

STATE OF THE NATION

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Prime Minister
Royal Government of Bhutan



Indeed, once we Bhutanese set our minds on something, we will definitely accomplish it. It is said that we only know our true strength when we have a burden to bear. The pandemic was one such heavy burden, and we bore it exceptionally well. This shows that once we put our minds together, there is nothing we cannot do.

As long as we continue to work together with single-minded devotion, we will secure the future of our nation."

His Majesty's Address to the Nation National Day December 17, 2022.

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Introduction

t is on the auspicious Royal Wedding anniversary that I present my final State of the Nation Report to the Parliament and the nation today. I could not have asked for a better day than the one that celebrates the sacred union of compassion and wisdom.

I will remain indebted to Your Majesties for all the blessings and guidance I received in my life, and particularly, in the last five years. As I share my journey here today, I am humbled by the opportunity and kindness I received from His Majesty The King, Her Majesty The Gyaltsuen, and all the people of Bhutan.

From my heart, thank you la!

As I stand here, we are left with just a few weeks for the third democratically elected government to end its term. I sense a blend of nostalgia and excitement.

The five years of rollercoaster in governance left me with a lot of learning and awareness. My friends in the Cabinet and I were filled with enthusiasm to bring the change we promised, embrace the historic Royal initiatives, and work towards realising His Majesty's aspirations for the country.

Just as we shifted gear for solid actions, Bhutan, along with the rest of the world, witnessed an affliction never heard or seen of in recent history. But looking back, it was a huge honour and a privilege to be serving the nation during such unprecedented crises.



Like I always put it, for a medical practitioner, we deal with humans during the most critical time of their lives. That is when they are ill. Similarly, during the pandemic, the government served the nation during its most testing time. In both cases, it is a source of pride and satisfaction to be of some worth.

His Majesty led, and we followed to save every Bhutanese from the pandemic. The outcome we relish today, which is even internationally applauded, came with a lot of sacrifices and hard work. Bhutan also realised ever more about how fortunate we are to have a leadership in His Majesty.

More than the success of COVID-19 management, it is the opportunity this situation gave me to serve and understand His Majesty personally. And knowing His Majesty well, I learnt the future of Bhutan we have in him, and I am reassured.

My government is also grateful to His Majesty for initiating national transformation during our times. Just like the way we confronted the pandemic, it requires resolve and sacrifices beyond norm. Change takes time and it has to begin from the self. Therefore, we are as privileged to be a part of it.

Through the process, realisations dawned that while we have come a long way, we also have a lot more to do. Political pandering and decisions that please people will not take our nation forward. Therefore, in every step of the way, we have considered what the nation needs.

This has brought us here. While introspecting, what is the state of our nation today? How much of it can be attributed as success? Thinking out loud, a nation will always be a "work in progress". But in every aspect, a critical indicator of a successful nation must be what we call "zhidhey".

The peace and tranquility that prevail in a nation is often undermined or taken for granted. Through the challenges, turmoils, and threats of all forms and intensities, our leaders and the people have risen up to secure the peace of the nation. And in that is our success.

We enjoy that today and we must always strive to sustain it for generations. While doing so, we will continue to work towards the progress of the nation, in all capacities.

The fifth State of the Nation report is categorised into four clusters, just as we desired from the structural reform in the system to ensure better coordination and outcome. In the recent interactions with all civil servants and agencies, we took stock of the reforms to see what works and what doesn't.

What works must start bearing fruits for people, while what doesn't must be reconsidered, and courses changed. But at least the process has begun.

This is not the end but a new beginning. And this gives us another excitement because we are at the starting point of a new chapter. But whatever we choose to write, I pray it is progressive and peaceful. That ultimately only Bhutan and Bhutanese win.

As Bhutan enters another election period, may it be defined by harmony and national progress, all in the footsteps of His Majesty's vision for Bhutan.

With gratitude and prayers,

Dr Lotay Tshering





In Gratitude







His Majesty The King

am charged with emotions as I write this, but for making me realise the true reason of my existence, I bow to Your Majesty with gratitude.

Throughout my life, and in the lives of thousands around the world, His Majesty is the ultimate source that shines the light of inspiration and wisdom. It is the same light we seek during the times of adversity. And we brim with faith and pride to claim a leadership that is so rare, our own.

Among many extraordinary traits, Your Majesty is a true embodiment of compassion. While the fact prevails in all spheres of our lives always, I have had the honour and privilege to witness Your Majesty's strength and fortitude first-hand.

When COVID-19 caused turmoil in the recent past, Your Majesty steered the nation out of the pandemic, ensuring minimal loss to life and livelihood. Had it not been for Your Majesty's direct involvement and demonstration of a deep sense of empathy, we would not have come out as victorious today.

It is easy to overlook, but the fact that we are able to live with our loved ones today, in peace and harmony, is all thanks to Your Majesty. I express our heartfelt gratitude to Your Majesty for everything You have done for us - from tending to the smallest of details and personally caring for each individual, to shouldering the enormous responsibility of nurturing our nation.

When natural disasters in the form of landslides and swollen rivers resulting from torrential downpour in summer this year and the past year claimed the precious lives of our fellow Bhutanese, Your Majesty was the first to provide aid and support to the affected families.

Your Majesty displayed great compassion when a calamity occurred in Ungar, Lhuentse late July this year. A devastating flash flood caused widespread destruction and tragically claimed over 20 precious lives. The grieving families endured an unimaginable loss of great magnitude.

While no amount of condolences can fully compensate for the profound loss of lives, the mere presence of Your Majesty offered solidarity to the affected family members as they tried to overcome their grief.

In recent months, Your Majesty has extensively travelled to various parts of the world, connecting and meeting with Bhutanese citizens residing abroad. Your Majesty graciously granted audiences to numerous such groups, while showering them with ample motivation to diligently work and support their families back home. What remains is the ceaseless spirit of unity and solidarity among the Bhutanese overseas as His Majesty travels past.

Here, I would like to mention that the sense of urgency that Your Majesty entreated everyone to act for our future rings loud and clear. We are at a critical cusp as a nation. Your Majesty reminded us that there will not be any more opportunities hereafter.

The national transformation initiatives would not have received the impetus if not for Your Majesty's persistent call for change and improvement. Like any change we seek, it won't be easy or won't happen overnight. Throughout, we offer our unconditional service.

We are always thankful to Your Majesty for spearheading valuable projects that have been as transformational. Through the noble vision, the De-suung institution and subsequent projects stemmed, providing our people with a sense of purpose and direction in life.

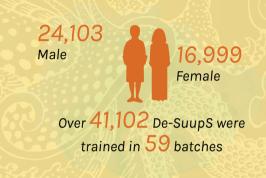
Presently, there are over 41,102 De-Suups who have completed their training. Among them, 24,103 are males,



while 16,999 are females. These individuals were trained in 59 different batches.

Additionally, a total of 6,240 De-Suups were enrolled in the De-Suung Skilling Program (DSP), which offers 139 various programs. Among these programs, 33 are currently being

undertaken by 936 De-Suups as of 31 August this year. DSP covers a wide range of subjects such as carpentry and woodwork, digital marketing, foreign language classes, fitness training, tailoring, culinary arts, accounting courses, and graphic design courses, and are ongoing in 14 training centres located across the country.



Source: De-Suung Skilling Program, 2023

It has always been an honour for my government that Your Majesty chose our tenure for the historic initiatives. One such is the Gyalsung and we are ecstatic that the registration for the first batch of Gyalsung started this month on October 9. 338 individuals with 177 of them being girls had registered for the program right after its launch and included those living abroad. We have always believed that our youth are our future, and with Gyalsung, we remain assured that our Gyelsars will shape and secure our future. They will be empowered to become responsible and productive citizens dedicated to serving our beloved country, which we proudly call home.

As the United Nations commemorates the 75th anniversary of United Nations Peace Keeping (UNPK) this year, Bhutan's engagement in this critical endeavour is truly commendable. Bhutan contributes military and police personnel who are deployed worldwide under the UN's auspices.

Male
3,571
(57%)

2,669
(43%)

De-Suung Skilling Program enrolled 6,240

De-Suups in 139 programs

Source: De-Suung Skilling Program, 2023

Bhutan's initial involvement began in 2014 with the contribution of uniformed personnel to the UN Truce Supervision Organization in the Middle East and the UN Multidimensional Integrated Stabilization Mission in the Central African Republic (CAR). Since then, this commitment has increased to 211 uniformed personnel, including six women, participating in eight UNPK operations, positioning Bhutan as the 53rd largest contributor today.

In December 2017, Bhutan became the first nation to pledge rapid deployment troops as part of the UNPK Capability Readiness System. This exhibits Bhutan's willingness to send troops promptly to protect the most vulnerable, even if it means leaving their families behind, which is a tremendous sacrifice. The brave efforts of our troops in upholding this responsibility will be carved in the annals of our country's history.

Your Majesty's pivotal role in facilitating this deployment marks a significant milestone in Bhutan's development journey and in contributing to global peace. It is thanks to Your Majesty's leadership that Bhutan embarked on UNPK participation, making a striking difference the world over.

In November 2022, Bhutan's first UNPK Contingent was deployed to the CAR. Your Majesty, accompanied by Her Majesty The Gyaltsuen, gracing the departure ceremony at Paro international



airport was a memorable event. The contingent, consisting of 180 personnel from the Royal Bhutan Army, joined the UN Multidimensional Integrated Stabilization Mission for the Central African Republic (MINUSCA).

Thanks to Your Majesty, every Bhutanese citizen is entitled to live and work on equal footing. Your Majesty tirelessly worked to pave the way for our beloved country's progress. Your invaluable contributions to our homeland and her people in Your glorious reign have far surpassed any good deeds or merits we, as Bhutanese citizens, could ever hope to accumulate in our collective lifetimes.

Today, Bhutanese people, no matter where they are, stand tall because each and every one of us has had the privilege of calling ourselves Your loyal subjects. And we will never forget that Your Majesty has piled efforts upon efforts to chart this path for our beloved country.

We consider ourselves fortunate to have been born in Bhutan during Your reign and to witness the extraordinary leadership and blessings from it. In deep reverence and on behalf of the Bhutanese people, I offer our gratitude. Thank you, Your Majesty.







Her Majesty The Gyaltsuen

he people of Bhutan and I are overjoyed and deeply grateful for a momentous occasion that came along in September. The birth of Her Royal Highness, the Gyalsem, has filled the hearts of the Bhutanese people with a sense of euphoric jubilation and renewed hopes.

Her Majesty The Gyaltsuen is shaping the future of the Royal Family and the country in Her embrace of the weighty responsibilities of raising the Gyalseys and the Gyalsem with grace, love, and tenderness. Her Majesty's nurturing presence and maternal strength, infused in a tapestry of wisdom and guidance, is a testament to her constant devotion to ensuring Bhutan's continued prosperity and happiness under the glorious reign of the Wangchuck dynasty.

I also express my deep admiration for Her Majesty The Gyaltsuen's unwavering support for His Majesty the King. Her steadfast presence by His Majesty's side – from gracing the 12th De-suung Raising Day in Thimphu to the Coronation of His Majesty King Charles III of the United Kingdom in London – exemplifies the strength, stability, and sanctity of the Royal Union.

It is under Her Majesty The Gyaltsuen's leadership that the Pema Centre is showing a resolute commitment to establishing a robust and supportive mental healthcare system. The Pema Centre is poised to ensure that people have easy access to health professionals and other necessary and timely assistance through professionally sound counselling services, internationally acclaimed courses, and high-end rehabilitation facilities.

Her Majesty graced the opening for the first annual PEMA Symposium on Mental Health in June 2023. The National Recovery Symposium served as a unifying platform that brought together relevant stakeholders, including individuals in recovery and their family members, to address an array of challenges presented by substance use disorder, and centred on building a robust and empathetic recovery community as a holistic national response.

The relentless efforts and advocacy by Her Majesty The Gyaltsuen have also helped address the stigma surrounding mental health, making it a national priority, and ensuring that mental health receives the attention and resources necessary to fully meet the needs of the people of Bhutan.

Her Majesty The Gyaltsuen brought attention to autism on World Autism Awareness Day, in support of individuals and families affected by this condition, calling for the nation to break the barriers of ignorance and indifference, and instead cultivate understanding, acceptance, and inclusion.

Under the Royal Patronage of Her Majesty, Ability Bhutan Society continues to empower individuals with disabilities by breaking down barriers, promoting inclusivity and equal opportunities for all. Her Majesty's unflagging advocacy for a society that values the abilities and potential of every individual is awe-inspiring, fostering hope and lasting change.

Her Majesty has shown unwavering support to serve the vulnerable citizens of the country. Bhutan Red Cross Society, under Her Majesty's guidance, is recognised as a prestigious organisation that reinforces the ideals of compassion, solidarity, and resilience.

It is with an overwhelming sense of pride and reverence that the people of Bhutan and I express our profound gratitude to Her Majesty, who is an embodiment of grace, strength, and compassion, as we continue to benefit from Her Majesty's compassionate leadership and unyielding commitment towards fostering the welfare and well-being of the people of Bhutan.





Spirituality

As Bhutanese individuals, we are united in our communities and families through a profound faith in spirituality. Our unwavering trust in spiritual beliefs remains resilient even in the face of modernity, as the Bhutanese people continue to prioritise their spiritual undertakings and quests.

I express deep appreciation and reverence to His Holiness the Je Khenpo and the Zhung Dratshang for their efforts in arranging and effectively leading Kurims, Moenlam Chenmos, and other sacred rituals that entreat spiritual blessings, ensuring the safety, and well-being of our nation and its citizens.

In a significant occasion, His Holiness took the initiative to conduct a two-week conferring of Lung, Wang, and Thrid from his comprehensive collection of writings consisting of eight volumes, to a large gathering of monks, nuns, and devoted individuals in Autsho, Lhuentse.

His Holiness also launched the pension scheme for monks and nuns under the Zhung Dratshang, and proferred personal savings as seed money. This will go a long way in securing their livelihoods.

The Zhung Dratshang has achieved another significant

milestone by establishing a new media and information and communication office under the Laytshog Dhuetshog. This development signifies progress for the Zhung Dratshang as it embarks on transformative endeavours.

Last month, to commemorate the auspicious birth of Her Royal Highness the Gyalsem, the Zhung Dratshang and the Royal Thrungkar Committee have jointly launched a nationwide Kurim spanning three days with His Holiness the Je Khenpo bestowing the sacred Buddha Amitabha empowerment to thousands of Bhutanese devotees gathered at Tashichhodzong on the third day. This occasion symbolises great beginnings and good fortune as Bhutanese rejoices in the glory of our third Royal Child's arrival.

Complementing the Zhung Dratshang, all spiritual masters and monastic bodies in the country have actively conducted numerous rituals and prayers aimed at invoking spiritual forces to bring about prosperity, preventing dangers arising from the four natural elements, and establishing peace and harmony in the country. In light of these spiritual undertakings, I offer my profound prayers with utmost reverence.

Security

I want to express my deepest appreciation to our security forces across the country for their steadfast and dedicated public service. During both normal times and challenging periods, you have safeguarded the well-being of the Bhutanese people. You have been the first responders to disasters and have dutifully guarded our borders, while tirelessly striving to maintain peace and order.

Expressing gratitude to veterans is essential because their dedication to the nation goes beyond their retirement, warranting recognition and appreciation.

I send this message of gratitude to every single member of our armed forces who symbolise our safety and daily well-being. As we forge a new path forward, our armed forces combined - the Royal Body Guards, Royal Bhutan Army, and the Royal Bhutan Police, are a key partner.

Even after the conclusion of my term, I will continue to seek confidence and support from you in our collective endeavours to keep Bhutan safe and secure for all times to come.

Partners

Over the past five years, I have had the privilege of collaborating closely with our esteemed partners on common goals.

We have engaged in thorough consultation and deliberation with both domestic and international partners when developing plans and policies to guide Bhutan's progress.

As transformative changes that were much anticipated and necessary began unfolding last year, the government benefited from our partners' full commitment and support.

Opposition Leader

As a concluding gesture in this august gathering, I would like to extend my heartfelt gratitude to the opposition leader and the members of the opposition party. Throughout this session and previous ones held inside the walls of this premise, we have engaged in constructive discussions and collaborative legislative and policy-making processes. Setting aside differences that hold no relevance to the realm of governance, you have stood shoulder to shoulder with the government.



Despite being the opposition, your active participation and meaningful engagement is testament of your commitment towards the welfare and development of the country.

Your unwavering commitment and conscientiousness in fulfilling your responsibilities, especially when nation confronted the COVID-19 pandemic, gave us, in the government, strength and rest of the nation confidence and hope. It was an honour and a privilege of mine to stand alongside such a distinguished individual for the past five years.

Members of Parliament and Local Government Leaders

I would like to express my gratitude to the respected members gathered in this prestigious hall blessed by the revered Golden Thri of His Majesty the King.

The significance of this gathering and the honour bestowed upon us by this sacred space will forever be etched in my memory. The collective deliberations and discussions held within these walls have been enlightening, inspiring, and transformative, and I am immensely grateful for the wealth

of knowledge and wisdom that has been shared among us.

The memory of our time together in this illustrious hall will serve as a constant reminder and I am determined to uphold the values and principles that have guided our discussions and deliberations.

Additionally, I extend my appreciation to our local government leaders, who have dutifully shouldered their responsibilities and helped us in fostering a strong connection to the grassroots. You were the closest to the people in the grassroots. Your leadership and guidance have provided us with a solid foundation upon which we can build a better future together.

Constitutional bodies

I would like to convey my gratitude to the constitutional bodies, government agencies, civil society organisations, nongovernmental organisations, corporations, and the private sector alike for your significant contributions in promoting good governance.

The collective impact of your efforts in promoting good governance is truly commendable. It has strengthened the fabric of our society and have also inspired



others to follow suit. By setting high standards and leading by example, you have paved the way for a future marked by good governance practices and sustainable development.

I express my deepest gratitude for your significant contributions. I hope you continue to work together, hand in hand, towards creating a society that upholds the values of transparency, accountability, and inclusive governance, ensuring a brighter future for all.

Civil servants

Throughout the past five years of our administration, we have received exceptional support from our civil servants. Your technical expertise and institutional knowledge have been instrumental in ensuring a seamless implementation of our development objectives.

We have all lived one of the most challenging times that demanded adjustments we never witnessed before. Working from home or having to deliver services despite the restrictions posed by COVID-19 norms pushed us to our limits. Yet you displayed utmost resilience and adapted to the complications.

Today, as we venture on the path of national transformation,

uncertainties and doubts dot our days. And yet, you have remained resolute to welcome the reforms that will ultimately strengthen our system. As the engine of governance, I know civil service willbecome the most effective driving force behind good governance.

Development partners

Bhutan has gained strength and greatly benefited from the support and resources provided by our development allies and in particular the Government of India, our biggest and closest partner. I am sincerely thankful for this assistance.

The support extended during the implementation of the 12th five-year plan has been invaluable.

As Bhutan approaches its impending graduation from the Least Developed Countries category, I would like to express my gratitude to our international partners for walking alongside us in order to get here.

Bhutan sets its sights on achieving a 'high income nation by 2034', in which collaboration and cooperation with our international partners will be essential for successful execution of the forthcoming plan. The 13th plan in particular



will serve as a smooth transition strategy, and all our priorities are expected to facilitate a smooth LDC graduation.

For all times, Bhutan is committed to fostering and furthering these important ties. Bhutan seeks continued cooperation of our development partners and the UN system. We are extremely grateful for your immense assistance to our development journey.

Recognising that we are all working together in pursuit of common national priorities, I earnestly hope that we will continue to meaningfully engage in discussions to define the way forward for our nation in a spirit of friendship and goodwill.

People

The essence and strength of a nation reside within its people.
The people of Bhutan possess distinct qualities that set them apart in three prominent aspects. Firstly, we are all fortunate subjects living under the compassionate rule of His Majesty The King.

Secondly, our collective identity is strengthened by our unique culture and traditions. Lastly, our unwavering faith, resilience, and care towards one another are exceptional qualities that are

unparalleled anywhere else in the world.

