eReadiness Survey
Bhutan

Department of Trade
Ministry of Economic Affairs
Bhutan
Presentation Outline

- Background
- EIF in Bhutan
- Bhutan eReadiness Survey - findings
- Way forward
- Conclusion
Background

- Landlocked Least Developed Country
- Small economy - GDP is USD 2.2 billion
- One of the fastest growing economy - GDP growth of 7.99% (2016)
- Bilateral Trade Arrangements with India, Bangladesh, Thailand
- Nearest seaport – Kolkata, West Bengal, India (708 KM)
- Member of SAFTA and BIMSTEC; Observer of the WTO
- Major Trading partners-India (83%), Bangladesh (4.13%),
EIF in Bhutan

- **September 2009**: Bhutan became a beneficiary

- **January 2014 – September 2017** – **Tier 1** - (Strengthening Institutional and Human Capacity for Trade Promotion and Development) - Phase 1

- **October 2017 – September 2019** – **Tier 1 Phase 2**

- **E4T** – Tier 2 Project launched in August 2017 (three years)
E-Commerce in Bhutan

- Bhutan – a latecomer in the IT sector.
- Television and Internet Services introduced - 1999
- % of population availing Mobile services – 88.5% (2016)
- % of population with access to internet services – 73.6% (2016)
- Online shopping gaining popularity
Bhutan
Rapid eTrade Readiness Assessment
E-commerce assessments

- Undertaken by UNCTAD under its eTrade for All initiative with EIF as a core partner.

- Help least developing countries to take stock of ICT capabilities and opportunities and formulate a strategy to overcome bottlenecks for the growth of etrade.

- Focusses on examining seven key policy areas that are most relevant for e-commerce. Within each area critical ereadiness gaps are being identified.

- Address through collaborative public and private partnerships.
Features of Etrade Readiness assessment

- Demand driven assessment (based on request)
- Current ecommerce environment in the country.

- Seven Policy areas:
  1. Ecommerce readiness assessment and strategies formulation.
  2. ICT infrastructure and services;
  3. Logistics and trade facilitation;
Seven policy areas

- 4. Payment solutions;
- 5. Legal and regulatory frameworks;
- 6. E-commerce skills development;
- 7. Access to financing
eTrade Ready Assessment

- Results to serve as a valuable input for development of ecommerce and digital trade
- Complimented RGoB’s efforts to accelerate the implementation of national ICT and eGovernment master plans
- Involved more than 20 institutions (from the public and private sector)
Figure 1. Main bottlenecks for the effective use of e-commerce in Bhutan (number of responses)

Source: UNCTAD
Findings & Recommendations
1. Lack of comprehensive e-commerce strategy

Findings

- Necessary ecommerce laws and regulations non existent
- Fueled by private initiatives and strong ICT policies

Recommendations

- Develop ecommerce strategies, in sync with ITC road map.
2. ITC Infrastructure and Services

Findings

- Good and high accessibility to electricity and internet services.
- Reliability and connectivity is poor, owing to difficult geographical terrain.

Recommendations

- Carry out data center investment attractiveness assessment.
- Promote Bhutan as an FDI destination for ICT, and ITeS providers and investors.
3. Trade Logistics and Trade Facilitation

Findings

- Geographical locations and terrain with dispersed population present logistical challenges.
- Small population, small trade volume make trade expensive.

Recommendations

- Support address localization project to improve better delivery options both within and outside capital city.
4. Payment Solutions

Findings

- Financial literacy rate.
- Financial inclusion activity to be prioritized.

Recommendations

- Develop mobile banking services, e-payment gateways.
- G2B and G2C platforms.
5. Legal and Regulatory Framework

Findings

- No legal framework on ecommerce

Recommendations

- Review compatibility of ITC related regulations in different sectors to ensure that they are in line with expected outputs of ICT master plans and other ICT development strategies.
6. Ecommerce skills development

Findings

- Universities adopting ITC curriculum, IT parks providing useful platform for skill and knowledge start ups
- More focused approach required

Recommendations

- Set up ICT academy to address ICT skill gaps by linking quality and usefulness of university courses and market demand.
## 7. Access to Finance

### Findings

- Finance - a key constraint to private investment and SMS growth in Bhutan. There is no special facility to provide needed finance to fuel ecommerce growth..

### Recommendations

- Develop training programs for preparing business plans and accounting practices to gain access to finance.
Way Forward

- ICT is prioritized as the principal enabler for a knowledge-based society; ICT and e-commerce – “game-changers”.

- RGoB is gearing up for adoption of e-commerce. Formulation of the e-commerce policy included in the E4T project.

- Trade Development Act of Bhutan is in advanced stage which would compliment regulations on e-commerce.
Final Thoughts

- Rapid e-Trade Readiness Assessment has been a very good guide to leverage ICT for development and paving way towards the adoption of e-commerce.

- Complimented RGoB’s efforts to accelerate the implementation of national ICT and eGovernment master plans.

- EIF support - critical for LDCs. Assistance and support required to implement the recommendations.
Thank You &
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