

NKRA 1 : Macroeconomic Stability Ensured

Lead Agency: Ministry of Finance

Collaborating Agency: Ministry of Economic Affairs, Ministry of Agriculture and Forest, Royal Monetary Authority of Bhutan, Gross National Happiness Commission, National Statistical Bureau,

AKRAs	Key Performance Indicators	Description	Units	Baseline (Year)	Baseline	Target	Data Collection Methodology	Data Source	Data Collection Frequency	Responsible Agency
1. Economic Growth Sustained	Primary sector growth	This indicator measures the annual growth rate of primary sector. Primary sector comprises of agriculture proper (crops), livestock and forestry as per National Accounts Statistics (NAS).	Percentage	2015	4.6	5	Review of publications	NAS, NSB	Annual	MFCC (- MoAF)
	Secondary sector growth	This indicator measures the annual growth rate of secondary sector. Secondary sector comprises of mining and quarrying, manufacturing, electricity and water, and construction as per NAS.	Percentage	2015	8.1	11	Review of publications	NAS, NSB	Annual	MFCC (MoEA)
	Tertiary sector growth	This indicator measures the annual growth rate of tertiary sector (basically the services sector). Tertiary sector comprises of wholesale, transport, financials, public administration, education, health, private and social services as per NAS.	Percentage	2015	8.3	9	Review of publications	NAS, NSB	Annual	MFCC
	Share of investment to GDP	This indicator measures investment as a percentage of GDP. Investment is defined as gross capital formation of public and private sectors as per NAS. This will also include innovative financing for flagship projects.	Percentage	2015	54	34	Review of publications	NAS, NSB	Annual	MFCC
	Price stability	Price stability means ensuring that the general price level in an economy does not change much over time and that there is no significant degree of inflation or deflation.	Percentage	2016	3.2	<8	Review of publications	Annual Report, RMA	Annual	RMA
	Domestic credit growth rate	Domestic credit comprises of net credit to the government, other public and private sectors. The indicator measured in terms of ratio of growth rates of credit and GDP will signal overheating in economy.	Percentage	2015/16	16.8	<14	Review of publications	Annual Report, RMA	Annual	RMA
	Unemployment rate	This indicator measures unemployment rate in the economy. The target is to ensure full employment rate of 97.5% with the focus to contain youth unemployment rate at 5%.	Percentage	2016	2.5	2.5	Survey	LFS, MoLHR	Annual	MoLHR
2. Fiscal stability ensured	Primary balance in percent of GDP	This indicator measures fiscal sustainability path. Primary balance is the sum of fiscal balance and interest payment.	Percentage	2015/16	0.4	1	Review of Administrative Data	AFS, MoF	Annual	MFCC
	Fiscal deficit in percent of GDP	This indicator measures the fiscal deficit as a percentage of GDP. Fiscal deficit is the net of total domestic revenue (including grants) and total expenditure (current and capital). It indicates the fiscal position of the economy.	Percentage	2015/16	-1.1	3	Review of Administrative Data	AFS, MoF	Annual	MFCC
	Domestic revenue in percent of total expenditure	This indicator measures the coverage of total expenditure (current and capital) by domestic revenue. Domestic revenue includes tax and non-tax revenues.	Percentage	2015/16	62.70	90	Review of Administrative Data	AFS, MoF	Annual	MFCC
	Debt to GDP ratio	This indicator measures the debt stock as a share of GDP (income of the economy) and reveals debt burden on the economy and thereby the ability of the country to pay back the debt.	Ratio	2015/16	112	61	Review of Administrative Data	AFS, MoF/ Quarterly Debt Report, MoF	Annual	MoF
	Non-hydro debt to GDP	This indicator measures the non-hydro debt stock to GDP which shall be maintained within 35% of GDP during a five-year plan period as per the Public Debt Policy 2016.	Percentage	2015/16	29.6	15	Review of Administrative Data	AFS, MoF/ Quarterly Debt Report, MoF	Annual	MoF
	Trade balance in % of GDP	This indicator measures balance of goods and services as a percentage of GDP. Trade balance is defined as the net of export and import of goods and services.	Percentage	2015/16	-25	0	Review of publication	Annual Report, RMA	Annual	MoEA
	Current account balance in % of GDP	This indicator measures Current Account Balance (CAB) as a percentage of GDP. Current account balance is defined as the sum of trade balance, net income from abroad and net current transfers. It is also the difference between nation's savings and investment.	Percentage	2015/16	-29	2	Review of publication	Annual Report, RMA	Annual	MFCC