To ensure the wellbeing of the people, the government has made the best efforts possible to place the welfare of the people at the core of all decision-making processes. And I am extremely grateful to have been given this opportunity, as we continue to learn from lessons drawn from the past five years of governance.

Looking ahead, I am hopeful that with the new undertakings reflected in the 13th plan in line with the ongoing transformational activities, we will witness meaningful and long-lasting effects over time.

I am truly grateful for giving us the mandate as the government for the last five years. In the next few days, as we approach the conclusion of our term, I have strong trust and confidence that our citizens will responsibly participate in the forthcoming elections by casting their votes and offering necessary support to ensure a seamless electoral procedure.

I extend my heartfelt appreciation to the people of Bhutan. Come what may, your exceptional resilience, courage and determination will remain one of the highest sources of inspiration in the entirety of my life.

The Past



n Bhutan's own special ways, the third democratically elected government took on the mandate on 7 November 2018. And humbled by the mandate, without experience in either the ruling or the opposition, we embraced the responsibility with great resolve to serve the King, Country, and the People.

Acknowledging the past, comprehending the present, and in anticipation of the better future, we started the journey.

We feel overwhelming sense of gratitude to our successive Monarchs and the forefathers for the sacrifices and hard work in tiding over contours of development over the decades. Today, in pursuit of efficient and good governance, we always look towards our beacon of hope and inspiration, His Majesty The King. The guidance, motivation, and support we received have been invaluable.

As lacking as we have been, His Majesty and all the noble considerations persuaded us to write the pages of the third elected government with utmost sincerity and effort. In this, we rode on our team of professionals, the bureaucracy, that assisted us with seamless transition and kept the engine running.

Today, as we flip the pages of the past, we do so with sense of fulfillment. From consulting the experts, seeking opinions, delving into rationale and wisdom of the country and the people, we delivered the results, big and small, all the while putting our nation first!

The first year

The first year was about laying foundation for the change we desired and promises we made. Be it health, education, system improvement, or economy, there was a need to strengthen the basis for the progression we sought.

Upfront, as much as we have come a long way, if asked whether we were truly on track, we were not. Yawning income disparity, inefficiency in service delivery, widening political divide, and derailment of priorities with national goals were stark.

Therefore, in every hour of the governance since, from learning to prioritising to initiating the change, over 70 Lhengye Zhungtshogs and Densa meetings, the first year saw beginning of new hope, and excitement of a brighter future. By way of refreshing memory, a snapshot of some of the activities and achievements are listed below:



- Sealing the cracks from political contests that had widened with successive parliamentary elections in the country;
- Owning the 12th five-year plan and rolling out nine flagship programs;
- Removed "cut off" point for Class X examination, allowing more than 4,000 Bhutanese children to advance to Class XI;
- Pay revision with the vision to narrow the gap, where lowest levels of public servants received highest pay revision of 35 percent and Nu. 3,500 monthly allowance:
- Made teachers the highest paid profession in the civil service, followed by healthcare workers- two sectors that directly impact every family in the country;
- Block grant for local government, constituting 50 percent of the budget outlay, almost triple the size of past initiatives giving financial autonomy at local level;
- Initiated major tax reforms, including Goods and Services Tax;

- Removed five percent tax on mobile phone vouchers;
- Work commenced to deliver incentives for breastfeeding mothers under a project called Accelerating Mother and Child Health 1,000 Day Plus:
- Proposal and detailed project report for Multidisciplinary Super Specialty Hospital rolled out;
- Nationwide assessment of cancer eliminating program developed;
- Additional 12,800 students in 115 schools taken under the National Feeding Program, taking the total to 41,706 boarding beneficiaries for three meals a day and 13,105 for day feeding (two meals a day);
- 720MW Mangdechhu hydropower plant commissioned and power tariff revised to benefit highland communities and urban poor;
- Removed minimum Class VIII qualification for professional drivers and shifted to skilled based eligibility criteria;



- Operational life span of taxis increased from nine to 12 years, with road-worthiness test every six months so passenger safety is not compromised; and
- Formulation of National Tourism Policy to reinforce high-impact, low-volume vision.

The second year

While the first year has been mostly a process of learning and stock taking, the second year was time for action.

A line up of short, medium, and long term plans and activities were in order to chart a course of our country's progression. From employment to economy, and health to education, we looked at the year to bring together the ideas and roll out critical reforms that would deliver immediate as well as gradual outcomes.

All these screeched to a halt when, barely four months into the second year, Bhutan saw its first case of COVID-19 in March, 2020. The pandemic pushed us to our limits. Saving lives was the top agenda and in the process, it challenged every norm of human existence and ways of governance.

But looking back, as much as it was a threat, it was an opportunity.

Bhutan realised ever more how we were blessed to have His Majesty The King. The compassionate leadership led us, as well as persuaded us to act on our strengths during such times. His Majesty showed us the way, uplifted our will and spirit to see through the challenges, all the while imparting the wisdom to walk the new normal path hereon.

For us in the government, while it is a huge honour to serve at all times, personally, it was a privilege to be of purpose in this unprecedented event in our lives.

Following are some of the highlights, alongside the relentless battle against the pandemic:

- Public awareness, national coordination, preparation and response plans initiated since the news of outbreak started in January;
- Series of lockdowns to prevent transmission, tracing, and testing to break the chain;
- Closure of schools, institutions, offices, and businesses, grounding of flights, sealing borders,



- introducing mandatory 21day lockdown carried out;
- Ensured delivery of essential services, zoning system to operate in self-contained unit, delivering medicines and vegetables on doorsteps;
- Standard operating procedures for lockdown, COVID-19 protocols, service delivery, gradual ease of restrictions and management developed and implemented;
- In keeping with the Royal Command, National Resilience Fund of Nu. 30,000 million established to sustain and revitalise economy;
- Druk Gyalpo Relief Kidu granted to over 34,400 individuals:
- Interest on all types of loans waived off and monthly installment deferred;
- Other monetary and fiscal measures for relief introduced;
- Arranged 47 special flights as well as road transportation to evacuate Bhutanese working, studying, and living abroad;

- Ensured uncompromised delivery of routine healthcare services;
- Adapted curriculum, online classes, self-instructional materials, and media platforms used to ensure education during pandemic;
- Brought down school admission age from six years to five years;
- Continuous formative assessment introduced in Classes PP to III;
- National Credit Guarantee Scheme launched to make access to credit easier, particularly for entrepreneurs, start-ups and existing businesses;
- National CSI Development Bank established and disbursed loans for over 2,700 projects;
- Revision of PIT exemption from Nu. 200,000 to Nu. 300,000;
- Intensified efforts for agriculture production during pandemic, to ensure domestic production, promote winter vegetables, and strengthen supply chain;



- Initiated Build Bhutan Project to create domestic workforce for construction industry;
- Formed Specialised Firms to augment requirement for a skilled workforce and promote construction as an attractive employment sector:
- Established diplomatic relations with Germany and Israel:
- First phase of Granular Sub Base (GSB) layers and drainage rolled out in 201 gewogs, totaling to 1,546 KM; and
- With De-Suups filling in for workforce shortages, 21 rural water supply schemes completed laying 99.4 KM of pipelines, and benefitting 391 households in seven dzongkhags.

The third year

The pandemic continued to rage as we entered the third year of our tenure. His Majesty's Command was clear. We need to save lives of every Bhutanese from the pandemic.

Amid the efforts, hopes surfaced as we heard of positive developments in the areas of COVID-19 vaccine. Under His Majesty's guidance, we secured two doses of vaccines for the people of Bhutan, and subsequently rolled out two nationwide vaccination drives.

Alongside, the Royal Vision was clear that as the COVID-19 clouds lifted, we must have imbibed new standards in our system. Pandemic taught us to think and act faster. Our sectoral coordination improved overnight.

New solutions could be provided in an unthinkable pace. Therefore, all we needed to do was continue with the same spirit and energy, even after the pandemic receded.

With major confines of creating employment, substituting import, boosting export, and promoting innovation and technology, we embarked onto the third episode. Some of the highlights are presented below:

Economy recorded 4.1 percent growth, a 14.1 percentage point increase from 2020, supported by accelerated public expenditure and implementation of development projects;



- Amendment of Tobacco Control Act to address the anomalies and hypocrisies around it, thus countering the smuggling and black market that have grown over the years;
- Integrated more than
 10 citizen services and
 shortened birth and
 death registrations, and
 timber permits, developed
 integrated business
 licensing services to
 reduce burden on business
 licensing procedures;
- Requirement of minimum pass mark of 40 percent in both continuous assessment and written examinations for Class X introduced;
- Relocated over 900 students and teachers of high-risk area in Phuentsholing to Phaduna, Punakha;
- ICT flagship takes shape with coding introduced as compulsory subject as ICT curriculum rolls out;
- One computer lab for each school underway with completion of 72 and remaining 48 at various stages;

- Vaccinated 93 percent of eligible adults with two doses of COVID-19 vaccines and launched booster dose;
- Started concept and formulation of the 13th five-year plan for smooth graduation from the LDC category, while spelling out short, medium, and long term plans for the country;
- Cold storage construction at three sites in Wangduephodrang, Sarpang, and Trashigang started;
- Approved a total of 40 (32 medium and eight large-scale) new domestic industrial projects worth approximately Nu. 18.7 billion;
- FDI projects worth Nu. 713.23 million have been approved and another six projects worth Nu. 1.106 billion were also approved "in- principle";
- 4,313 new CSIs approved, thus creating employment opportunities, value addition to local resources, and reducing imports;
- 17.38 MW Sephu solar project finalised for implementation with funding from the Asian Development Bank;





- Cluster Finance Services (CFS) launched as a joint initiative of the Ministry of Finance and the Royal Civil Service Commission, under which all finance personnel will be pooled under one cluster:
- Fiscal Incentives Act endorsed to revive the private sector and economy;
- Accelerated De-Suung Integrated Training Program absorbed 7,922 individuals in the general category, and 3,947 were trained for water management;
- CSI flagship trained 508 youths on entrepreneurship, two business incubation centres instituted at Jigme Namgyel Engineering College and Sherubtse College, 87 new start ups operated creating 150 new jobs;
- Besides the 150-bed Gyaltsuen Jetsun Pema Mother and Child Hospital in Thimphu, 65-bed Gyaltsuen Jetsun Pema Mother and Child Hospital construction as a gift of His Majesty started in Mongar;

- Nationwide screening gastric, breast, and cervical cancers started as the part of health flagship incurring an expenditure of Nu. 772.495 million;
- Under the patronage of Her Majesty The Gyaltsuen, the Pema Centre, a hospital for mental health and wellbeing, launched under which 60bed hospital inclusive of outpatient consultation and counselling, emergency services, procedure rooms, pharmacy, and inpatient wards will be developed;
- Royal Bhutanese Embassy in Canberra established, making it Bhutan's 10th resident mission abroad;
- An MoU on the Three-Step Roadmap signed to enable Bhutan and China to have more focused and systematic discussions towards bringing the boundary negotiations to a successful conclusion;
- 30 percent customs duty and five percent sales tax on sanitary products removed to increase access and affordability. Free sanitary napkins and menstrual hygiene products continue to



be distributed in schools and nunneries:

- 131 rural water schemes and five urban water schemes completed in last one year; and
- A total of 10,653 dogs were sterilised and another 16,680 have been vaccinated to date, as part of the accelerated dog population management program.

The fourth year

A fresh impetus was bestowed upon us as we entered the fourth year of our term. His Majesty, addressing the nation on the 114th National Day, commanded a clear and bold path for a brave new country. Enunciating the word "nGar", there was an acknowledgement of its deterioration in the last 15 years or so.

The responsibility on the government was evident to bring about the desired accountability and professionalism in the system.

In the surrounding, more lockdowns followed during the initial months of 2022. Children sat for board exams amid the

most challenging circumstances. But it was also the year when we shifted to second phase of COVID-19 management, ascertaining that we secured enough protection from vaccines and Omicron was much milder.

It was also the year of realisation that if we follow the Royal Command in every word and spirit, the outcome is an obvious success. The success of COVID-19 management showed us that. And it was also the era of historic reform

His Majesty implored that we must not lost the overall sight of national goals and objectives, thus launching the national transformation initiatives. Whole of public sectors and institutions were scanned for systemic reforms. Change doesn't happen overnight but that was a start.

It was a blessing for the government to serve around this time. In order to fulfill His Majesty's aspirations for a better Bhutan, we were ready. In the bigger scheme of reforms, following were some of the initiatives:

In a major shift, allocated gypsum, dolomite, and coal mines handed over to State Mining Corporation;





- Withdrawal of Duty Free Quota system that had deflected from the intended purpose;
- Application of uniform domestic tariff of Nu. 2.66 per unit for all consumer categories;
- Stopped operations of drayangs following reviews that revealed undesirable societal practices;
- Terminated the post of Gaydrung, given the progressive need to professionalise human resource at the local government;
- Introduced and endorsed the historic Civil Service Reform Bil;
- Restructuring of civil service to lead to greater accountability, productivity, and coordination among the agencies that will lead to enhanced service delivery to the citizens;
- Clean wage system to erase hidden benefits and foster performance based incentives:

- 120 new ICT labs constructed and 11,000 computers supplied to schools, including extended classrooms, bringing student to computer ratio to 1:15;
- Royal Command to plant million fruit trees rolled out;
- A total of 55,799 dogs neutered and 28,745 pet dogs microchipped and registered under dog population management and rabies control program;
- Approved Nu. 500 million to construct chain-link fencing across the country with a pilot project of 116 KM in the first phase;
- Imposed moratorium on import of vehicles to safeguard foreign currency reserve;
- All COVID-19 restrictions formally lifted on September 23, with Bhutan finally opening borders to tourists. Bhutan successfully managed the pandemic with minimal damage;



- Sustainable development fees revised to USD 200 per night for international visitors and concessionary levy rate of Nu. 1,200 to Indian visitors:
- Construction of new pedestrian terminal at Phuentsholing completed for proper management of border and immigration;
- Piloted recruit of foreign workers from the region to provide essential services for childcare;
- Biometric data of over 538,000 collected from 20 dzongkhags in gearing for the significant National Digital Identity project;
- Enhancing digital connectivity across all government offices, 1,359 agencies of the target of

- 1,396 (97 percent), including schools and hospitals, connected with fibre optic to the government network;
- Base course of 197 farm roads priotised in the second phase of GSB; and
- 2,949 households (2,209 urban and 740 rural) connected to 24X7 water supply, and 1,413 households provided with irrigation water covering. a total command area of 3,415.34 acres in last one year.
- Final phase of rate discussion with government of India for the third international internet gateway, following friendship rate of USD 3 per Mbps monthly by Bangladesh, the previous year.

The Present





Economic Cluster



The cluster comprises the Ministry of Infrastructure and Transport (MoIT); Ministry of Industry, Commerce, and Employment (MoICE); Ministry of Agriculture and Livestock (MoAL); and Ministry of Energy and Natural Resources (MoENR).



Introduction

ligning with the Civil
Service Reform Act
2022, the Economic
cluster was formed by folding
key central economic ministries
and agencies. The purpose
of this integration is to drive
economic transformation by
fostering effective coordination
and collaboration among various
stakeholders in the country's
economy.

The cluster's objective is to facilitate Bhutan's transition to a 'high-income nation' status by 2034, with a strong emphasis on sustainability and innovation. The key areas of focus for the cluster include enhancing productivity, diversifying products, leveraging technology, utilising ecological services, and broadening market reach.

In bringing about reforms in the business ecosystem and generating greater private sector participation, the economic cluster of 13th plan highlights the importance of a comprehensive review of all the existing acts, policies, rules, and regulations.

The cluster aims to minimise regulatory burden on both private sector and general public. To achieve this, the cluster intends to create new policies when needed, streamline overlapping policies through harmonisation, and repeal policy statements that are no longer practical.

In considering the above, significant investment will be allocated to the following priority areas:

- Private sector development;
- Trade and industry development;
- Renewable energy development;
- Transport infrastructure;
- Human settlement in growth centres;
- High-value agriculture and livestock;
- Enhancement in mines and minerals; and
- Utilisation of natural resources such as forest, water, and carbon assets.



Economy

n 2022, the economy recorded a growth rate of 5.2 percent, marking a 0.8 percentage point increase from 4.4 percent growth in 2021. The growth was propelled by monetary relief measures and accelerated public expenditure. Sectors such as hotels and restaurants, construction, and wholesale and retail trade played a significant role in driving economic upturn.

The gross domestic product (GDP) per capita, which measures living standards, prosperity, and general welfare, rose to USD 3,833 in 2022, up from USD 3,660 in 2021. Likewise, the gross national income (GNI) per capita experienced a growth of 5.7 percent in 2022, primarily due to a rise in the inflow of primary income compared to the previous year.

Sector growth

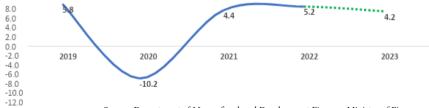
As economic activities returned

to their normal operations and supply chains regained stability, a broad-based recovery was observable across the majority of the economic sectors.

In 2022, the service sector demonstrated significant growth, expanding by 6.6 percent. It remained the largest contributor to overall economic growth, representing 53.5 percent of the GDP. The revival of hotel and restaurant activities, as well as the resumption of regular business operations in wholesale and retail trade were key drivers behind this sector's growth.

As the global tourism industry gradually recovers, it is expected that tourism arrivals in 2023 will improve. This anticipated boost is likely to have positive ripple effects across related sectors.

The recovery in the industry sector is largely driven by construction and manufacturing industries. The industry sector exhibited a growth of 5.6 percent



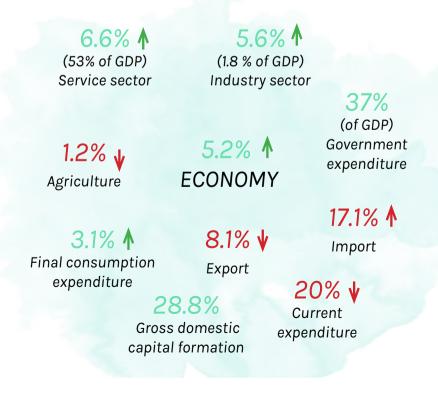
in 2022, compared to 3.9 percent in the previous year. The sector's contribution to GDP growth is estimated at 1.8 percentage points.

On the contrary, agriculture growth contracted by 1.2 percent attributed to an unfavourable harvest outcome and reduced production in livestock.

Overall, the economy in 2022 experienced a growth, with a 0.8 percentage point increase compared to 2021, as economic activities picked up on account of strong domestic demand and in tandem with global economic recovery.

On the demand side of the economy, final consumption expenditure exhibited a growth of 3.1 percent contributed by household final consumption expenditure (5.5 percent). The gross domestic capital formation also demonstrated a robust growth of 28.8 percent, a notable improvement compared to the growth of 19.9 percent in 2021. However, the export of goods and services declined by 8.1 percent while the import of goods and services increased significantly by 17.1 percent in 2022.

The government expenditure for the fiscal year 2021-22 stood at Nu. 69.39 billion, a 1.4 percent





decline from the previous fiscal year, accounting for 37 percent of GDP.

Current expenditure stood at Nu. 34.4 billion, a 20 percent decline from the previous year mainly on account of expenditure rationalisation measures.

However, downside risks to the outlook will continue to persist emanating from both external and domestic markets attributable to soaring energy and food prices and financial sector volatility.

In the medium term, economic growth will follow a positive trajectory supported by multiple transformative shifts such as commissioning of various hydro power projects and the gradual recovery of the tourism sector.

Inflation

Escalating costs and disruptions in supply chains led to upsurge in inflation during 2022, which was widespread, substantial, and continues to erode household purchasing power.

While the overall annual average inflation fell from 7.4 percent in 2021 to 5.6 percent in 2022, it remained above pre-pandemic levels of about 2.7 percent. The increase in food prices remained subdued with easing of supply chain disruptions. The lower rate in 2022 was largely on account of a slower rate of increase in food items which is about 3.9 percent compared to 9.6 percent in 2021. Food prices contributed to about 34 percent of the overall inflation and non-food contributed to 66 percent of the total increase.

