

Statement by Andreas Bauer, Senior Resident Representative, International Monetary Fund
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In the context of the recently concluded 11th 5-year plan, Bhutan has made significant further strides in raising per capita income, reducing poverty, and improving more broadly the well-being of its population. These achievements were supported by a generally stable macroeconomic environment, characterized by low inflation and sustained growth, which in turn reflected prudent policies.

Looking ahead, sustaining and further expanding the progress made in terms of incomes and human development will be the key challenge for Bhutan as the country graduates from the Least Developed Country (LDC) category.

The International Monetary Fund (IMF) has been a close partner in Bhutan's development efforts since the country became a member in 1981. Our institution's engagement with Bhutan focuses on two main activities: the provision of policy advice and capacity development.

A comprehensive policy dialogue between the IMF and the Bhutanese authorities takes place every 24 months in the context of the so-called Article IV consultations. In between such consultations, less formal policy discussions take place through field visits.

In the area of capacity development, the IMF offers training for officials and technical assistance through expert missions. The delivery of capacity development to Bhutan has risen considerably with the inauguration in early 2017 of the IMF's South Asia Regional Training and Technical Center (SARTTAC) in New Delhi. In less than two years of operation, SARTTAC has already trained almost 160 officials from the Royal Monetary Authority, Ministry of Finance, National Statistics Bureau, Gross National Happiness Commission, and other agencies, and delivered more than 40 technical assistance missions. With these and other activities conducted by IMF staff from Washington headquarters and other regional training centers, Bhutan has been among the largest recipients of IMF capacity building in per-capita terms.

The IMF is strongly committed to continue working closely with the authorities, supporting implementation of the 12th Five-Year Plan and more broadly Bhutan's sustainable development efforts.

Consistent with the IMF's mandate, our advisory activities will focus largely on policy issues related to the National Key Result Area (NKRA) 1 in the 12th Plan, which aims to create a strong macroeconomic environment by ensuring stable growth, sustainable fiscal deficits, price stability, full employment, and a sound financial system. However, the IMF may also provide policy advice and undertake analytical work in support of other NKRAs such as economic diversification, poverty eradication and reducing inequality, gender equality, and reducing corruption.

In the period ahead, the IMF will maintain its strong engagement in the provision of capacity development, including through SARTTAC. A major project already underway supports the authorities' efforts to strengthen domestic revenue mobilization with equity. For this, the IMF has already deployed a resident revenue advisor who is working closely with the Bhutanese project team for the implementation of a broad-based goods and services tax. The project, which spans over two years, further includes a series of short-term expert visits and specialized training for tax administration officials.

Another capacity building area in which the IMF is planning to provide assistance is the strengthening of macroeconomic statistics. Enhancing the availability, frequency, and quality of economic data is essential to enable improved policy-making. The IMF's focus in these areas will be on enhancing balance of payments and government finance statistics, national accounts, and price statistics.

Training and technical assistance from the IMF is also envisaged in areas such as financial sector supervision and regulation; public financial management, including budget execution/control and the management of fiscal risks; and monetary policy implementation and other central bank operations.

The IMF looks forward to continued close and fruitful collaboration with the Bhutanese authorities and other development partners.