3. External sector position improved	Months of imports coverage by international reserves	This indicator measures coverage of total imports in months by international reserves.	Months	2015/16	11.1	21	Review of publication	Bhutan Trade Statistics, MoF/Annual Report, RMA	Annual	MFCC
	Months of essential imports coverage by international reserves	This indicator measures coverage of essential import in months by international reserves. Essential imports comprise of (could not find the definition)	Months	2015/16	22	12	Review of publication	Bhutan Trade Statistics, MoF/Annual Report, RMA	Annual	MFCC
	Short term debt service in % of reserve	This indicator measures coverage of short term debt of less than one year by reserves.	Percentage	2015/16	8	10	Review of publication	Annual Report, RMA	Annual	RMA
4. Financial stability ensured	Capital adequacy ratio (CAR)	This indicator measures capital adequacy to cushion the risk weighted asset. Capital adequacy ratio: is a measure of a bank's capital. It is expressed as a percentage of a bank's risk weighted credit exposures.	Ratio	2015/16	12.5	12	Review of publication	Annual Report, RMA	Annual	RMA
	NPL to total loan	This indicator measures the Non Performing Loans (NPL) as a ratio of total loan. A NPL is the sum of borrowed money upon which the debtor has not made the scheduled payments for more than 91 days.	Ratio	2015/16	9.1	5	Review of publication	Annual Report, RMA	Annual	RMA
	Priority sector lending to total loan	This measures distribution of the total loan portfolio for different sectors (priority sector) to ensure financial stability by spreading the risks.	Ratio	2015/16		40	Review of publication	Annual Report, RMA	Annual	RMA
	Liquid asset to short term liabilities	This measures the liquidity coverage to short term liabilities.	Ratio	2015/16			Review of publication	Annual Report, RMA	Annual	RMA
5. Resource Mobilization Strengthened	Tax to GDP ratio	This measures tax performance in relation to economic growth	Percentage	2015/16	13.9	14	Review of publications	Revenue Report	Annual	MFCTC/MoF
	Annual increase of revenue earning from SoEs in percent	Well managed SoEs to increase non-hydro revenue transfer to the Government from the SoEs through appropriate mechanism.	Percentage	2015/16	3	4	Review of publications	DMEA	Annual	DMEA
	Tax payer compliance in percent	Tax payer compliance to be improved through efficient tax administration and service delivery standards to enhance domestic revenue collection and reduce leakages.	Percentage	2015/16	70	100	Review of publications	DRC	Annual	DRC
6. Resource allocation and utilization strengthened	Percent of variation between capital plan outlay and revised outlay	This will measure percentage variance of the plan outlay and actual outcome determined during the MTR and final evaluation.	Percentage	2015/16	24	<10	Review of publications	DNB	Annual	GNHC
	Percent of non-development capital expenditure to total capital expenditure	This indicator measures the budget allocation for more productive and priority sectors that have greater socio-economic benefits.	Percentage	2015/16	8	8	Review of publications	DPA/DNB	Annual	MOF (DNB)
	Percent variance between the approved budget and actual outcome	This would measure efficiency of resource allocation and utilization mechanism.	Percentage	2015/16	-4.2	(+-5)	Budget Report	DNB/DMEA	Annual	MoF, DNB
	Percent of annual capital budget utilized	Capital budget utilization against its allocation would indicate how efficient is the government's allocation and transfer system including the monitoring system.	Percentage	2015/16	83	90	Review of publications	AFS	Annual	AFS, DPA