As of July 2023, the prices of goods and commodities increased by 4.0 percent compared to the same period last year. Both food and non-food prices increased by 5.3 percent and 2.9 percent respectively. The month-on-month CPI also increased by about 1.3 percent from the month of June with an increase in both food (1.7 percent) and non-food prices (1.1 percent).

In the short to medium term, inflationary pressure is expected to persist caused by sudden hikes in fuel prices due to limited supply and geopolitical tensions globally.



Annual average inflation

3.9% Food prices 5.3% Food prices in 2022 Food prices

7.4% in 2021 2.9% Non-food prices

5.6% in 2022 A Price of goods and commodities 1.3%

Fiscal Sector

Resources

Total resources mobilised in fiscal year 2022-23 was Nu. 59.89 billion, an increase of 10 percent compared to the fiscal year 2021-22. Of the total resources, domestic revenue contributed 73.1 percent and the remaining of 26.9 percent was from grants and other receipts.

The domestic revenue realised for the fiscal year 2022-23 amounted to Nu. 43.81 billion, exhibiting a growth of 12.2 percent due to increase in tax revenue by 13.3 percent, mainly from improved collection in corporate, business, and personal income and sales tax.

Total external grants amounted to Nu. 14.93 billion, an increase of 7.8 percent compared to the previous fiscal year.

For the current fiscal year 2023-24, total resources are maintained as per budget at Nu. 53.02 billion, a decrease of 11.5 percent compared to the previous fiscal year. Of the total resources, domestic revenue is estimated at Nu. 46.23 billion and total external grants are maintained at Nu. 6.78 billion. This is attributed mainly to the end of 12th five-year plan.

Expenditure

On the expenditure side, total expenditure has increased by 0.3 percent in the fiscal year 2022-23 amounting to Nu. 69.58 billion. Recurrent expenditure increased by 2.9 percent amounting to Nu. 35.43 billion while capital expenditure decreased by 2.8 percent from Nu. 34,712 million in fiscal year 2021-22 to Nu. 33,750 million in fiscal year 2022-23.

The total outlay for the fiscal year 2023-24, is maintained as



per budget at Nu. 74.86 billion, an increase of 7.6 percent compared to fiscal year 2022-23. Of the total expenditure, Nu. 45.55 billion is apportioned as current budget and Nu. 29.32 billion as capital expenditure.

Fiscal balance

As per provisional figure, the fiscal deficit is estimated to improve from 7.9 percent of GDP in fiscal year 2021-22 to 4.8 percent of GDP in fiscal year 2022-23, as the revenue mobilisation improved by 10 percent.

For the current fiscal year 2023-24, fiscal deficit is estimated to widen to 9.9 percent of GDP on account of reduced grants estimates. The fiscal deficit of Nu. 21,837 million is expected to be financed through domestic and external concessional borrowings.

Public debt

The total public debt as of 30 June 2023 stood at Nu. 276,976 million, accounting for 136.8 percent of GDP. The debt stock comprises external debt of Nu. 244,186 million accounting for 120.6 percent of GDP and the domestic debt of Nu. 32,790 million.

Dantian Jana	2020/21	2021/22	2022/23	2023/24
Particulars	Ac	tual	Provisional	Estimates
Total Public Debt	238,399	256,874	276,976	289,214
% of GDP	134.31	135.75	136.80	130.83
Domestic Debt	17,074	28,061	32,790	37,151
% of GDP	9.62	14.83	16.20	16.81
% of Total Public Debt	7.16	10.92	11.84	12.85
External Debt	221,324	228,812	244,186	252,063
% of GDP	124.69	120.92	120.60	114.02
% of Total Public Debt	92.84	89.08	88.16	87.15
Hydro Debt	162,359	162,944	168,648	173,713
Non-Hydro Debt	58,965	65,868	75,538	78,350



The total public debt stock in fiscal year 2022-23 has increased by 8 percent amounting to Nu. 20,101 million from the previous fiscal year mainly attributed to increased domestic debt accounting for 11.8 percent of total public debt stock. The increase in domestic debt is mainly on account of issuance of new government bonds, use of ways and mean advances (WMA), overdraft facility, and treasury bills both for cash management and financing.

The hydropower debt as of 30 June 2023, stood at Nu. 168,648 million, accounting for 69.1 percent of total external debt and 83.3 percent of GDP. The hydro debt comprises the debt stock of six hydropower projects of Mangdechhu, Puna-I, Puna-II, Nikachu, Dagachu, and Basochu.

The non-hydro debt stood at Nu. 75,538 million accounting for 30.9 percent of total external debt and 37.3 percent of GDP.

In the medium-term, public debt is expected to remain elevated mainly on account of hydropower disbursements, inclusion of upcoming several small hydro power plants and budgetary borrowings to meet the resource gap.

Balance of payments

The current account balance (CAB) is estimated to widen from 33.9 percent of GDP in the fiscal year 2021-22 to 34.5 percent of GDP in the fiscal year 2022-23 as a result of widening trade deficit. With normalisation of the economic sector, trade flows picked up significantly thereby increasing the trade deficit. CAB is expected to moderate but remain higher than fiscal year 2020-21 in the medium-term

Trade performance

The overall import in 2023 (January-June) amounted to Nu. 57.2 billion, an increase of 3.1 percent compared to the same period in 2022. Whereas, overall exports as of June amounted to Nu. 18.7 billion, an increase of 7 percent.

Should a similar trade pattern persist in the coming months, the baseline scenario projects that by the end of 2023, the total import value will reach Nu.113.0 billion, while exports will only reach Nu. 36.5 billion. Given the substantial increase in imports compared to exports, it is anticipated that the trade deficit will continue to expand.



With persistent widening of CAB and lower financial inflows, the gross international reserves have depleted. As of June 2023, the INR reserves stood at 6,794.5 million and convertible currency reserves at USD 500 million. The decline in the reserve position is largely due to increased imports without a corresponding rise in exports, persistent inflationary pressure, and depreciation of local currency against US dollars.

During short to near mediumterm, the reserve position is anticipated to strengthen due to several measures being taken, including a temporary halt on specific imports, adjustments to tax policies, introduction of revised property taxes, recent changes to tourism levy, and increased incentives for inward remittances.

Monetary and credit

The monetary and credit situation remained favourable in fiscal year 2022-23. The money supply (M2) measured by broad money (M2) grew at 9.8 percent due to a moderate growth in aggregate deposits. Total deposits which constitute about 95 percent

of the money supply grew by 10.4 percent. The contribution of net foreign assets however, fell by 8.7 percent with decline in reserves as a result of deterioration in balance of payment performance.

Domestic credit growth determined by developments in the real sector and government expenditure, increased by 10.2 percent in fiscal year 2022-23 compared to 8.6 percent in fiscal year 2021-22. The total domestic credit outstanding was recorded at Nu 184.7 billion. The housing sector accounts for the highest share of 27 percent followed by the service and tourism sector at 25 percent of the total domestic credit. In the medium term, the domestic credit is projected to grow at an average of 15.6 percent annually.

Banking liquidity at the end of fiscal year 2022-34 stood at Nu. 10,139 million compared to Nu.24,445 million in the previous fiscal year. The reduction is primarily attributed to the resurgence of economic activities and gradual fall in term deposits. For fiscal year 2023-24, overall liquidity position is estimated at Nu. 8,796 million.

Developmental activities for the current fiscal year

Education

Nu. 946.57 million

Education reforms: Nu. 180.300 million

ECCD: Nu. 234.130 million

Undergraduate scholarships: Nu. 424.020 million

Support scholarships: Nu. 108.120 million

Heath

Nu. 2,009.033 million

60-bed hospital under the Pema Centre: Nu. 32.343 million 65-bed MCH Mongar, Motithang and Phuentsholing satellite clinics, microbiology in 6 cluster hospitals, water reservoir and wasteshed completion: Nu. 370.767 million

Procurement of medical equipment: Nu. 1,057.536 million Continuing medical education and training: Nu. 63.175 million

Procurement of ambulance: Nu. 158.352 million

ePIS: Nu. 136.860 million NDI: Nu 190 million

Access to 24x7 safe drinking water

Nu. 527.210 million

RNR

Nu. 1,068.643 million

Million fruit trees, Phangyul irrigation scheme, Bumthang and Wangduephodrang warehouses, Zhemgang integrated cold storage, Gelephu animal health facilities: Nu. 877.581 million Bhutan for Life projects: Nu. 191.062 million

Trade

Nu. 1,274.513 million

Dhamdum and Motanga industrial parks, Pasakha, Gelephu, and Nganglam dry ports, Pasakha industrial estate: Nu. 1,094.513 million Eastern Bhutan POL depot: Nu. 180 million

Connectivity

Nu. 1,588.779 million

Primary national highway improvement: Nu. 486.648 million Secondary national highway improvement: Nu. 400.478 million 7 GC road black topping: Nu. 220.276 million Laya GC road construction: Nu. 49.577 million Bridge construction and maintenance: Nu. 244.800 million Monsoon restoration works: Nu. 187 million

Energy

Nu. 944.69 million.

17 MW Sephu utility skill solar power project construction and installation

Construction and restoration of dzongs, monasteries, and Ihakhangs at Lingshi and Sarpang, conservation/ renovation works

Nu.560.952 million.



Agriculture

griculture holds
huge importance for
landlocked and small
nations like our country in terms
of achieving food and nutrition
security. Owing to Bhutan's
geographical constraints and
limited domestic agricultural
production, we have become
reliant on external food sources.

To ensure a stable food supply, to enhance self-sufficiency in food production, and to reduce dependence on imports, we have placed great emphasis on agriculture.

Agriculture also contributes to nutrition security by enabling the cultivation of a diverse range of crops, including fruits, vegetables, and staple grains. This diversity enhances dietary variety and promotes balanced nutrition, reducing the risk of malnutrition and related health issues.

Therefore, strengthening the nation's food and nutrition security in the face of challenges such as climate change and limited resources has always been imperative.

Second phase of million-fruit tree plantation project

The second phase of the million-fruit tree project by the Ministry of Agriculture and Livestock in partnership with the De-suung National Service, started on 5 February in Guma gewog, Punakha, and was completed on 19 August in Samtenling gewog, Sarpang.

The project focused on planting high-value fruit crops such as almonds, pecan nuts, walnut, kiwis, avocados, dragon fruit, irwin mango, mandarin, macadamia nut, seedless lime, agarwood, and coconut. The project benefited more than 40,000 farmers as well as schools, government agencies, dratshangs, and private companies.

The trees are expected to bear fruits within three to five years, which will enhance the livelihoods of farmers and benefit the country's economy. On average, the trees are expected

to bear fruits for at least 15 years and the program is projected to generate more than Nu. 2.7 billion annually.

Chain-link fencing

Human wildlife conflict remains one of the leading issues faced by farming communities. To address the issue, chain-link fencing was trial-tested and implementations rolled out across the country in the fiscal year 2022-23.

In the first phase of chainlink establishment, Nu. 500 million was allocated whereby one chain-link fencing per district was implemented that protected more than 3,000 acres of farmland stretching across 111.5 KM and directly benefiting 991 households. A total expenditure of Nu. 173.80 million was made towards the construction.

Dzongkhag	Gewog	Length (KM)	Command (Area)	Beneficiary (HHS)	Fallow land (Acres)	Expenditure
Bumthang	Chumig	4	103	50	0	6.24
Chhukha	Darla	5.5	300	63	10	4.68
Dagana	Karna	6	100	30	0	9.36
Gasa	Goenkhamaed	6	19	21	1	9.36
Наа	Eusu	5	50	20	20	7.8
Lhuentse	Minjay	8	120	45	40	12.48
Mongar	Ngatshang	5	100	140	30	7.8
Paro	Lungnyi	4	170	45	7	6.24
Pemagatshel	Nanong	6	98.7	22	2	9.36
Punakha	Chhubu	8	82	51	0	12.48
S/Jongkhar	Pemathang	2	18	6	0	3.12
Samtse	Sangangcholing	3	100	54	0	8.424
Sarpang	Senggey	7	523	55	0	10.92
Thimphu	Kawang	1.9	30	41	0	2.964
Trashiyangtse	Boomdeling	1.5	20	15	0	2.34
Trashigang	Samkhar	5	120	26	5	7.8
Trongsa	Tangsibji	7	400	101	0.5	10.92
Tsirang	Semjong	4.5	201.45	72	40.29	7.02
W/Phodrang	Gasetshogom	12	250	76	0	18.72
Zhemgang	Shingkar	10.11	389	58	0.5	15.772
	Grand total	111.51	3194.15	991	156.29	173.8



Omshari landmark irrigation project – De-suung project

The Omshari landmark irrigation project, located in Pemathang gewog, Samdrup Jongkhar, was launched on 11 November 2022, at a cost of Nu. 95.00 million and implemented by the De-Suung National Service. With the project's completion, 384 households with a command area of 1,050 acres benefited from improved access to irrigation facilities. Omshari project was handed over to the local communities on 4 June 2023.

Bhutan sturgeon farm

High-value agriculture and livestock farming is a suitable venture given Bhutan's topographical challenges and limited opportunities for large-scale commercialisation.

Sturgeon is one such livestock commodity.

The mahseer conservation centre located in Harachu has been renamed as the Bhutan sturgeon farm to initiate commercial-level farming of sturgeon. Major site development initiatives to redesign the farm were completed by 31 August 2023.

National accelerated dog population management

The program was initiated to achieve 100 percent sterilisation of free-roaming dogs, registration, and vaccination of all pet dogs, and control of feral dogs in meeting the global goal of zero human death from dogmediated rabies by 2030. The livestock department developed 10 strategies for this. Through the program, the following were achieved:





The strategies include engaging the De-Suups, following catch, neuter, vaccinate, and release (CNVR) protocol for vaccination and sterilisation, as well as establishing a dog shelter for aggressive, diseased, and terminally ill dogs. The strategy also focuses on digital identification through microchipping pet dogs to ensure dog ownership, habitat control through proper waste management, and awareness of the regulation of import and incountry movement of dogs.

Reform initiatives

Development of key strategies and policies

- Food and nutrition security (FNS) policy 2023: The revised FNS policy 2023 was approved in March 2023. The revised policy holistically captures the critical aspects of food and nutrition security, spells out actionable policy statements in spurring growth, and transformation of the agri-food system.
- Draft agri-food sector strategy 2034: The strategy will help implement the revised FNS policy 2023 by providing time-bound actionable guidance and strategies for the 13th plan and the long term plan.

- Biodiversity Act of
 Bhutan 2022: The National
 Biodiversity Bill of Bhutan
 2022 was endorsed by the
 Parliament and the Act
 emphasises the conservation
 and sustainable use of
 biodiversity. It will ensure
 that people and communities
 have access to benefits
 from the use of genetic and
 biological resources available
 in the country.
- Biodiversity rules and regulations 2023: In order to implement the Biodiversity Act of Bhutan 2022, the Biodiversity Rules and Regulations (BRR) 2023 of the Biodiversity Act of Bhutan 2022 was approved by the Competent National Authority (CNA) on 13 February 2023. The BRR 2023 has superseded all executive orders and circulars which are inconsistent with the Act and the Rules and Regulations.

Physical achievements as of June 2023

Agriculture marketing

Three integrated cold stores were constructed (Wangduephodrang, Sarpang, and Trashigang) and the construction of four



- integrated cold stores were initated in Chhukha, Samtse, Zhemgang, and Dagana.
- Constructed Khuruthang market shed (Kaja Throm) engaging about 71 De-Suups during the construction phase. The market shed was inaugurated on 30 April 2023.
- A total of 52 enterprises (agriculture/livestock/ forestry) were established and strengthened. 23 enterprises of 52 were supported with feasibility study, business plan development, post-

- harvest management and processing equipment, packaging materials, product packaging designs, logo designing, social media tailored post, product infographics, and product mockups.
- In total, 57 numbers of processing and value addition technologies were developed, out of which 52 are of value addition technologies with technologies available for adoption and five are on post-harvest management technologies.

Agriculture production

Dzongkhag	Sown area (acre)	Harvest area (acre)	Production (MT)
Paddy (irrigated)	23,571.86	22,319.76	40,744.68
Paddy (upland)	423.64	362.91	304.44
Maize	21,919.71	18,429.31	25,981.09
Wheat	1,973.71	1,769.20	769.78
Barley	1,456.89	1,305.22	614.93
Millet	1,430.08	1,297.66	601.51
Buckwheat	3,069.89	2,595.32	1,133.11
Quinoa	38.87	35.78	18.33
Bhutan	53,884.65	48,115.16	70,167.87

- 1,060 acres of land are under sustainable land management interventions. Additionally, about 90.45 acres of fallow land have been developed and brought under crop cultivation.
- Three released open pollinated maize varieties, Chaskarpa, Shaphangma, and Yangtsepa, were used to intensify maize production.



- A total of 79.5 acres under Sarpang, Thimphu, Chhukha, Wangduephodrang, Pemagatshel, Mongar, Bumthang, and Paro dzongkhags have been registered with national centre for organic agriculture (NCOA) for organic agriculture production. The total registered area to date stands at 14.099.54 acres.
- Eight new products
 were certified under the
 local organic assurance
 system (LOAS). They are
 rice, broccoli, cauliflower,
 big chilli, small chilli,
 mushroom, maize,
 and turmeric. With the
 certification of these
 products, the cumulative
 number of organic
 commodities certified under
 LOAS is 65.
- Under the overall banner-ship to provide one greenhouse per household, 2,535 greenhouses have been distributed covering all districts.
- During the fiscal year 2022-23, 35 irrigation schemes were completed, out of which 27 irrigation schemes were completed under the water flagship program and eight

- schemes under De-Suung water partnership. In total, the irrigation schemes of 164 KM covering an area of 6,785 acres benefited 3,455 households.
- Following comprehensive data collection from various regions of Bhutan, a soil map with a resolution of 250 metres was generated using random forest modelling by the national soil service centre (NSSC). Through this modelling approach, the generated soil map exhibits seven distinct classes; Dystric cambisols; Anthraquic cambisols; Eeutric cambisols: Skeletic cambisols; Haplic acrisols; Haplic allisols, and Haplic lixisols-providing valuable insights into the spatial distribution and classification of soils across the country.

Livestock production

Pork is the third most preferred meat item in Bhutan after chicken and beef. In 2021, Bhutan consumed a total of 2,701 MT of pork, of which 2,001 MT was imported. A total number of 3,416 piglets were supplied.



- Produced a total of 1,236 sucklers and supplied 342 weaners, processed 2,305 doses of semen.
- 130 artificial insemination (AI) centres operational in the country performed 6,969 AIs and recorded 2,453 progenies (861 male and 1,592 female), leading to an AI success rate of 35.2 percent. Birth of male progenies is 35.1 percent and that of female is 64.9 percent. Cumulative AI performed since 1987 is 2,03,260 and progeny born recorded is 66,455.
- In order to sustain egg selfsufficiency and enhance chicken production, a total of 3.62 million day-old-chicks (DOCs) were supplied to the farmers through poultry development centres across the country.
- A total of 2,578,677 fingerlings were produced in the aquaculture centres.
- A total of 323 biogas plants of various sizes (ranging from 4 sq. metres to 8 sq.

- metres) were constructed by the national dairy development centre. Additionally 97 biogas plants that were non-functional were repaired and revitalised.
- One of the major achievements was in yak genetic improvement. 220 doses of yak semen were successfully collected and cryopreserved. The yak semen straw was successfully launched in October 2022 during the fifth Royal Highland Festival (RHF) at Laya, Gasa.

Institutional reform

Taking inspiration from the ongoing transformation initatives, reforms within MoAL were carried out to rationalise the mandates and infrastructure to bring in greater efficiency and efficacy. These were done through separation of conservation and development mandates, establishing clear delineation of research, and production mandates where appropriate.



Renaming the Ministry of Agriculture and Forests as the Ministry of Agriculture and Livestock

Transfer of BAFRA as Bhutan Food and Drug Authority (BFDA) to MoH

Transfer of two AnGR Ex-situ conservation centers from Department of Livestock (DOL) to National Biodiversity Centre (NBC)

Agriculture machinery centre, and regional agriculture machiney centre at Khangma and Samtenling transferred to Farm Machinery Corporation Limited (FMCL)

Beautification officer realigned under the agriculture sectors in districts

Ministry's marketing portfolio in Bangladesh and India transferred to MoFAET

Closure of national jersey breeding centre (NJBC), Samtse

Upgradation of thromde veterinary hospital and satellite laboratory to regional veterinary hospital and epidemiology centre (Phuentsholing, Gelephu, and Deothang)

Creation of the national livestock research centre (NLRC) at Bumthang (erstwhile NHDC).

