |  |  |
| 6.  | Conclusi   | on and recommendations  | 25 |  |  |  |
| Ref | erences  |   | 27 |  |  |  |
| An  | nex  |   |    |  |  |  |
|     | Summary  | Table — Guidance on priority elements of a smooth transition strategy   | 29 |  |  |  |
|     |  |   |    |  |  |  |

## **Figures** Figure 1 Figure 2 Productive capacity index for Bhutan and related benchmarks ......9 Figure 3 Components of the Productive Capacity Index for Bhutan and related benchmarks, 2018......9 Figure 4 Figure 5 Bhutan exports' diversification frontier, product complexity and relatedness, 2019 .......22 Figure 6 **Tables** Table 2 Bhutan's top 5 exports......5 Table 1 Main sources of development finance in 2018......5 Table 3 Bhutan's Top 10 Export Markets .......6 Table 4 Table 5 Table 6 Table 7 Trends in external fiscal support.......19 **Boxes**



https://www.yunbaogao.cn/report/index/report?reportId=5\_8485

