

# **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
- ❑ Area of 38,394 sq. km: Population - 779,666 (2017)
- ❑ 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 e-trade.
- ❑ Focusses on examining seven key policy areas that are most relevant for ecommerce. Within each area critical e-readiness 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. 1. Ecommerce readiness assessment and strategies formulation.
  2. ICT infrastructure and services;
  3. Logistics and trade facilitation;



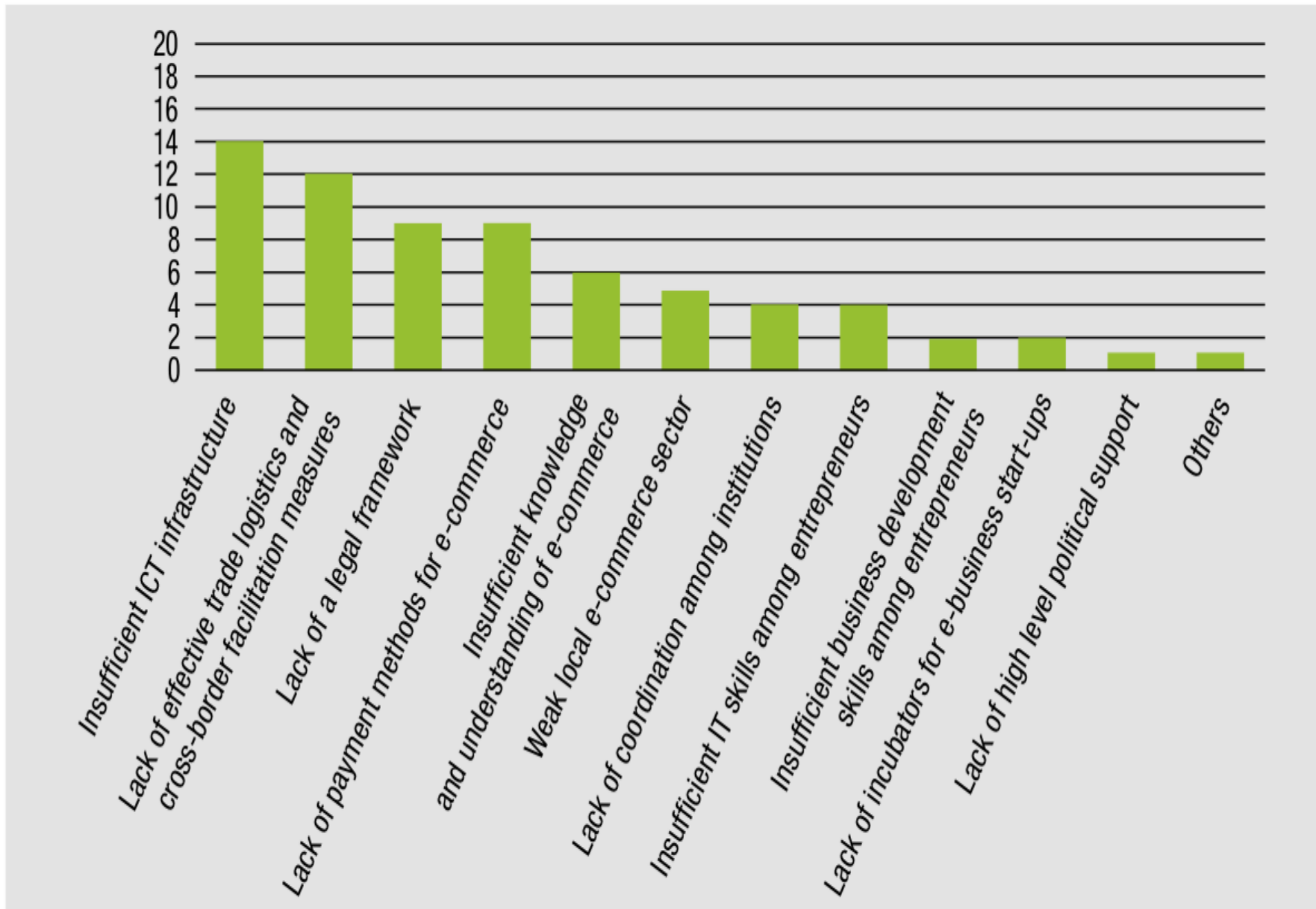
# Seven policy areas

- ☐ 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)



# **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, epayment 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 constraints 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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