Transfer of Department of Forests and Park Services to the Ministry of Energy and Natural Resources

Transfer of rural development training centre mandate and infrastructure to MoESD

Transferred central machinery unit and its regional units (Khangma and Gelephu) to FMCL

Agriculture engineering division realigned under MoIT

Agri-marketing presence in LGs instituted - EDMO

Closure of regional livestock development centres of Tsimasham, Wangduephodrang, and Zhemgang

Merger of regional mithun breeding farm (RMBF), Wangdigang with RMBF, Arong

Relocation of National Highland Development Centre (NHDC) from Bumthang to erstwhile RLDC Wangduephodrang.

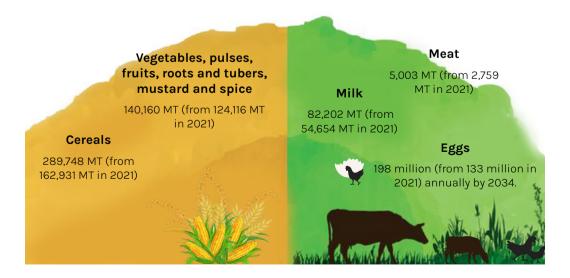


Going forward

In line with the vision set out in the preliminary draft longterm plan (2024-2034) whereby Bhutan aspires to become a highincome nation with a GDP of USD 10 billion in 2034, the primary sector plans to contribute 7-8 percent annually to GDP (Nu. 36 billion in 2021 to Nu 50 billion in 2029 and Nu 70 billion by 2034) by focusing on highvalue agriculture and livestock production, processing, and marketing. The revised FNS policy 2023 outlines the following goals to be achieved:

- All Bhutanese households are food secured either by producing their own food or having means to buy their food;
- Reduce all forms of malnutrition to achieve optimum health, nutrition and wellbeing;
- Enhance the agricultural sector's annual contribution to GDP by focusing on high-value agriculture and livestock production; and
- Enhance export value of agriculture and livestock products.

By 2034, the agricultural sector will have to feed about 837,288 people. Considering the current per capita consumption, this would require:





This calls for a significant increase in the production of agricultural products to keep pace with the increasing demand for food and enhancing incomes of our farmers to be able to afford food.

Therefore, the key strategic focus will be two pronged:

- Boost high-value agriculture and livestock commodities to make our farmers rich and contribute to economic development; and
- Sustain minimum level of self-sufficiency through domestic production for food security.

Tech-enabled agricultural farming will be adopted as the way forward in enhancing performance as well as to encourage young population into farming professions for long term food system sustainability.

Boost high-value agriculture and livestock commodities

High-value agriculture and livestock commodities have the potential to transform rural economies, improve farmers' livelihoods, and contribute to sustainable agricultural development.

Technical and financial support will be provided for the prioritised group of high-value crops, highend specialty livestock, and other potential produce. Investment plans will be immediately developed for all priority products stipulating input requirements, market projections, and return on investments.

Export markets

- Opportunities will be pursued to operationalise large-scale commodity based organic agriculture and livestock production. All such initiatives will be supported by strengthening standards, expanding markets, and ensuring certification.
- Special attention will be paid in leveraging and capturing a fast growing and expanding regional market. Apart from our traditional trading partners, markets will be explored and established in Singapore, Australia, and Bangkok.
- Using air freight to export Bhutanese produce will be tested for economic feasibility and upscaled accordingly.
- Agri-food sector economic hubs will be established in



strategic locations which will provide easy access to farm related machines, technology, and services apart from value addition, sorting, and packaging.

- To further build Brand
 Bhutan and expand markets
 and appreciation for
 Bhutanese produce, a grand
 challenge' will be initiated
 to develop a minimum of
 three exclusive Bhutanese
 agri-food produce to receive
 international recognition as
 some of the best produce in
 the world.
- Brand Bhutan and Bhutan's green premium will be leveraged to develop a niche international market for Bhutanese organic and highvalue premium products.

Domestic markets

A collaborative initiative between the Ministry of Education and Skills Development, Ministry of Health, Gyalsung Program, and MoAL will be adopted to cater the requirements in schools, institutions, and hospitals.

Sustain minimum domestic food self-sufficiency

Bhutan continues to consume and import significant quantities of agriculture and livestock commodities which includes rice, fruits, vegetables, pulses and cooking oil, and livestock commodities. Maintaining complete food self-sufficiency is not tenable considering several structural challenges in the agri-food system. We will have to depend on imports for our food security.

Therefore, a minimal level of self-sufficiency through domestic food production is going to be important. This will be done through:

- Corporate entities, private entrepreneurs, and youth groups will be incentivised to take up commercial farming;
- Farmers will be provided with capital, knowhow, and technology to establish state-of-the-art commercial megafarms to supplement production of chillies, onions, and tomatoes;



- Farmer advisory services will be ramped up to ensure that growing efforts are matched with demand cycles in consumption centres;
- MoAL will also support adequate food reserves to be maintained at strategic locations as national food security reserves at strategic locations. Identified entities will be facilitated and monitored to ensure the maintenance of such reserves;

Agri-tech farming will be pursued as one of the major strategies in pursuing two pronged approach highlighted earlier. The integration of technology into agriculture and livestock farming, agritech or "agricultural technology," has the potential to revolutionise traditional farming practices. By leveraging innovative technologies, datadriven solutions, and smart automation, the government will aim to enhance productivity, sustainability, and profitability in agriculture and livestock farming.

Vertical farms, using both hydroponics and aeroponics will be tested and upscaled to produce high quality produce on a year-round basis. Furthermore, automated systems that allow for maximising water and energy use efficiency will be employed.

Banking on the Internet of
Things, farmers will be empowered
to use real time data collection
technologies. Smart and widely
available farm sensors will
be deployed to monitor farm
conditions related to soil and
animal health, temperature,
moisture, and prevalence of pests
and diseases. These sensors can
be supplemented with drones
equipped with advanced sensor
technology to assess crop yield,
and spot potential weed and
diseased problems from the sky.

An agri-food digital platform which will incorporate and facilitate the use of an ensemble of digital tools ranging from apps which provide crop advisory services to early warning on weather, and incidences of pests and diseases will be launched.

Private sector enterprises will be encouraged to establish machinery and equipment rental services. MoAL will also proactively support interested entities to identify, source, and import farm machineries, equipment, tools and spare parts.



Forestry

orests play a crucial role in environmental conservation. They act as carbon sinks, absorbing carbon dioxide (CO2) and helping mitigate climate change. The forests of Bhutan contribute to the country's status as a carbonnegative nation, where it absorbs more carbon than it emits.

The numerous benefits of forests include providing clean air, regulating water sources, preserving biodiversity, supporting livelihoods, promoting tourism, and contributing to Bhutan's unique identity as a carbon-negative country with a constitutional mandate to maintain at least 60 percent forest cover.

Over the years, the carbon sequestration capacity of Bhutan's forests has also shown significant increase, reaching 11 million tonnes of CO2 compared to the estimated 9.6 million tonnes in 2015.

The fourth national tiger survey report was released during the International Tiger Day on 29 July 2023. It is worth noting that Bhutan has made commendable progress in tiger conservation,

with the tiger population showing a steady annual growth rate of five percent.

The latest estimate suggests that there are approximately 131 tigers currently inhabiting Bhutan, marking a significant increase of 27 percent compared to the previous national tiger survey conducted in 2015 when the population was recorded at 103 tigers.

In terms of revenue, the forestry sector has currently designated a total of 18 sites for collection of riverbed materials through dredging activities. These materials are then exported through open auctions.

It is expected that these activities will generate approximately Nu. 105 million in revenue for the government over a lease period of three years. So far, a quantity of 3.55 million cubic metres of stones and aggregates has been exported, leaving a remaining stock of 10.94 million cubic metres.

On 31 July 2023, as we celebrated World Ranger Day, several noteworthy achievements were recorded, including the



release of three reports: the state of forest report 2023, state of forest carbon report 2023, and forest cover mapping report 2022.

These reports estimated that Bhutan's forest cover spans 69.7 percent of the total land area, with a standing stock of 759 million cubic metres of trees. Furthermore, a group of rangers led by the chief forestry officer of Sarpang forest division was honoured with the prestigious 3rd International Ranger Award 2023, further highlighting their remarkable achievements.

Another important milestone was recorded in July 2023 when the Forest and Nature Conservation Bill 2023 was passed during the joint sitting of the Ninth Session of the Third Parliament.

With the Forest and Nature Conservation Act of Bhutan 2023, the mandates for provision of sand, stone and boulders are now handed over to the Department of Geology and Mines (DGM), since the department's human resources has specialised skills and knowledge required for sustainable management and utilisation of sand, stone, and boulders.

In the 13th and 14th plans,

our focus is on increasing the forest sector's contribution to GDP while simultaneously ensuring the sustainability of Bhutan's pristine natural resources. This commitment aligns with the constitutional mandate of maintaining a forest cover of at least 60 percent. The sector will strive to achieve a significant increase in GDP contribution by doubling it to Nu. 10 billion per year from the current annual contribution of Nu. 5.57 billion

The sector will make best use of forestry assets to not only generate income but also create employment opportunities. These are to be achieved through investments in the creation of forest-based enterprises, which include ecotourism, wood and non-wood industries, and domestication and sale of high-value non-wood forest products.

Timber production will be augmented through improved forest management and expansion of the market through trade and value addition by using improved technologies. Over the next three years, it is estimated that enhanced forest management and thinning practices will result in an annual production of approximately 11



million cubic feet of timber in log volume.

Investments will be made in the establishment and maintenance of plantations of high-value plant species as part of long-term investment for better economic opportunities in forest-based industries.

To foster research and information, science-based studies will be carried out on key areas such as domestication of high-value non-wood forest products, valuation of the ecosystem, and agarwood inoculation among others.

Safeguarding our natural assets will always remain an important mandate for the sector. In the course of the next decade, comprehensive monitoring and evaluation will be carried out for all existing management regimes in the country, which currently number over 1,100.

This will involve the implementation of effective and timely monitoring and evaluation mechanisms, execution of the zero poaching strategy, expanding transboundary collaboration at a regional level, and integration of drone technology, among other measures.

Additionally, there will be a focus on enhancing management of protected areas to ensure their long-term sustainability and effectiveness.

As part of the 13th and 14th plans, the sector aims to improve the current Bhutan management effectiveness tracking tool plus (METT+) score from 78 percent to a target score of 80 percent. As of September 2023, the latest assessment of the METT+ management effectiveness score stands at 78.13 percent.

This represents a notable increase of 11.46 percent compared to the assessment conducted in 2016. The use of the METT+ serves as a valuable tool in assessing the results of our dedicated efforts in managing these protected areas.

In cognisance of the necessity to update regulations pertaining to forestry resources, existing legislations, management prescriptions, and other related aspects will undergo a thorough review.

This review process aims to generate recommendations and apply changes wherever deemed necessary. Key interventions required include:



- Review of royalty rates for timber and non-wood products considering the present market scenario and inflation since existing royalty rates were adopted 18 years ago;
- Explore areas to maximise benefits of ecotourism in rural Bhutan; and

Execute changes in timber export rules.

In order to achieve these targets, projections estimate an investment worth Nu. 2.176 billion, with major inputs required in timber operationalisation, high-value plantations and, ecotourism strengthening.



Environment

hutan's environmental conservation efforts involve the preservation and sustainable management of its natural resources, including forests, water sources, biodiversity, and ecosystems. We have always aspired to maintain a harmonious balance between economic development and environmental protection, ensuring the well-being of both people and the environment.

Several initiatives have been taken in environmental conservation and climate change mitigation. These include developing an air quality index for real-time monitoring, establishing a carbon credit system under Article 6, Paris Agreement United Nations Framework Convention on Climate Change (UNFCCC) and national registry for trading emissions reductions, creating the Bhutan climate fund worth USD 50 million to monetise emission reductions, and setting up a climate museum to raise awareness and demonstrate Bhutan's commitment to addressing climate change.

The museum will showcase climate priorities, adaptation

and mitigation strategies, and provide real-time data and visuals depicting the effects of climate change in Bhutan.

Bhutan will implement its long-term low greenhouse gas emission and climate resilient development strategy (LTS) and national adaptation plan (NAP) by incorporating them into various plans and programs in coordination with relevant sectors, as part of its forward trajectory towards sustainable development and climate resilience.

Bhutan is taking a leadership role in the High Mountain Alliance Group due to its position as a mountainous country and the vulnerability of the Hindu Kush Himalayas to climate change. Bhutan will address climate change impacts by submitting biennial transparency reports (BTR) and national communications to the UNFCCC, as well as conducting national greenhouse gas (GHG) inventories.

This aims to enhance transparency and consistency in reporting actions taken to combat climate change and



its effects. The first BTR is scheduled to be submitted by December 2024, aligning with the requirements of the Paris Agreement.

Water

The Department of Water (DoW) was established under the Ministry of Energy and Natural Resources (MoENR). Its mandate includes implementing the responsibilities outlined in the Water Act and other laws related to water resources.

The DoW commenced operations on 1 January 2023, and incorporates the merged watershed management division from the department of forests and park services and the water resources coordination division from the former National Environment Commission Secretariat.

The department has implemented various initiatives and activities related to water resources management. A water curriculum (Bachelor of Engineering on Water Resources Management) was introduced at the College of Science and Technology, an agreement on the payment for ecosystem services (PES) scheme was drawn in Rechulum watershed

in Paro, and assessments of the Ngabirongchu watershed was conducted in Thimphu.

Intervention plans for Balukhola watershed in Sarpang and Rekhey watershed in Samdrup Jongkhar were developed. Training sessions on topics such as minimum environmental flow, hydrodynamic modelling, and habitat modelling were conducted.

Additionally, activities related to the Green Climate Fund readiness and preparatory support, including strengthening REDD+ and watershed management were carried out. DoW collaborated with ICIMOD in training and building capacities on nature-based solutions, knowledge sharing on springshed management, and discussions for future collaboration.

Guiding tools for the water master plan, finalising guidelines for e-flow beyond hydropower projects, and intervention plans for specific watersheds are being undertaken. The department is implementing climateresilient rural WASH initiatives in partnership with SNV Bhutan, conducting capacity building on built-water storage with Bhutan Water Partnership



and International Water
Management Institute, and
executing adaptation projects
through integrated landscape
management in Bhutan (total
project support worth USD 9.999
million), and implementation
of advancing climate resilience
of the water sector in Bhutan
(ACREWAS) project (total project
support worth USD 8.9 million).

The department is also involved in water resource mapping for Thimphu and Paro, updating wetland inventory, making investment proposals for reducing non-revenue water in Thimphu thromde, and providing hands-on training on springshed management.



Tourism

Beginning September 2021, Bhutan began implementing a cautious and gradual approach to reopening tourism amid the COVID-19 pandemic. While the closure of tourism spelt negative repercussions for the local economy, resumption of tourism activities has the potential to provide a significant boost to the economy of Bhutan.

Bhutan continues to depend on tourism as an important source of revenue, and the influx of tourists can generate income for local businesses, hotels, restaurants, and other tourism-related industries. Therefore, efforts have been continually made towards strengthening tourism in Bhutan after reopening.

Following the reopening on 23
September 2023, inbound tourist
arrivals exhibited promising
indications of revival, despite
the adjustment in sustainable
development fee (SDF) rates
subsequent to the removal of
the minimum daily package rate
(MDPR) pricing policy.

Bhutan welcomed 9,559 guests in September, representing a 34 percent increase over its forecast of 6,788 arrivals for the month. The tourism department forecasts that 98,000 guests will visit Bhutan until December 2023. October is starting to be a promising month, with 756 arrivals in a single day.

Between 23 September 2022 and 1 October 2023, a total of 89,326 tourist arrived in Bhutan. From this, 61,162 were Indian nationals, and 28,164 were other international guests out of which, 10,844 have paid the old SDF rate, with 17,320 paying the new SDF rate. 13,573 Indian guests applied for their permit before arriving in Bhutan, while 47,589 received the permit on arrival.

The total tourism revenue from SDF collection is estimated at USD 19.7 million from COTI tourists and Nu/INR 306,947.209 million from Indian tourists. This brings the total revenues for all visa and SDF revenues to be approximately USD 23.4 million since September last year.

When compared to 2019, wherein Bhutan received 315,599 tourists and generated visa and SDF revenues to the tune of USD 25.9 million, is close to prepandemic levels.

However, this year, Bhutan witnessed a 21.64 percent increase in arrivals, surpassing the earlier forecast of 63,964.



Tourist arrivals by month in 2023 (January - 1 October)

Category	January	February	March	April	May	June	July	August	September	October
Tourists from India	1,949	1,882	4,637	8,833	14,514	7,247	2,226	2,272	6,034	462
Tourists from COTI	721	759	2,748	4,936	2,095	1,238	800	1,125	3,525	294
Total	2,670	2,641	7,385	13,769	16,609	8,485	3,026	3,397	9,559	756

Despite the number of tourist being low, the revenue generated is almost at par when compared to 2019. This is high-impact, lowvolume tourism in practice.

Strengthening the tourism industry

 Development and maintenance of tourism infrastructure and amenities

The construction of restroom facilities and amenities such as footpath and site development wall at Khojung (five units), Chari base (four units), and Nidupchhu Goenpa (six units) have been completed.

The enhancement of integrated roadside amenities at Tshelingkhor, Pemagatshel has been completed and is presently being operated by a five-member youth group.

The maintenance of the following trek routes has been completed:

Drukpath trek route

- Jomolhari trek route
- Taktsang Bumdrak trail

Facelift of monument sites with construction and maintenance of ticket counters, restrooms, cafeteria, and other site development works have also been completed.

Development and enhancement of tourism products and experiences

A comprehensive draft tourism master plan has been developed. The master plan will provide an overall vision, direction, and development framework for both national and local tourism stakeholders in developing and promoting sustainable tourism.

A curriculum for specialisation training of tour guides on mammals, birds, plants, butterflies, and photography was also developed. The aggregate of these five specialised areas will result in accreditation of national certificate (NC) 3 certificates.



Guidelines for assessment and green certification of accommodations and checklist will be field tested and developed into a standard with the technical assistance from Bhutan Standards Bureau. Seven guides were trained and certified as master trainers and 16 guides were trained and certified as fishing guides for high-end recreational fishing.

Readiness assessment of service providers such as tour operators, guides, and accommodations

Efforts have been made to assess and validate the readiness of tourism service providers for tourism reopening. A total of 367 star rated hotels (ranging from one-star to five-star hotels) and 120 home stays were validated so far. In the meantime, 913 tour operators and 1,722 tour guides were validated including 19 tourist standard restaurants.

Assessment and certification of one-star and two-star hotels has been decentralised to dzongkhags.

Marketing, branding, and communicating Brand Bhutan

A multifaceted marketing approach was employed to highlight the distinctiveness of Bhutan and attract visitors, encompassing a diverse range of marketing methods. These included digital advertising, implementation of brand initiatives such as "Bhutan Believe," active participation in events, promotions during festivals, the presence of sales representatives, and partnerships with influencers and high-end travel networks.

As we move forward, the renewed vision for tourism will centre around the enhancement of our sustainable development policies; infrastructure and services upgrades; and the elevation of our guests' experiences.

Bhutan's distinct brand "BHUTAN Believe" will pursue the following primary goals:

- To present the essence of what makes Bhutan remarkable, unique, and important to the world;
- To attract visitors who will become our brand



ambassadors and life-long friends;

- To inspire the Bhutanese people to live up to an ambitious vision;
- To offer transformative, inspiring, and rare experiences for all guests who come to Bhutan; and
- To ensure that benefits from tourism are positively reinvested back into the economy to ensure that tourism remains a force for good in Bhutan.

The main results of the longterm plan include:

- Increasing contribution of tourism to the national economy and national stakeholders;
- A more balanced geographical and seasonal tourism development;
- An enhanced visitor experience; and
- Better awareness and understanding of Brand Bhutan, and stronger brand equity and brand image.

The long-term plan will focus on the following approaches to promote sustainable tourism growth:

- Create a positive environment that nurtures growth in tourism;
- Diversify and enhance our tourism experiences;
- Enhance tourism service delivery;
- Strategic marketing, branding and communication that promotes and positions Bhutan globally, in line with Bhutan's vision of highimpact, low-volume;
- Bring tourist numbers to prepandemic level as quickly as possible, while also focusing on the value that tourists bring to Bhutan;
- Ensure Bhutan is a high-end and inclusive destination by improving services and infrastructure with relevant government and private agencies; and
- Position Bhutan as one of the top global sustainable destinations.



Hydropower

ydropower continues to be a key driver of Bhutan's economic growth.

Bhutan's abundant rivers offer a significant hydropower potential, allowing the country to harness renewable energy sources.

Hydropower is clean, sustainable, and helps reduce dependence on fossil fuels, contributing to environmental conservation, and mitigating climate change.

Hydropower contribution

Annual electricity generation from the plants under operation in 2022 was recorded at 10,752 million units (MU), of which 3,295 MU was consumed domestically, and 7,819MU was exported to India. From the total gross revenue of Nu. 27,887 million generated in 2022, Mangdechhu hydropower plant alone contributed Nu. 12,542 million.

Principal loan repayment of Nu. 6,962 million and interest payment of Nu. 5,033 million were made for Mangdechhu hydropower plant in 2022. During the visit of His Majesty The King to New Delhi in April 2023, the export tariff of Chhukha hydropower plant was revised from Nu. 2.55 to Nu. 3.00 per unit with retrospective effect from 1 January 2021.

The physical progress of Punatsangchhu I and II projects stands at 87.74 percent and 95.42 percent as of July 2023 respectively, and the 118MW Nikachhu hydropower project is nearing completion for commissioning by end of this year. Punatsangchhu II project is on track to be commissioned in December 2024.

Power from Basochu will now be directly sold through the Indian power trading market at a rate of Rs. 10 per KWh. Basochu is the only project that allows direct sale of this kind, which is a significant achievement in entering the power market.

Additionally, three phase-I small hydro projects with a total generation capacity of 104MW are under construction and financing instruments are being explored including raising of capital through issuing renewable energy bonds. The three projects are expected to be commissioned within 2025.



Furthermore, feasibility studies for four other small hydro projects consisting of 45 MW Gamri-I, 26MW Druk Bindu-I and II, 20MW Begana, and 90MW Jomori are nearing completion after which construction will be immediately initiated. Discussions are ongoing with the Indian financial institutions as financing sources to resume the construction of 600MW Kholongchu hydropower project.

"Renewable energy for climate resilience project - a utility scale 17.38MW Sephu solar PV project" with funding support of USD 18.26 million from the Asian Development Bank is being executed. The project is expected to generate 25MU of energy annually. The project is anticipated to be commissioned in December 2024 marking a key milestone towards energy diversification and enhanced energy security.

Looking ahead, the energy sector in Bhutan is developing a comprehensive strategy for the next decade, focusing on objectives, strategies, policy reforms, investments, and programs. This holistic approach aims to achieve diversification, efficiency, reliability, and socioeconomic growth, ensuring a resilient and sustainable energy future.

The strategy includes various aspects such as hydropower and non-hydro renewables, capacity enhancement, and job creation. It represents a robust framework that will shape Bhutan's energy trajectory and contribute to the country's GDP.

To achieve energy security, diversification of energy sources is a key strategy in Bhutan. This involves the construction of various hydropower facilities, ranging from large-scale projects like the 1,125MW Dorjilung to smaller initiatives like the 18MW Suchhu. Feasibility studies for energy storage projects, such as the 1,800MW Gongri-Jerichhu pumped storage projects, are also prioritised.

Integrated energy solutions are being pursued to improve energy access, including projects like the 5MW agri-solar and 1MW rural energy supply, ensuring modern energy availability even in remote areas like the Lunana.

Bhutan is also developing a national hydrogen roadmap and strategy to attract investments and diversify energy resources, including exploring the implementation of a 5MW hydrogen project.

This will be achieved through various initiatives, including



strengthening transmission and distribution networks, establishing a 400kV east-west link, reinforcing power pooling stations, implementing smart grid technology, and facilitating cross-border power trade.

Reforms in policies and regulations involve the formulation of energy acts, regulations, and guidelines, as well as the development of a national energy policy, aimed at enhancing energy security, affordability, and efficiency.

Short-term strategies for energy security include importing power

from the Indian power markets. Significant investments are being made in renewable energy projects.

This includes the development of utility-scale solar facilities, solar rooftops in public institutions, promotion of prosumers, wind power projects, solar thermal projects, and bioenergy projects. Encompassing employment opportunities within the power sector as well as jobs generated by power generation projects under construction is a key priority.



Mining

everal initiatives have been implemented to achieve important milestones in the mining and geoscience sectors. The mines administration system (MAS) was enhanced with an online payment system and integrated with the integrated business licensing service and online forestry system.

Stone quarry approvals were fast-tracked in the southern region to boost construction material exports, and mineral exports were facilitated to generate foreign currency. Leases for mines and quarries were granted or renewed, and various permits were issued. Three surrendered quarries of Kharbari Dara stone quarry located at Tading, Samtse, Homdhar stone quarry located at Ngangkhor, Zhemgang and Ngangshing stone quarry located at Zobel, Pemagatshel were successfully auctioned. Rishore Coal Mine and Kothakpa Gypsum Mine were extended to enhance domestic supply.

During the past year, nine new mines and quarries were leased; eight mines and quarries were processed and leases were renewed, five short term quarries were issued, seven surface collection permits were issued and four exploration permits were

issued. In 2022, the total royalty and mineral rent collected is recorded Nu. 341.5 million.

Geoscience sector

In the geoscience sector, three systematic geological mapping on a 1:50,000 scale enhancing coverage of about 59.4 percent of the country's area were carried out. The reports and maps contain geological base information for mineral exploration, geo-scientific studies, and land use planning.

In Dorithasa, Sombaykha Dungkhag, Haa dzongkhag, Block D, a detailed exploration of industrial grade marble with one borehole has been completed with probable reserves of 12.3 million metric tons (6.53 million metric tons of cement grade and 5.77 million metric tons of chemical grade). Similarly, a detailed exploration of ferro-silicon grade quartzite at Shingkhar Lauri, Samdrup Jongkhar (Majawoong Block A) has been completed with probable geological reserves of 14.60 million metric tons.

Geological mapping, exploration projects for marble and quartzite, and a regional geological survey of graphite were completed. The landslide inventory map was updated for five dzongkhags



of Chhukha, Dagana, Sarpang, Samdrup Jongkhar, and Tsirang.

Geological engineering and geophysical studies of Thimphu and Paro valley covering 30 percent of the total area (205 sq.km) for Royal Commission of Urban Development (RCUD) have been completed for the fiscal year 2022-23.

Earthquake intensity metres were installed across the country, and micro-seismic hazard assessments were carried out in several regions. A total of 223 earthquake intensity metres have been successfully installed. This total includes the 169 intensity metres that were set up in the preceding year, along with an additional 54 metres that were newly installed during the fiscal year 2022-23.

Micro-seismic hazard zonation encompassed five microtremor assessments across various regions, including the Thimphu-Paro valley, Gelephu in Sarpang, Thimphu thromde, Isuna in Paro, and Ura in Bumthang.

These efforts contribute to the overall development, disaster risk reduction, and informed decisionmaking in Bhutan.

Moving on, mining development in Bhutan will be supported through utilisation of

existing geological information and allocating proven mineral deposits. The leasing of mines, promotion of value-added mineral-based companies, enhancing the sale and export of minerals and mineral products, and improving compliance and monitoring of mines and quarries will be expedited through innovative tools and technologies. A graphite deposit will also be developed during the 13th plan.

Geohazards sector

Among 847 documented landslides, only 39 have been recorded in the eastern region. To ensure a thorough and accurate dataset for the eastern part, landslide inventory will be updated. Landslide susceptibility maps for the country will be generated utilising data from the landslide inventory. This map will offer valuable insights into the probable assessment of landslide risks within the country.

A microtremor survey specifically for Phuentsholing region will also be conducted. Among the 14 source stations installed under the DGM-JICA-SATREPS framework, maintenance of eight source stations during the fiscal year 2023-24 is in the pipeline.



Employment

s of 2022, Bhutan's working age population stands at 484,965, of which 305,983 persons are economically active, representing 62.1 percent labour force participation rate.

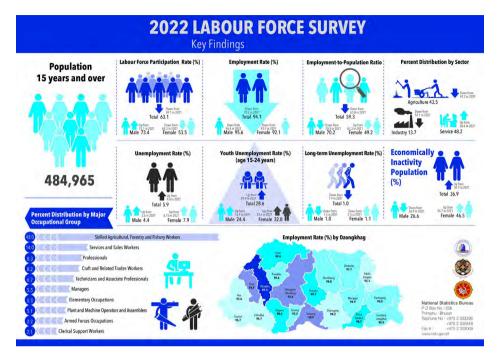
The rising unemployment, and youth unemployment in particular, is a growing concern for the government. Bhutan's national unemployment rate is estimated at 5.9 percent, and the issue continues to be more pertinent for women with about 8 percent of the economically active women unemployed compared to unemployed men at 4 percent (LFS 2022).

Moreover, the report estimates youth unemployment rate at 28.6 percent (~32 percent for female

youth vs ~24 percent for male youths). The report also reflects that unemployment remains more prevalent in urban areas, as urban unemployment rate (10.4 percent) is nearly three times higher than rural unemployment rate (3.4 percent).

These socio-demographic disparities highlight the need for targeted interventions to address unemployment. It is important that the government, in collaboration with relevant public and private stakeholders, continue to prioritise various engagement, skilling and entrepreneurship programs to promote gainful employment opportunities, and contribute towards improving the country's labour market scenario.





Source: National Statistic Bureau

Major ongoing developmental activities

Considering the increasing unemployment scenario in the country, a key emphasis has been placed in prioritising the creation of employment opportunities and facilitating gainful involvement of youth in the country. This are being pursued through the provision of efficient employment, entrepreneurship, career guidance, and labour market information assistance and services provided to job seekers,

parents and other key target audiences in empowering youth.

During the last fiscal year, 2,545 youths were engaged through the engagement program (youth engagement and livelihood program); 2,063 youths placed through the overseas employment program (OEP); and 8,892 job seekers were facilitated with direct job placements.

A total of 2,079 candidates underwent an entrepreneurship training program. Business incubation centres catered to 12 incubatees till date. In order to accelerate startups and provide



a platform for business ideas to grow, 12 events were conducted. Within the fiscal year 2022-23, 37 new startups were established and 145 jobs were created.

A national strategy on career guidance was formulated to enhance Bhutan's career guidance landscape, enabling youths to acquire a comprehensive understanding of the diverse array of opportunities open to them. The strategy seeks to provide youths with the necessary resources and support to explore opportunities and navigate various career paths effectively.

One of the key initiatives to impart labour market information for informed career choices is the GOWA. GOWA is an information dissemination platform followed by on-the-spot recruitment where the private entities can grasp the opportunity to find the right candidates for their enterprise. GOWA forums have been able to inform 2,503 participants and employed 330 participants.

Reform initiatives

 Developed the national strategy on overseas employment (NSOE) aimed at strengthening OEP to ensure

- safe, secure, and gainful employment;
- Developed the national strategy on career guidance with an aim to improve Bhutan's career guidance space allowing youths to gain a full understanding of the range of opportunities available to them;
- Revision of the career and occupation dictionary 2012 is initiated to provide a guiding document for career choices:
- Development of the national reintegration program is initiated to establish an effective psychosocial and economic reintegration as a strategic action of the NSOE; and
- Revision of the employment responsibility system (ERS) to strengthen coordinated efforts to employment generation.

Hereafter, to achieve the cluster key performance indicator, "by 2029, achieve full employment rate of 97.5 percent", programs and initiatives to strengthen three thematic areas will be implemented:



Entrepreneurship development program:

This will entail achieving four major outputs to create a vibrant startup ecosystem to nurture creativity, innovation, and entrepreneurship for gainful self-employment and economic development:

- Startup entrepreneurship programs
- Startup promotion and events
- Startup acceleration program
- Startup infrastructure setups

Focus will be accorded to postskilling and startup acceleration support.

Engagement program:

This will entail carrying out rigorous engagement programs to facilitate gainful employment. It will include liaising with multisectoral agencies to refer and place job seekers. Emphasis will be placed on the enhancement of digital jobs to achieve the KPI on creating 1,000 digital jobs annually.

With the objective of harnessing demographic dividend and creating a conducive environment for overseas returnees and other target groups, the implementation of the national reintegration program in collaboration with relevant sectors will ensure successful social, economic, and psychological reintegration supported by career guidance and advocacies on opportunities available.

Strengthening employment facilitation mandate of job placements and referrals through implementation of the employment service centre strategy is expected to enhance service delivery in all regional offices.

Enhance labour market surveillance and intelligence to strengthen labour market ecosystem and to ensure accurate, timely, and reliable labour market information on existing supply and demand of human resources. Rigorous career guidance and counselling initiatives will be designed and strengthened to ensure the target audience makes informed labour market choices.



Private sector development

key emphasis has been placed on fostering the growth and advancement of the private sector in Bhutan by creating an enabling environment for gainful involvement of youth in the private sector, improving ease-of-doing business, and accelerating private sector development.

Creating an enabling environment for gainful involvement of youth in the private sector has been achieved through the provision of efficient employment, entrepreneurship, career guidance, and labour market information assistance and services to private sector partners, job seekers, and relevant organisations, with the aim of promoting economic development, workforce development and empowering the youth.

In an effort to facilitate trade and improve the ease-of-doing business, the Department of Trade in collaboration with the Royal Monetary Authority, the Department of Revenue and Customs, and the Department of Industry developed and implemented the Bhutan tradeFin net (BTFN) system, an online platform which facilitates

cross border trade in terms of both goods and services.

The online system facilitates the issuance of import licences, certificates of origin, import and export registration for India, and banking applications for remittances (both inward and outward). In order to harmonise the data and information flow, the system is integrated with the licensing system, revenue administration and information management system, and banking system.

The rules and regulations on trade and industry have also been endorsed in August 2023 to create an enabling environment for the private sector by simplifying licensing regimes and procedures and facilitating business for the growth of private sector.

Development of various trade infrastructures is being carried out to support trade expansion and foster economic growth. As of 30 June 2023, the construction of Pasakha, Gelephu, and Nganglam dry ports are on a completion rate of 50 percent, 35 percent, and 35 percent respectively. These projects aim to address trade facilitation challenges (cargo handling, storage facilities,



clearing and forwarding, warehousing, trans-shipment, and transit) experienced at the border.

43 products consisting of textile products, paintings, spring water, incense powders and sticks, and essential oils received the 'Brand Bhutan' mark. Similarly, three products qualified for the 'Grown in Bhutan' mark on 17 December 2022. Furthermore, on 17 April 2023, three paintings were approved for the 'Made in Bhutan' Mark. This initiative is expected to enhance export of potential products.

To provide entrepreneurs instant access to essential and strategic trade information needed to secure deals in international markets, the trade information portal (TIP) was introduced. This portal serves as a gateway to credible information resources and updated databases of the United Nations.

In order to improve market access and connectivity for the private sector, the negotiation for a preferential trade agreement between Bhutan and Nepal has now reached an advanced stage. Furthermore, the government is working on convening the first meeting with Thailand to start developing a preferential trade

agreement between the two countries.

An agreement on the movement of traffic-in-transit with Bangladesh will soon be enforced and it is expected to benefit the private sector with options to make use of ports in Bangladesh for both bilateral and international trades. Similarly, a memorandum of understanding (MoU) on the use of inland waterways with Bangladesh has been renewed for five more years and to make it more useful and beneficial to the private, the standard operating procedure for the MoU has been amended with addition of more routes and ports of call.

CSI market outlets were established outside Bhutan in USA and Australia at a cost of Nu. 550 million. The market caters to Bhutanese overseas with over 100 plus products. A CSI market was also opened in Paro which promotes 300 plus CSI products targeting local and international tourists. Meanwhile, the establishment of a common facility centre (CFC) for CSIs in Thimphu and Tsirang is ongoing. The facility would provide most commonly used equipment and machinery to CSIs such as packaging, drying, dehydrating, sealing, and grinding among



others.

Moving ahead, efforts will be undertaken to achieve key results envisioned for the next ten years:

- Increase the share of manufacturing to GDP from 6 percent in 2021 to 15 percent by 2029;
- Increase foreign direct investment from Nu. 43.3 billion to Nu. 100 billion by 2029;
- Increase private sector investment from 40 percent to beyond 50 percent by 2029, and to 60 percent by 2034; and
- Percentage reduction in national trade deficit to 20 percent of GDP by 2029.

In order to achieve the aforementioned, following strategies will be adopted:

- Enhance private sector participation through privatisation, PPP, outsourcing, divestment, etc. since it is pivotal for economic advancement, fostering investment, job creation, innovation, and efficiency;
- Enhance trade facilitation for driving economic

development in Bhutan. As Bhutan is heavily reliant on trade with neighbouring countries, improving efficiency of cross-border trade can boost exports. attract investment, and promote economic growth. A new dry port will be developed in Samtse to facilitate trade expansion. Bilateral trade agreement with Government of Bangladesh will be renewed, ratified, and implemented along with the agreement on movement of traffic in transit, Bilateral trade agreements with Nepal and Thailand will also be pursued in the days ahead while also exploring trade agreements with Singapore, Vietnam, South Korea, and Malaysia;

- Create an enabling environment that encourages private sector development through implementing policies and initiatives that address barriers and enhance access to land, labour, and capital resources in collaboration with relevant agencies;
- Foster foreign direct investment by reviewing the existing FDI policy and relevant regulations and make Bhutan an attractive



investment destination.
A targeted investment
strategy identifying potential
foreign investors in specific
sectors and devising action
plans for effective and
focused promotion will be
formulated: and

Reduce regulatory burden and aim to create a more efficient and businessfriendly environment while still ensuring that necessary protections and oversight are in place.

Key programs identified are as follows:

- Implementation of integrated business licensing system (IBLS) as a single window for business licence:
- Pursue accession to the WTO:
- Market diversification through Brand Bhutan initiatives (EU, USA, and JAPAN);
- Industrial transformation maps (ITM) will be developed to come up with a medium to long term industrial strategy focused on three priority sectors, based on comparative and competitive advantages; and

Support informal sectors in the dzongkhags with technology, infrastructure, and capacity building among others.

GovBiz

To encourage private sector participation and foster growth, through enhanced facilitation and public service delivery, the government established the Government to Business Service Centre (GoVBiz) in August 2023.

The GovBiz Center will function as the comprehensive, one-stop-shop platform for all business-related services to the general public. The primary objective is to enhance the efficiency and effectiveness of these services by eliminating the need for multiple visits to various agencies for approvals. It will re-engineer and simplify government-to-citizen (G2C), government-to-business (G2B), and government-to-government (G2G) services.

It aims to facilitate the efficient acquisition and completion of all necessary information and clearances on behalf of applicants, resulting in cost and time savings.



Infrastructure

Human settlement

he growing number of people living in cities poses immense strain on both the natural surroundings and the infrastructure. Since the country is situated in a geologically delicate and environmentally vulnerable region, unplanned and unregulated settlements can endanger human lives and deplete natural resources. Consequently, to enhance the ability to withstand disasters, MoIT has prioritised well-thought-out development and, as of June 2022, has formulated spatial plans for 122 significant settlements across the country.

As more people migrate to urban areas in search of better opportunities, the pressure on infrastructure, housing, transportation, and resources intensifies.

To address these challenges and promote sustainable urban development, the government has prioritised the formulation of spatial plans.

Spatial planning

In relation to spatial planning, during the last financial year, following related works have been undertaken:

- Revision of Thimphu structure plan completed along with the overall regional development strategy for Thimphu-Paro region, water service master plan, city centre action plan, green infrastructure and open space system master plan;
- Formulated south central regional plan which encompasses the dzongkhags of Tsirang, Sarpang, and Zhemgang and structure plan for Gelephu-Sarpang corridor;
- Settlement studies of
 Tshangkha in Trongsa
 and Isuna in Paro were
 undertaken with the
 objective to document,
 preserve, and promote
 unique characteristics of
 settlements, and also to
 derive spatial characteristics
 which will become the
 guiding principles for
 planning and development;
 and



Compilation of building data and development of integrated databases for the national capital region and 64 urban centres.

Drinking water and irrigation

Bhutan is abundant in water resources, placing it among the countries with the highest per capita water availability in the world. On average, there is a flow of 2,238 cubic metres per second. Despite this, only 78.1 percent of urban households and 86.2 percent of rural households have continuous access to 24*7 drinking water supply.

To address these challenges, in the previous fiscal year, a total of 83 water supply schemes were implemented, which benefited 5,860 households. Additionally, 29 irrigation schemes were implemented, benefiting 2,752 households.

Affordable public housing and energy efficient housing

Affordability remains a prominent issue for the majority of Bhutanese people when it comes to accessing housing. In urban areas, the average monthly rent for houses is Nu. 6,996, while the average monthly household

income per person is Nu. 14,005. This shows that nearly 50 percent of the income is used to pay rent in urban areas, indicating a low level of access to affordable housing.

In response to this problem, the National Housing Development Corporation Limited (NHDCL) has taken steps to address the issue of affordable housing. Specifically, they have constructed an additional 21 public housing units.

Buildings account for more than 40 percent of Bhutan's total energy consumption, making it the country's highest energyconsuming sector. To address this issue, a pilot project was undertaken to construct an energy-efficient building at TTI Chumey. The success of this project opens the possibility of replicating such buildings en masse. By doing so, Bhutan can significantly reduce energy consumption, lower its carbon footprint, and enhance the indoor living conditions of its houses.

Infrastructure development

To ensure that our settlements are safe, livable, and resilient, the following works were carried out to mitigate disaster and adaptation risks:



- Construction of 2,500-bed quarantine centres (Samtse -500-bed, Amochhu - 500 bed, Samdrup Jongkhar 500-bed, and Sarpang 1,000-bed);
- Flood protection works were carried out at Taraythang in Sarpang, Bondeyma in Mongar, and Pemathang in Samdrup Jongkhar;
- Flood management plans for Haa dzongkhag, Sombaykha, and Jomotshangkha drungkhag were prepared;

- Building inventory developed for four dzongkhags and earthquake risk analysis or loss estimation carried out; and
- Viable prefabrication technology for doors, windows, cornices, and walls were studied.

Transport

Surface transport

Bhutan has a total of 18,267.4 KM of roads, which are categorised as follows:

1,680

kilometres of primary national highways (PNH)

417.08

kilometres of thromde roads

12,933.73

kilometres of other roads.

1,163.74

kilometres of secondary national highways (SNH) 2,072.86

kilometres of dzongkhag roads



The upgrading of the northern east west highway, spanning from Thimphu to Trashigang and measuring 489.33 KM in length, has been completed. Efforts to address the missing sections of the southern east west highway are currently underway, with ongoing work on the Nganglam to Dewathang link covering 68 KM. Additionally, the connection from Lhamoizingkha to Sarpang (94.8 KM) and Gelephu to Panbang (90 KM) have been prioritised in the 13th plan.

To ensure the smooth and uninterrupted flow of vehicular traffic, several projects during the previous fiscal year were undertaken:

- Maintained 2,614 KM of national highways and dzongkhag roads;
- Improved 234 KM of national highways and other important roads with pavement construction;
- Resurfaced 135 KM of highways and other roads;
- Completed and initiated construction of 17 bridges (Begana zam, Khasadrapchu zam, Dhamdum zam, Marung bridge, RCC multi-cell box

culvert on Dewathang-Samrang SNH (14 metres and 30 metres), Kamlung bridge, 150 feet TSR bailey bridge at Rangtsechu, Haa, Sibjegang zam, Yuejugang zam, and initiated Pangrizampa bazam, Diana Kuenphen zam, Khuru Kuenphen zam, Lerizam and Gayzamchu zam, Darachu bridge, and Katley bridge);

- Completed detailed project report for Sherichu-Gongrizomsa, Gangola-Lhuentse, and realignment of Trongsa-Gelephu PNH at boxcut: and
- EV charging stations installed in 15 dzongkhags and the remaining five dzongkhags of Mongar, Trongsa, Lhuentse, Samdrup Jongkhar, and Samtse will be installed by the end of this year.

Public transport and service delivery

During the fiscal year 2022-23, the Bhutan Construction and Transport Authority (BCTA) delivered a total of 370,267 services to the public. Out of these services, 238,599 were provided through offline channels, while 131,668 services were offered online.



In order to further improve transportation options and connectivity, approval of 34 new passenger transport routes and extension of six bus routes were completed.

Furthermore, in the same fiscal year, public transport services successfully transported over 0.7 million passengers, representing an increase of 0.267 million passengers compared to the previous financial year.

Road safety

During the financial year 2022-23, a road safety awareness program was implemented with the aim of enhancing and promoting road safety among road users and the general public.

The road safety awareness program targeted a total of 8,667 individuals. In addition to the road safety awareness program, ad-hoc drug tests were conducted for professional driving licence holders.

These initiatives demonstrate the commitment of the government to prioritise road safety, raise awareness about safe driving practices, to deter drugimpaired driving, and to ensure that professional drivers adhere to regulations and drive responsibly.

Revenue generation

In the fiscal year 2022-23, the provision of various services to the general public resulted in a total revenue generation of Nu. 281.887 million.

Air transport

Bhutan currently has one international airport and three domestic airports. Due to limited possibilities for expanding the Paro international airport, preparations are being made to establish a second international airport in Gelephu. This new airport will serve as an alternative during emergencies and inclement weather conditions at Paro.

The runway resurfacing, extension, and associated works for the Bumthang and Yonphula domestic airports have been completed. All the necessary work for certification and upgrading of Gelephu domestic airport to an international airport has been completed, and it is now ready for its inaugural flight.

Expansion of Paro, Bumthang, Yonphula, and Gelephu airports are estimated to cost around Nu. 72.35 million.



Transformative initiatives

As a part of the civil service reform, following restructuring was implemented:

- The mandates of the erstwhile Department of Engineering Services (DES) are merged with the Department of Human Settlements (DHS) under MoIT:
- Transport development and management mandates of the erstwhile Road Safety and Transport Authority (RSTA), Ministry of Information and Communications were merged with the Department of Roads (DoR), and renamed as Department of Surface Transport;
- Bhutan Construction and Transport Authority was

created folding the regulatory mandates of the erstwhile RSTA and the Construction Development Board. The regulatory mandates under the erstwhile DoR and Department of Human Settlements (DHS) have been folded under BCTA:

- Engineering divisions under different ministries have been folded under MoIT with the creation of the Department of Infrastructure Development;
- Nine regional engineering clusters have been proposed. Punakha cluster is currently being piloted; and
- Bhutan Civil Aviation Authority, which was functioning independently earlier, is now folded under MoIT.

Going forward

13th five-year plan strategies

In the future, several strategies will be adopted to attain the objectives of "sustainable, safe, inclusive, resilient, and livable human settlements" and "safe, secure, reliable, affordable, and sustainable transportation" through the following:

- Good growth in the right place;
- Integrated, coherent, and planned development with the provision of basic infrastructure such as road, water supply, and waste collection and management services;
- Mechanisation of construction processes - promotion of off-site constructions;
- Professionalisation of construction sector - certified builders, specialised firms, and building core competencies of construction professionals;
- Green and energy efficient constructions;
- Consolidation and upgradation of highways;
- Enhance public transport, including non-motorised transport;
- Shortening of strategic routes;
- Professionalisation of aviation sector;
- Promotion of alternative modes of transport and e-mobility;
- Standardisation and regulatory reforms; and
- Promote FDI, PPP, and privatisation.

Key results in the next 10 years

Over the next decade, following objectives are identified:

- Safe and livable human settlements in all 20 dzongkhags, with basic quality infrastructure:
- Reduction of travel time on national highways;
- Increasing the percentage of overall EV mix of total vehicles on road by designating 50 percent of government pool vehicles;
- Upgrading Gelephu domestic airport upgraded to an international airport;
- Quality infrastructure; and
- Improving technology in the construction sector.

Key policy changes, major investments, and programs including the ones identified for the 13th plan

Policies/roadmaps/masterplans

- Revision of the national civil aviation policy and national civil aviation act to enable use of drones and drone industrialisation for socio-economic development;
- Develop a national surface transport policy to provide direction to the surface transport sector including all modes of surface transport and e-mobility;
- Road masterplan;
- Infrastructure masterplan to provide clear direction on infrastructure development requirements in the country; and
- EV Road Map.

Major investment programs

- ® Development of national capital region;
- Planning and development of linked-urban centres;
- Construction of missing links along the southern east west highway;
- Upgradation of critical north-south highways;
- Piloting of mass timber construction; and
- Development of Gelephu international airport.



Social Cluster



The cluster encompasses the Ministry of Education and Skills Development (MoESD); Ministry of Health (MoH); National Land Commission Secretariat (NLCS); Royal University of Bhutan (RUB); Jigme Singye Wangchuck School of Law (JSWSL); Royal Institute of Management (RIM); Khesar Gyalpo University of Medical Sciences of Bhutan (KGUMSB); and National Medical Services (NMS).



Introduction

hutan has made significant progress in the areas of health and education, despite formal fiveyear planning process starting only in the 1960s. Currently, Bhutan has a 64.9 percent adult literacy rate and a 97.7 percent youth literacy rate. From 2017 to 2022, the adult literacy rate increased by 5.2 percent.

Furthermore, 90 percent of the population has access to health services, and over 98.2 percent of births are attended by skilled health personnel. The death rate has significantly decreased from 21.3 per 1,000 persons in the 1970s to 6.4 per 1,000 persons. It is worth noting that health and educational professionals earn the highest salaries among public employees, highlighting the importance of the social sector.

However, the social sector currently faces several challenges, including the rising incidence of illicit drug and substance abuse, heavy alcohol consumption, and an increase in criminal activities.

Additionally, mental health issues, an ageing population, the rise of individualism and nuclear families, limited access to affordable housing and home ownership in urban regions, as well as abandoned gungtongs in rural areas, along with both internal and external migration, contribute to a wide range of concerns. The quality of education and skills is also receiving increased scrutiny.

Moreover, a significant portion of the Bhutanese population is vulnerable and requires the establishment of a social security and protection system.

Given these circumstances, the national long-term objective of achieving "a healthy, prosperous, and secure Bhutan by 2034" must be pursued, with a significant emphasis on social development within the framework of the 13th five-year plan.



Objectives

The social cluster aims to create "a healthy and productive society founded on equitable and high-quality health, education, and social security" in the next five years.

Achievements in the areas of health, education, and social protection will contribute to this objective, ensuring that more Bhutanese experience improved health and well-being.

Similarly, the Ministry of Education and Skills Development seeks to ensure equitable access to quality education and lifelong learning for more Bhutanese. The establishment of an operational, inclusive, and comprehensive social security system is another prominent agenda.



Health

Recognising the rising cases of end stage renal diseases in the country and the concerted efforts required to prevent premature deaths from it, haemodialysis service was expanded in eight health facilities located strategically in the country. The JDWNRH also launched the Living Donor Kidney Transplant Service on 18 September 2023 in collaboration with the Kingdom of Thailand.

On 7 September 2023, Bhutan established its inaugural Heart Centre, representing a notable advancement in the country's tertiary healthcare. This facility is furnished with advanced cardiac catheterisation and cardiac care services, filling a crucial gap in Bhutan's medical services that were previously not available in the country.

Under the economic and social development program, the health ministry has mobilised 12 advanced ambulances in January 2022 with support from the Government of Japan to enhance delivery of critical and emergency pre-hospital medical services in the country.

To prevent antimicrobial resistance (AMR), enhance AMR surveillance, and ensure access to appropriate antimicrobials, the

national action plan to combat AMR was developed along with the establishment of a health governance structure for the implementation of AMR program.

To create a conducive and inclusive environment for the elderly members of our society, separate counters and preferences for the elderly population have been installed in all health facilities spread across the country.

Acknowledging the increasing burden of non-communicable diseases (NCDs) and mental health disorders amongst our elderly population, around 16,400 elderly individuals were screened for NCDs and mental health disorders during the commemoration of the elderly month in October 2022.

To guarantee inclusivity, the government consistently prioritised the delivery of healthcare services to remote and unreachable communities, ensuring that no individual is neglected or left without access to essential medical care.

In doing so, the following specialised health care camps were conducted:



10,000



patients were screened for eye disorders and 1,500 cataract surgeries were conducted

103 oral health camps which were conducted in eight districts.

- A total of around 10,000 patients were screened for eye disorders and 1,500 cataract surgeries were conducted through 13 comprehensive mobile eye camps;
- Basic dental services such as denture, filling up and restoration, scaling, extraction, medication were provided through a total of 103 oral health camps which were conducted in eight district;
- 163 and 1,321 patients availed surgical and consultation services respectively through three ENT surgical camps;
- Radiology services (x-ray and ultrasound) have now been expanded to 98 percent of hospitals (10-bed and above). Keeping the need to attain health equity in mind, computed tomography (CT) services are available in

- all regional hospitals and expanded to Samtse and Dewathang hospitals; and
- In keeping with the strategy to make "Bhutan, a centre of excellence for sorig-based wellness services", four sowa rigpa wellness centres were established. These wellness centres are mandated to provide traditional medicinebased wellness therapies such as lum (baths), jukpa (massage), numtshuk (oil compression), dugrig (herbal compression), zhiney, and luejong to their clients.

Health infrastructure

The Royal Centre for Infectious Diseases (RCID) will be a stateof-the-art facility and a centre of excellence for prevention and management of infectious diseases, emerging infectious diseases and diseases of



pandemic potential. The Japan International Cooperation Agency (JICA) has been a critical partner in this achievement.

As a critical step towards ensuring equitable access to mother and child-friendly health services for Bhutanese from all walks of life, the construction of the 150 bed Gyaltsuen Jetsun Pema Wangchuck Mother and Child Hospital (GJPWMCH) at the Jigme Dorji Wangchuck National Referral Hospital (JDWNRH) is completed. Similarly, the construction of the 65-bed GJPWMCH, Mongar for the eastern region will be completed in 2025.

Similarly, the construction of the Mongar mother and child hospital will be completed in the following months.

The multi-disciplinary superspecialty hospital (MDSSH) was conceived with a goal to cut down ex-country referrals and high out-of-pocket costs associated with it. The 500-bed MDSSH is proposed under the support of the Government of India and is worth Nu. 5.6 billion.

This hospital will provide advanced and complex services such as kidney transplants, heart surgeries, comprehensive cancer treatment, and nuclear medicine. It will also house a reproductive

health centre to treat infertility and other reproductive health complications.

The construction of the Pema Centre is projected to incur an approximate cost of Nu 333.92 million and is expected to be finished by June 2026, within a total timeline of 36 months.

Recognising the importance of providing equitable and timely access to health care services, the construction of new health facilities across the country has been initiated. These facilities include:

- Three thromde health centres earlier known as satellite clinics completed in early 2023 in Thimphu;
- Taktse primary health centre in Trongsa completed in October 2022:
- Dewathang hospital (40-bed) completed in December 2021 and functional from January 2022;
- Buli hospital (10-bed), Zhemgang was functional from January 2021;
- Kamji primary health centre, Chhukha completed in August 2022;
- Bejimichu primary health centre, Darla Gewog, Chhukha



completed in November 2022 and functional from January 2023:

- Tsirangtoe hospital (10-bed), Tsirang completed and functional from March 2022;
- Dangdung hospital (10-bed), Trongsa was completed and functional from May 2020.
- Dremetse hospital (10-bed), Mongar under construction completed in June 2023;
- Pangthang subpost, Gongdu, Mongar under construction completed June 2023;
- Autsho hospital (10-bed), Lhuentse completed in November 2022;
- Phekpari subpost, Thrimshing, Trashigang completed construction in May 2022;
- Pangbisa hospital (10bed), Paro completed and functional in July 2023.
- Dotey primary health centre, Paro completed in July 2022;
- Trashichhoeling hospital (20bed), Sipsoo, Samtse, under construction; and
- Primary healthcare centre at Lingden, Chhukha completed in January 2023.

Transformative initiatives

The endeavour to transform the healthcare delivery system into a patient-centred, value-based, and coordinated institution is widely recognised as a crucial measure towards enhancing the well-being of both individual patients and the overall population.

The National Medical Services (NMS) has therefore been constituted for visioning and coordination of clinical services across the country. The NMS shall deliver its mandates through three departments namely:

- Department of Clinical Services (DCS)
- Department of Medical Products (DMP)
- Department of Biomedical Engineering (DBME)

The responsibility of formulating health sector policies, guidelines, and overseeing health services will be carried out by the health ministry through two departments:

- Department of Health Services (DHS)
- Department of Public Health (DoPH)



In line with the policy of consolidation of regulatory agencies responsible for animal and human health, the Bhutan Food and Drug Authority (BFDA) was created with the merging of Bhutan Agriculture and Food Regulatory Authority (BAFRA), Bhutan Narcotics Control Authority (BNCA), and Drug Regulatory Authority (DRA).

For public health surveillance, the Royal Centre for Disease Control (RCDC) was elevated to a department as a national reference laboratory. Furthermore, the World Health Organisation (WHO) has recognized RCDC as the national influenza centre.

In the next 10 years, more Bhutanese are anticipated to practice healthy lifestyles. For this, the health sector will intensify its efforts towards aggressively implementing the preventive and curative healthcare service measures for reduction of mortality and increasing life expectancy.

Specifically, the reduction of burden of diseases like communicable diseases, noncommunicable diseases, and maternal and child mortality will be investment priorities:

Control and elimination of priority diseases: Building on past achievements

- and commitments, robust interventions towards elimination of any diseases of public health concern would be undertaken.
- Access and delivery of quality health and healthrelated services and products: aims to ensure universal access to quality healthcare services for all citizens, regardless of their socioeconomic status or geographical location. This includes continual expansion of the reach of healthcare facilities and services to remote and underserved areas through outreach clinics and specialised health camps for the unreached population.
- * Ensure adequacy and competency of the health workforce: Investments in training and increasing the number of healthcare professionals, such as doctors, nurses, and technicians, will be increased to bridge the healthcare workforce gap.
- Innovative governance and sustainable health financing systems: Alternate sources of health financing would be studied to create a sustainable health financing ecosystem. This



will be complemented by promotion of private participation, including FDIs and through public-private participation, to provide selective health services in tandem with other relevant public policies of the country.

- Strengthen regulatory, monitoring and health security systems: Institute legislations, regulations, policies, standard operational procedure, guidelines. Strengthen enforcement of regulations of food and biosecurity, medical products, controlled substances. and tobacco products. Enhance quality assurance, regulatory and certification systems (including biosafety, biosecurity and health personnel systems). Strengthen standardisation and regulation of sorig wellness services to institute dynamic medicolegal reporting systems.
- Harness information and technology to enhance health systems efficiency:
 A robust health information system for data collection, analysis, and monitoring of health trends, which can guide evidence-based policy decisions would be developed.

Key strategies for the next decade

Primary healthcare strengthening

Due focus will be accorded to strengthening primary healthcare services as the foundation of healthcare system. The roles of community health workers will also be enhanced to provide preventive and basic healthcare services.

- Digital health: To promote the use of electronic patient information systems (ePIS) in all the health facilities solutions and improve access to healthcare services, especially in rural and remote areas through telemedicine.
- Preventive healthcare: Comprehensive preventive healthcare program implementation including vaccination, health education, and lifestyle modification initiatives to reduce the incidence of noncommunicable diseases.



- Sustainable and innovative health financing ecosystem: To ensure equitable access to quality healthcare while addressing the evolving healthcare needs of communities. This includes diverse funding mechanisms, including public and private sector participation, as well as harnessing cutting-edge financial technologies.
- Research and innovation: To encourage medical research and innovation to keep up with advancements in medical science, drug development, and technology, ensuring the healthcare sector remains at the cutting edge.

Other achievements

Major changes to national health policy 2011 have been made. The revised 2020 policy is forward thinking, innovative, bold, and broad. It promotes a multi-sectoral approach which intends to enhance health in all and health for all, and proposes key policy recommendations to enhance health equity and accelerate national progress towards achieving universal health coverage.

In order to improve maternal and child health (MCH), the accelerated mother and child health policy (AMCHP) with a budget of USD 3.9 million was launched. The policy intends to provide a holistic and comprehensive approach towards increasing the uptake of MCH services through provision of conditional cash transfers.

This will also ensure that there is equitable access to MCH services, whereby a child born in a rural area will be provided the same services as that of a child born in an urban area.

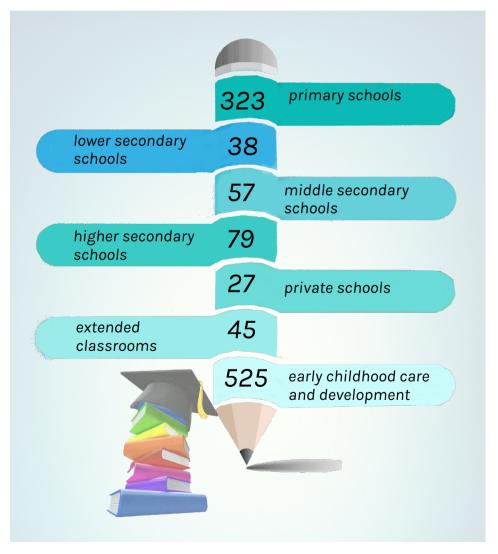


Education

he education sector is the largest in the country and serves as the foundation for its development. All other sectors are built upon it. The Ministry of Education and Skills Development (MoESD), as the overseeing authority of the

education system, manages and administers various schools and centres.

Specifically, there are 323 primary schools (PS), 38 lower secondary schools (LSS), 57 middle secondary schools (MSS),





79 higher secondary schools (HSS), 27 private schools, 45 extended classrooms (ECR), and 525 early childhood care and development (ECCD) centres spread across the country.

These institutions collectively enrol 154,140 students, which is about 20 percent of the population. In addition, there are 10,158 teachers across 526 schools and 525 ECCD centres. Likewise, there are nine vocational institutes with 3,065 students and 143 teachers, as well as 17 tertiary education institutes (TEIs) with 10,901 students and 788 teachers.

The education sector has received increased attention to address present demands. Significant initiatives and reforms are underway to enhance the quality of education, which encompasses:

Improving quality and inclusive school education

Early childhood care and development (ECCD)

Both net enrollment rate (NER) and general enrollment (GER) of 38.7 percent net enrollment in ECCD for children aged between 3-5 in 2022 and 54.47 percent GER in 2023. However, the NER in 2023 has reduced to 37.66 percent from 38.7 percent in 2022. The difference in NER and GER in 2023 is attributed to the lowering of PP admission age to 5.

132 new ECCD centres will begin operations this month onwards employing 156 facilitators.

Special education needs (SEN) services

- Inclusive schools: The number of inclusive schools have jumped from 26 in 2022 to 39 this year. 52 teachers trained in special education have been deployed to different inclusive schools.
- School rationalisation: A rationalisation exercise is being carried out to foster professional growth among teachers, to ensure fiscal prudence by cutting down expenses on operation of small and unsustainable schools, and also to allow children to experience quality teaching and learning in bigger schools. The exercise is aimed at upgrading LSS to MSS while simultaneously downgrading LSS to PS,



consolidation or closure of small schools with less-than-required enrollment rates, and bifurcation of large secondary schools. In consultation with dzongkhag administration, the following activities have been initiated:

- Merged 18 ECRs and four small PS with nearby bigger schools;
- Downgraded 18 LSS and one MSS to primary level;
- A total of 148 teachers and 16 support staff have been redeployed as of April 2023; and
- Upgraded two PS to MSS, three LSS to MSS, and four MSS to HSS.
- Adolescent skills employability generation: Through the UPSHIFT and UNISOLVE Program, approximately 10,000 students in 64 schools have acquired essential life skills and improved their employability prospects. This program aims to empower students to capitalise on opportunities and secure meaningful employment in their later years. The program was launched by Her Royal Highness Ashi Chimi Yangzom Wangchuck in May 2022.

- Review of pass percentage:
 Overall pass percentage
 has been reviewed from 35
 percent in 2022 to 40 percent
 in 2023. Students must
 secure 40 percent in both
 continuous assessment
 and exams for home
 examinations.
- Except for ECRs, all 526 schools have computer labs connected with internet facilities. From 140 in 2019, an additional 511 labs were connected with internet facilities under the Digital Drukyul flagship, bring the total to 651 labs.
- Expansion of central schools and boarding primary schools.

Teacher development and support program

Professional development for mathematics teachers: In collaboration with the DGI, a diagnostic baseline was conducted. All mathematics teachers sat for a test in July 2022 to improve the quality of maths subject in schools by equipping teachers with necessary knowledge and skills to effectively teach mathematics. Based on



- the findings, over 2,674 mathematics teachers were trained.
- Professionalisation of ECCD: Works are underway to introduce post graduate diploma in education (PGDE) in ECCD at the Paro College of Education (PCE). The first batch will be enrolled in 2024. Existing facilitators will undergo mixed mode diploma in ECCD during winter breaks at PCE.
- Competency framework for school leaders: A competency framework has been developed for school leaders last year.

Curriculum, assessment, and examinations

School curriculum matters

Orientation of national school curriculum: As a part of larger education reform, focus on school education curriculum has shifted from traditional subject mastery to competency-based curriculum. The latter focuses on competency development, child-centred learning

- experiences, contextualised assessment, and the use of multiple resources and ICT platforms. The shift aims to transform education from "teaching of what" to "learning of how and why," thereby equipping learners with transversal competencies and 21st century skills for life. In an effort to roll this out in all schools, a total of 10,200 principals, vice principals and teachers, including private schools of 20 dzongkhags and four thromdes were trained on the new curriculum.
- Revision and development of textbooks: English textbooks for students in classes IV to XII were reviewed and revised. A world history for Class X has been drafted based on the new curriculum framework.
- Instructional leadership training to education leaders: With an aim to redefine the role of district and thromde education officers (DEOs and TEOs) and principals in the implementation of new school curriculum, more than 900 participants comprising DEOs, TEOs, principals, and teachers were trained on instructional leadership, curriculum models, culture of



- innovation and change, and emerging learning teaching, and school support services.
- School examination and assessment: Year-end class VIII assessment was upgraded to a common examination from the academic year 2022. With this change in class VIII assessment policy, the earlier practice of school level test administration, evaluation and result declaration was discontinued and the Bhutan council for school examination and assessment (BCSEA) took over the conduct of examinations in a centralised mode. The 2022

board examinations also started conducting exams for Bhutan certificate of secondary education (BSCE) for technical vocational education and training (TVET).

Board examinations and assessment

Bhutan higher secondary education certificate (BHSEC) 2022 examination: For BHSEC Class XII examination conducted in December 2022, a total of 13,490 candidates from 84 HSS (64 government and 20 private schools) had registered and 13,373 of them appeared the examination.

Туре	Entered			Appeared			Pass			Pass %		
	М	F	Т	М	F	Т	М	F	Т	М	F	Т
REG	5,000	6,058	11,058	4,928	6,030	10,958	4,276	5,250	9,526	86.77	87.06	86.93
PVT	502	502	1,004	497	500	977	406	408	814	81.69	81.60	81.64
SUP	628	800	1,428	621	797	1,418	614	788	1,402	98.87	98.87	98.87
Total	6,130	7,360	13,490	6,046	7,327	13,373	5,296	6,446	11,742	87.60	87.98	87.80

In the language and culture studies certificate (LCSC) class X examination, a total of seven candidates from one government school registered and appeared for the examination. The overall pass percentage was recorded at 57.14 percent.

Class VIII common examination 2022: In the class VIII common examination conducted in December 2022, a total of 11,849 candidates from 176 schools (166 government and 10 private schools) were registered while 11,821 appeared for the examination. The pass percentage is recorded 56.38 percent.



Туре	Entered			Appeared			Pass			Pass %		
	М	F	Т	М	F	Т	М	F	Т	М	F	Т
REG	5,485	6,364	11,849	5,479	6,342	11,821	3,212	3,453	6,665	48,19	51.80	56.38
Total		6,364	11,849	5,479		11,821	3,212	3,453	6,665	48,19	51.80	56.38

National education assessment (NEA): The NEA diagnoses the health of education system. The NEA 2021 was administered for grade III Bhutanese students in November 2022 where a total of 4,685 students participated in the assessment. The assessment covered three domains: Dzongkha reading literacy, English reading literacy, and Mathematical literacy. The results demonstrated socioeconomic status as a major factor affecting student learning. Students from a higher-income household had better English reading and Mathematical literacy abilities than students coming from the lowestincome group. Gaps were also observed in English reading and Mathematical literacy between students from rural areas versus urban areas and students from private versus public schools. Urban students outperformed their peers from rural schools and private school students performed better than students studying in public schools.

Skills development through strengthened technical and vocational education and training

- Skills development: Formal vocational skills training program is offered through six technical training institutes (TTIs) and two institutes of Zorig Chusum. In 2022 2023, over 4,422 learners have been trained while 1,519 are undergoing training in various domains in the institutes.
- Curriculum review and development: 34 new courses were reviewed and developed with national certification, and 17 short courses with modular certification.

Improve health and wellbeing of children and youth

Strengthened water, sanitation, and hygiene: Strategies to enhance health and wellbeing of students were developed in May 2023. It details creating a safe



school environment, mentormentee program, wellbeing focal teachers, spiritual programs, online counselling services, and student resilience development program. All school guidance counsellors and DEOs are being trained as training of the trainers to roll out in all schools.

- Addressing gender-related issues:
 - 24 gender and child focal persons (GCFPs) from 20 dzongkhags and four thromdes were trained to provide timely services to women and children who need care and protection.
 - Three additional workplace creches were established taking the total creche services to 28.
 - Preparation of the 10th period report of Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) is underway.
- Youth development:
 - Professional chess was introduced in youth centres and youth friendly integrated service centres from 2022 in collaboration with Bhutan chess federation. Over 450 youth were engaged through

- this program.
- Multimedia skills training for 25 out-of-school and unemployed youth were provided. The 14-week training was designed to equip young people with skills that could make them more employable in the digital market. The participants were trained on multimedia skills such as cinematography, videography, photography, 2-D animation, story-telling, script-writing, and video editing.
- Career education and counselling services: "I Support My Friends-Peer Helpers Program' was rolled out to provide best support to students from their peers following a distressing event related to academic, personal, and social issues. This program is aimed at identifying risks and providing necessary intervention. The program covered 4,022 students comprising 2,254 girls and 1,768 boys of 128 schools.
- 9th youth leadership training: 63 at-risk adolescents (34 girls 29 boys) were trained on youth leadership. They were provided with hands-on experience in dealing with different issues, coping



skills, and were taught to become resilient humans.

King's Camp: Launched in 2015, the King's Camp focuses on spreading the message of peace, conservation of environment, learning outdoor skills, promotion of culture, and heritage preservation. The camp provides a unique opportunity for scouts from all over the country to meet, build friendships, discuss peacebuilding, and contemplate how to create a better world. It is organised once every four years and this year 114 scouts from across the country attended Camp III in Gelephu.

Other important milestones

Review and launch of Bhutan qualifications framework (BQF): The Bhutan qualifications and professionals certification authority (BQPCA) launched the revised BQF in June 2023. The BQF is expected to enhance transparency, consistency, and comparability of skills and qualifications across Bhutan's learning and employment sectors. It will empower seamless mobility of learners and professionals across

the sectors in pursuing their education, skills development, employment, and lifelong learning pursuits. It has eight distinct levels and four domains viz. knowledge, skills, values, and applications. BQPCA is currently developing a qualifications accreditation system, national credit transfer mechanism and Bhutan qualifications register (BQR) towards implementing BQF in a phased manner.

Reforming our colleges

The Royal University of Bhutan (RUB) has been undergoing several transformation initiatives in several of its colleges mainly driven by expatriate experts hired by His Majesty's Secretariat (HMS).

Sherubtse College

The college has been working throughout the academic year 2022-2023 to introduce three new programs which are found more relevant considering the national aspirations and global trends. The following programs have been launched in planned in July 2023:

- Bachelor of arts in economics and political science;
- Bachelor of arts in digital



- communications and project management; and
- Bachelor of science in data science and data analytics.

Gedu College of Business Studies

Through the assistance of international experts appointed by HMS, the college is undergoing major changes in program restructuring in the areas of business and commerce.

All the three existing programs viz. Master of Business Administration, Bachelor of Business Administration, and Bachelor of commerce are discontinued and following new programs are being developed:

- Bachelor of business management;
- Bachelor of marketing (digital and communication);
- Bachelor of human capital management;
- Bachelor of accountancy;
- Bachelor of economics and finance: and
- Bachelor of business analytics.

Besides these programs the college is also exploring possibilities of offering programs in law, banking, finance, and airport management.

College of Science and Technology (CST)

Some notable developments at CST are:

- Restructuring existing program of Bachelor of engineering in electrical engineering, Bachelor of engineering in instrumentation and control engineering, and Bachelor of engineering in electronics and communication engineering with common foundation in first and second years;
- Introduction of majors in power engineering for Bachelor of engineering in electrical engineering, advance computing, microelectronics, and communications engineering, robotics, industrial automation, and instrumentation and control;
- Launched the Bachelor of engineering in water resource engineering in collaboration with National Environment Commission in July 2023; and
- The college will also start offering a Bachelor in software engineering which will be fully self-financed by students.



Gyalpoizhing College of Information Technology (GCIT)

Effective July 2023, the GCIT campus is shifted to Kabesa, Thimphu. The major architectural and structural drawings and designs for the construction of new infrastructure for the IT college is nearing completion.

College of Language and Culture Studies

The college has phased out programs and had no new intake starting July 2023 academic year. Discussions are ongoing to repurpose the college.

Research and external linkages

Alongside teaching and learning, research is one of the priority areas of RUB. Since its inception, the university has focused on developing and promoting research culture by building capacity and creating enabling conditions for academics to conduct research. Increasingly, RUB is contributing to the topical national issues such as climate change, agriculture, education, construction, and entrepreneurship, among others.

In terms of publications, RUB has collectively published close to 100 peer reviewed research articles on organic agriculture, flood risks, architectural insights, seismic vulnerability of buildings in Bhutan, evaluation of land use change using GIS, language awareness and critical thinking, teaching learning practices, and student wellbeing.

Khesar Gyalpo University of Medical Sciences of Bhutan (KGUMSB)

As an overarching university for all existing institutions engaged in medical and health education and training programs in the country, KGUMSB aims to establish a full-fledged medical undergraduate program, strengthen faculty capacity in terms of number and qualification, and institute a conducive teaching-learning environment.

Some of the key achievements of the university during the last fiscal year include:

 Launch of Druk sokchop or lifesaver courses on 28 February 2023

> These courses are at par with other international emergency life-saving



courses such as basic life support and advanced cardiac life support courses but contextualised for Bhutan. There are currently 12 courses under Druk sokchop for health workers and non-health workers like teachers and the general public and these courses were developed by a panel of experts from the university, teaching hospitals, and some district hospitals, with financial support from JICA as a part of the JICA technical cooperation project at the university.

Launch of Open KGUMSB on 28 February 2023

> The university launched the OpenKGUMSB, a digital platform to serve the needs of an advancing ICT world with increasing demand and changing times in the medical and health education system. It is also a valuable tool for healthcare providers to enhance their knowledge and skills, which can ultimately lead to better patient care and outcomes. This platform is expected to foster medical and health education via virtual or online courses in various disciplines.

Inauguration of the eastern regional centre for simulation-based training

> The eastern regional referral hospital (ERRH) inaugurated the centre for simulation-based training with the support of the JICA technical cooperation project in collaboration with the university. The centre will provide a state-of-theart facility that encourages the learners to achieve a high level of competencies, promote innovative teachinglearning by integrating simulation-based education into traditional methods, improve the quality of care, patient safety, and outcomes with advanced knowledge and skills through high quality simulation-based training and advanced evidence-based practice.

Launch of community mental health outreach workers (CMHOW) short course for De-suups

The six-month training curriculum for CMHOW was launched on 1 July 2023 at the faculty of nursing and public health (FNPH). This course was developed by the clinical counselling program from the FNPH in consultation with the Pema Secretariat



and DSP consultants. Desuups are expected to learn about concepts of case management and recovery in relation to individuals, groups, and communities as well as the essential practice skills for community mental health outreach work.

Health human resources

The faculty of postgraduate medicine (FPGM) as an educational institution produced 19 specialists in various fields from December 2022 till date. This has eased the gap in health human resources to provide specialised care services.

Department	No. of Graduates			
Anesthesiology	3			
Emergency Medi- cine	2			
General practice	1			
General Surgery	2			
Internal Medicine	4			
OBGYN	1			
Ophthalmology	1			
Orthopaedic Surgery	2			
Pediatrics	3			
Total	19			

Initiation of MBBS program

The university has already started to work on initiating the MBBS program and almost 99 percent of the work has been completed in the following areas:

- Curriculum development and validation; and
- Infrastructure development and procurement of furniture.

However, human resources recruitment and procurement of laboratory equipment is in the process. 25 students have already been selected for the program.

A full-fledged MBBS program is expected to be launched by the third week of October 2023.

Service with care and compassion initiative (SCCI) project

Bhutan has strengthened its noncommunicable diseases service delivery nationwide at the primary health care level by adapting the WHO PEN interventions in 2015. WHO supported us to implement the PEN HEARTS package in four districts from 2019-2020.

In 2021, the interventions were scaled up to five additional



districts under the new SCCI. By the end of 2021, nine districts were covered. Recognising SCCI as the priority area, a three-way partnership comprising the Ministry of Health, district health authorities and KGUMSB, will be formed to accelerate efforts of expanding to 20 districts.

Moving forward, the following actions will be undertaken:

Professionalising and inclusive school education (infrastructure, teachers, and leveraging use of ICT)

- Professionalisation of ECCD, SEN, school education, TVET and skills development benchmarking with international standards;
- Strengthening education leadership across all levels;
- Maximising digital education and learning in education institutions;
- Modernising technology driven TVET learning environment and enhance employability skills; and
- Strengthening quality assurance, certification, and support systems.

Strengthen health and wellbeing of learners and education professionals

- WASH: Advocacy, sensitisation, capacity development, infrastructure development equipment, procurement, supplies;
- Nutrition, feeding, and school agriculture;
- Youth engagement and development;
- Safety, psychosocial support, protection, and gender equality;
- Building excellence in sporting culture, scouting, recreation, health, and physical education;
- Disaster prevention, mitigation, preparedness, response, and recovery; and
- Improving living conditions of students and teachers.

Strengthening BCSEA

Digitisation of school examination systems: BCSEA will be introducing optical mark recognition (OMR) solutions in common and board examinations, automated scoring and data analytics, and security measures.



Inclusive assessment practices: to cater to diverse needs of all learners, including students with disabilities and those from different cultural backgrounds. BCSEA aims to develop assessment materials that are accessible, fair, and supportive of every student's learning journey.

The areas of interventions include better collaboration, universal design for learning (UDL), additional accessibility features such as alternative formats in Braille or large print, as well as supporting technologies for students with visual or hearing impairments, arranging appropriate accommodations, sensory-friendly environment involving adjusting lighting, noise levels, or providing

- designated spaces for students who require a quiet and focused setting.
- Exchange programs with international boards: through this initiative, BCSEA aims to establish partnerships with international education boards and institutions, facilitating cultural exchanges and collaborative learning opportunities for students and educators.
- Quality assurance: through rigorous review process, standardisation of grading, validity and reliability checks, security and confidentiality, monitoring and auditing, continuous improvement, training for examiners, external reviews, and emphasising ethical considerations.



Social Protection Services

ocial protection is a relatively recent idea in the nation. It speaks of the Parliament's programs that "insure individuals against interruption, loss of earning power, and certain special expenditures arising from birth, marriage, ageing or death". Typically, cash payments are made to insured individuals and their families to partially replace income lost due to old age, disability, death, sickness, pregnancy, job injuries, and unemployment, or services like medical care and rehabilitation are provided.

When it comes to healthcare services, the problem is not widespread because the constitution requires the state to offer free basic healthcare to everyone, which is in and of itself one of the contributions to social protection. There are problems with housing, pensions, provident funds, and insurance, though. In Bhutan, for example, just 14 percent of the population, or 91,000 people, are currently covered by the pension, provident, and insurance schemes (NPPF-9 percent, RICB and BIL-5 percent).

A majority of formal industries and establishments are covered

by the programs. In addition to being a social imperative, having a permanent roof over one's head is a basic human right. In the country's major urban areas, there are 29,447 housing units out of which 1,069 are NHDCL units, with only 20 percent of those being owned (79.8 percent are rented).

However, the nation's social welfare and care (security) systems are not managed by a comprehensive system under the control of a single organisation.

According to the Parliamentary enactment, the goal of the social protection is to implement "an operational shock-responsive, inclusive and comprehensive social protection system in Bhutan by 2029". Through five outputs, the social protection outcome is expected to be accomplished.

The results include: a more favourable environment for the implementation of a comprehensive social protection system; vital social protection programs and mechanisms are strengthened or developed; vulnerable citizens gain from improved access to high quality social assistance and welfare services; access to decent,



affordable housing and home ownership; and a sustainable population is maintained.

Strategies

- Instituting legislative frameworks for social protection;
- Designing and instituting targeted social protection schemes particularly for vulnerable groups;
- Ensuring a decent environment for work-life balance: and
- Increasing accessibility to affordable housing and home ownership.

The Act will specify which societal segments and income levels will have access to services provided by the social protection system, including the funding method and the programs that fall under each category.

A comprehensive, strong, responsive, and prudent social protection system will ensure that the most disadvantaged members of society receive the support they Need to improve their lives while also fostering Bhutan's distinctive and resilient culture of self-reliance.

The ageing population, family support programs, unemployment support programs, affordable housing and home ownership programs, unpaid care work, emergencies, and disaster response programs are all ways that this program tries to address these concerns.

National Land Commission

Land is for a country and its people the most important resource at stake, and in being so, managing its use and ownership become pivotal aspects in the success of a country's land administration and development. As a prominent agency under the social cluster, the National Land Commission Secretariat (NLCS) administers vital tasks and services related to land use in the country.

Hereafter, the NLCS makes a paradigm shift and envisions creating a "geo-enabled nation with par excellence land governance by 2034" as part of the ongoing national transformation initiative and in accordance with the long-term national strategic plan goal.

The foundation for improving excellence in land governance has been recognised as the national spatial data infrastructure (NSDI).



The NSDI encourages openness, data sharing, well-informed decision-making, and sustainable development, which ultimately improves land management, wise land allocation, and social wellbeing in general.

National land use zoning (NLUZ) baseline report 2023

The NLCS is working together with relevant stakeholders to carry out a nationwide land use zoning (NLUZ) project with the goal of harmonising and integrating all geospatial data. The purpose of this project is to create a unified national land use system by revalidating and delineating specific areas and overall land uses for improved management.

Through this effort, the project will designate areas suitable for different types of development based on their capability and suitability. Additionally, the project aims to develop a reliable online database and maps of national zoning to facilitate informed decision-making based on empirical evidence.

The initiative aims to efficiently and sustainably use limited arable land by reducing competition and conflicts over land use. It also aims to establish spatial land use ordinances. The primary goal is to

integrate diverse geospatial data onto a unified platform to enable data-based decision-making in land governance. On 18 September 2023, the baseline report of the 2023 NLUZ project was launched at Simtokha Dzong.

Over the years, NLCS has transitioned from being solely a service provider to actively collaborating and co-creating with various agencies. This shift has resulted in the creation of significant value. Some notable achievements include launching of Bhutan online land tax payment system (BOLTS) in collaboration with Department of Revenue and Customs, launching of land mortgage system (LMS) and fallow land banking, and developing a national housing development corporation database among others.

Poverty in Bhutan

It is important to take account of the country's current situation and progress through a comprehensive and empirical lens. While economic indicators like GDP and sector growth are crucial, they do not provide a complete picture of the wellbeing and living conditions of the population. It is equally important to consider social indicators such as poverty incidence, access to basic services and



overall quality of life. Having this holistic perspective allows for a more inclusive and sustainable development approach.

The poverty rate for Bhutan in 2022 was found to be 12.4 percent - 12 out of every 100 individuals belong to households whose monthly per capita real expenditure is below Nu 6,204 per person. Further, only 0.4 percent of the population were found to be subsistence poor - 4 out of every 100 persons belonging to households with monthly per capita consumption below food requirements of Nu. 2,852 per person.

Poverty incidence is higher in Zhemgang, Samdrup Jongkhar, Samtse and Trongsa, while Thimphu and Punakha have the least incidence of poverty. All four Thromdes show poverty rates that are consistently below 10 percent.

Defining poverty

- A person consuming less than the total poverty line of Nu. 6,204 per month is considered poor;
- A person consuming less than the food poverty line of Nu. 2,852 per month, is considered subsistence poor;
- A person consuming less

than the total poverty line of Nu. 6,204 (Nu. 2,852 food and Nu. 3,352 non-food) per month is considered poor; and

A person consuming less than the food poverty line of Nu. 2,852 per month, is considered subsistence poor.

Key findings

- The poverty rate for Bhutan is estimated at 12.4 percent:
 - 17.5 percent in rural areas
 - 4.2 percent in urban areas
- Only 0.4 percent of the population is subsistence poor;
- Poor households are larger in size;
- Female-headed households are less poor than maleheaded households;
- Poverty rates are highest among households with heads under 25 years of age and with heads over 65;
- Literacy rates among the poor are lower; and
- No significant difference in access to essential services between poor and non-poor households.



The Bhutan Living Standards Survey (BLSS) 2022 report inferred that the population of Bhutan is relatively young. The median age of 29 years suggests that the majority of the population is below 30 years old.

Additionally, children below the age of 15 makeup 25.2 percent of the population, indicating a significant proportion of young individuals. By ensuring quality education, gainful employment opportunities, and access to healthcare and other social supports, a young demographic profile would not only entail a larger workforce, but also provide opportunities for greater innovation and resilience, fostering diversity and vitality.

The report recorded a significant progress achieved by the country in improving access to vital services, including improved drinking water sources, electricity for lighting, and sanitation services. Bhutan's literacy rate shows a significant improvement as overall literacy increased from 66 percent in 2017 to 70 percent in 2022, and youth

literacy rate grew from 93 percent in 2017 to 98 percent in 2022 (BLSS 2022).

While we have consistently maintained greater access to improved drinking water sources and electricity as a main source of lighting, strides have also been made in the field of access to improved sanitation facilities as the proportion of population having access to improved sanitation services increased from 92 percent in 2017 to 99 percent in 2022.

Overall, Bhutan has made significant progress in reducing poverty and improving the living standards of its citizens, but there are still challenges, particularly in rural areas. The above empirical findings on our advancements are also evidence of our sustained commitment and efforts to enhance the well-being and living standards of communities contributing to sustainable development and improving the overall quality of life for individuals and households.



Security Cluster



The cluster comprises the Ministry of Foreign Affairs and External Trade (MoFAET) and Ministry of Home Affairs (MoHA).



Introduction

hutan has prioritised national security in the context of its foreign relations, cultural preservation, and disaster preparedness since time immemorial. As Bhutan gears towards the goal of a 'highincome nation by 2034', it is imperative to take stock of all non-negotiable security aspects of the country and strengthen it further to enable Bhutan to navigate the security concerns of the 21st century effectively.

Diplomatic and reliable foreign relations fostering regional and international cooperation is a crucial aspect of national security, and Bhutan's achievements in this avenue is a testament to its effective facilitation of important and strategic bilateral and multilateral engagements.

Cultural preservation is also intertwined with national security as Bhutan's rich culture and heritage are valuable assets that contribute to its identity and unity.

Disaster preparedness is another crucial aspect of national security as our ability to mitigate natural disasters, pandemics, and other emergencies ensure that lives are protected, damages are minimised, and essential services go uninterrupted.

The objective of the security cluster is to safeguard and strengthen Bhutan's sovereignty, territorial integrity, security, unity, well being, resilience, and economic prosperity.

Reform initiatives

Under the transformation exercise, mandates on external trade have been enhanced under MoFAET. The Department of Regional Cooperation is dissolved and its mandate is transferred to the Department of Multilateral Affairs. The Department of Economic and Tech Diplomacy has been created to give renewed focus on the enhanced external trade mandate.

MoHA underwent some major structural changes during the transformation exercise to align the ministry's organisational structure with its ever changing priorities and responsibilities.

The Dzongkha Development Commission was merged with



the Department of Culture to form the Department of Culture and Dzongkha Development along with the formation of Commission for Culture and Dzongkha Development.

To streamline operational efficiency and resource utilisation, administrative

consolidation of museums in the country were carried out bringing them under one division.

The Department of Local Governance has been merged with the Department of Disaster Management to form the Department of Local Governance and Disaster Management.



Foreign relations

Bilateral

Australia

he 6th Annual Bilateral Consultations between Bhutan and Australia was held from 18 to 20 May 2023. Assistant Secretary, Megan Jones, from the Department of Foreign Affairs and Trade of Australia led a delegation to Bhutan. During the consultation, Australia agreed to increase the number of slots for the Australia Awards Scholarship to 12 from 10.

On 1 April 2023, KGUMSB and Edith Cowan University (ECU) signed an articulation agreement to initiate a joint nursing program between the two institutions. Based on this arrangement, students of KGUMSB's four years Bachelor of science (nursing) program can now complete the first two years in Bhutan and the remaining two at ECU. On completion of the program at ECU, students will be awarded an ECU parchment and gain registration with the Australian Health Practitioner Regulation Agency (AHPRA). ECU's School of Engineering has committed six scholarships for Bhutanese students over three years (two slots each year)

beginning from June 2023. The scholarship program has been named as 'His Majesty The King of Bhutan's ECU engineering scholarships for Bhutan's gifted and talented students'.

To mark the 20th anniversary of diplomatic relations with Australia, Foreign Minister Lyonpo Dasho (Dr.) Tandi Dorji made an official visit to Australia from 10 to 16 September 2022. During the visit, Lyonpo interacted with Foreign Minister Penny Wong, who reinforced Australia's continued support to Bhutan and its development. Lyonpo also met a number of senior Australian government officials, parliamentarians, university leaders, and private individuals to discuss areas of mutual interest and benefit.

The Royal Bhutanese Embassy has successfully commissioned a case study titled "Expanding Horizons: A guide to export growth between Australia and Bhutan" with support from ICIMOD and Western Sydney University. It will highlight the challenges and opportunities in exporting agribased products from Bhutan to Australia based on the experience of a local business called Bhutan Blossoms. Most notably, it will serve as a guide for Bhutanese



businesses seeking to export products to Australia. The case study will be officially launched on 13 October 2023 and will be one of the activities to mark the auspicious birth of Her Royal Highness the Gyalsem.

China

Bhutan and China engaged in a series of bilateral meetings to address boundary issues between the two nations. The 11th expert group meeting on Bhutan-China boundary issues took place in Kunming, China, from 10 to 13 January 2023. Subsequently, the 12th expert group meeting was held in Thimphu, Bhutan, between 24 and 25 May 2023. The 13th expert group meeting was held in Beijing, China, from 21 to 24 August 2023. These expert group meetings served as an important platform for Bhutan and China to address the boundary issues through diplomatic channels and foster peaceful relations.

Japan

The government secured a loan of Japanese Yen (JPY) 6.55 billion for the "Development Policy Loan for Economic Recovery and Resilience" at a very low interest rate on 30 May 2023. The interest rate is 1.6 percent per annum and the repayment period is 20 years after a grace period of 10 years.

This loan is expected to bridge the fiscal deficit in the fiscal year 2022-23 budget.

The exchange of notes was also signed for the human resource development scholarship on 30 May 2023 where it is agreed that the Government of Japan will also provide a grant of JPY 191 million to support one PhD and nine Master's students from Bhutan to study in Japanese universities in 2024 under the project on human resource development scholarship.

Republic of Korea

The Government of the Republic of Korea increased its Small Grant Aid to Bhutan in 2023 to USD 500,000 from USD 200,000. The Department of Livestock will use the grant to procure critical equipment to detect metal in livestock feed.

The groundbreaking ceremony for an iconic multi-sports complex building supported by the Korean government was held on 24 January 2023 at the Taekwondo Training Centre, Thimphu.

Switzerland

His Excellency Ralf Nikolaus Heckner, Ambassador of the Embassy of Switzerland to India and Bhutan, and his delegation



visited Bhutan from 31 July to 3
August 2023. During the visit,
an MoU was signed between the
Bhutan Chamber of Commerce
and Industry (BCCI) and the SwissAsian Chamber of Commerce
(SACC), as well as the Geneva
Chamber of Commerce, Industry,
and Services (CCIG).

King's Scholarships

The modalities of the prestigious RCSC King's Scholarship was developed and an agreement was reached with top universities across the world. Through our relevant embassies missions, and consulates (EMCs), the King's Scholarship for Bhutanese undergraduate students has been established at the University of Toronto, Cornell University and King's College, London, for priority courses such as public policy, actuarial science, international relations, agricultural science, and applied economics. The scholarship is aimed at identifying talent pool for leadership in civil service from a young age and grooming them strategically after their higher secondary education completion.

Improvement in US TIP ranking

In the trafficking in persons (TIP) report 2023 by the

U.S. Department of State,
Bhutan's ranking has risen to
Tier 2, marking a significant
achievement after being placed
on the Tier 2 watch list for the
past three consecutive years.
The improvement followed
compelling and unremitting
representations made by the
ministry through RBE Delhi to
the U.S. Embassy officials on the
efforts by the RGoB to address TIP
cases.

Honorary consuls

To enhance consular service and also explore trade and investment opportunities, a new Honorary Consul (HC) of Bhutan in Victoria, Australia has been appointed. The government has also approved the appointment of another HC in New South Wales.

Following their appointments, three new HCs of Bhutan in Europe - Andrew Sutton in the United Kingdom, Jaroslav Hubacek in Czech Republic, and Christian Stadil in Denmark - made their maiden visits to Bhutan between March and April 2023.

Former Foreign Secretary,
Ambassador Kinga Singye,
was appointed as the HC of
Switzerland to Bhutan and Mr.
Karma Lotey was appointed as the
HC of Austria to Bhutan. Terms
of six HCs in Bhutan - Belgium,



Denmark, Sweden, Finland, Germany, and Republic of Korea were extended.

Multilateral

Visit by His Majesty The King to Kuwait

His Majesty The King made a Royal visit to the State of Kuwait from 16 to 19 January 2023. During the visit, His Majesty met with the Kuwaiti Prime Minister, Sheikh Ahmad Nawaf Al-Ahmad Al-Sabah, and the Foreign Minister, Sheikh Sabah Al-Khaled Al-Hamad Al-Sabah. His Majesty also met with the Royal Family members and senior government officials, including the former Prime Minister of Kuwait. Sheikh Nasser Al-Mohammed Al-Ahmed Al-Jaber Al-Sabah, Furthermore, His Majesty granted a Royal Audience to around 3,500 Bhutanese living and working in Kuwait.

Visit by His Majesty The King to India

His Majesty The King made an official visit to India from 3 to 5 April 2023, at the invitation of the President of India. During the visit, His Majesty held discussions with the President and the Prime Minister of India on the entire gamut of bilateral cooperation and on regional and global issues of mutual interest. India reaffirmed its continued and full support to Bhutan's socioeconomic development based on the priorities of the Royal government and vision of His Majesty The King. India further agreed to step up their support for Bhutan's 13th plan.

During the visit, India announced its offer to revise Chhukha tariff to Rs. 3 per unit, which is an increase of 17 percent over the earlier tariff. Further, India has considered Bhutan's request for the sale of Basochhu electricity in the Indian power market, and access to financing and power market for new and upcoming hydropower projects in Bhutan.

Visit by His Majesty The King to Qatar and the UAE

His Majesty The King also made a Royal visit to the State of Qatar and the United Arab Emirates (UAE) between 30 May and 3 June 2023.

While in Qatar, His Majesty met with the Deputy Emir of Qatar, His Highness Sheikh Abdullah bin Hamad Al Thani, as well as members of the Qatar Royal Family, and senior leaders of the government and business community. His Majesty also



granted Royal Audience to over 800 Bhutanese in Doha, the capital of Qatar.

In the UAE, His Majesty The King met with the Crown Prince of Abu Dhabi, His Highness Sheikh Khaled bin Mohamed bin Zayed Al Nahyan, as well as members of the Royal Families, and senior government and business leaders. His Majesty also met over 600 Bhutanese who are in the UAE.

Visit by Their Majesties to attend the Coronation of King Charles III and Queen Consort Camilla

His Majesty The King and Her Majesty The Gyaltsuen made a Royal Visit to the United Kingdom to attend the Coronation of King Charles III and Queen Consort Camilla held on 6 May 2023.

Prior to the Coronation, on the evening of 5 May 2023, Their Majesties attended a reception at Buckingham Palace, hosted by King Charles III, specifically for the overseas guests. On the same evening, Their Majesties attended a dinner reception hosted by the Earl of Snowdon on behalf of King Charles for the Monarchs, selected Heads of State, and members of the Royal Family of the United Kingdom.

Visit to Germany, European Union, Luxembourg, and Switzerland

I made an official visit to the Federal Republic of Germany from 7 to 15 March 2023. This marks the first visit by a Bhutanese Prime Minister since the establishment of diplomatic relations between the two countries in November 2020. In Germany, I had the privilege to call on the Federal President, Frank Walter Steinmeier, and met with his counterpart, Chancellor Olaf Scholz. I also met the Federal Minister for Foreign Affairs, Dr. Tobias Lindner, and the State Secretary and Special Envoy for International Climate Action at the Federal Foreign Office, Jennifer Lee Morgan.

I had the opportunity to visit a vocational training institute under the Frankfurt Chamber of Skilled Crafts. A letter of intent (LoI) was signed for collaboration in technical and vocational education and training between the Frankfurt Chamber and the MoESD of Bhutan. Following this visit to Germany and the signing of the LoI, the German government allocated 135,000 Euros to fund an initial one year project in the TVET sector to be jointly



implemented in Bhutan by MoESD and the Chamber of Skilled Crafts Frankfurt-Rhein-Main.

I further met with officials at German Corporation for International Cooperation (GIZ), Germany Trade and Invest, Asia Pacific Association of German Business, German Asia Pacific Business Association, German Chamber for Commerce and Industry, and Federal Association for Economic Development and Foreign Trade to discuss business, trade, and investment opportunities. I called on the State Secretary at the Ministry of Economic Affairs, Labour, and Tourism of Baden-Wurttemberg to discuss economic cooperation and also visited the Ludwigsburg Hospital to discuss cooperation in health. I visited the Karlsruhe Institute of Technology to discuss cooperation in education and research.

I had the honour to visit Merck Group, a pharmaceutical company in Darmstadt, and Michael Koch GmbH, a small-sized company producing resistors in Karlsruhe. I also took the opportunity to meet with Bhutanese studying and working in Germany.

I visited the European Union in Brussels from 15 to 23 March 2023. In Brussels, I met with Mr. Josep Borrell, European Union's
High Representative for Foreign
Affairs and Security Policy/
Vice President of the European
Commission, Ms. Jutta Urpilainen,
EU Commissioner for International
Partnerships, and Mr. Janez
Lenarcic, EU Commissioner for
Crisis Management.

At the European Parliament, I met Mr. David McAllister, Chair of the European Parliament Committee for Foreign Affairs, as well as members of the Committee. I also met Mr. Nicola Procaccini, Chair, and members of the European Parliament's Delegation for Relations with the countries of South Asia.

During the meetings at the EU, I extended the Royal government's appreciation to the EU for the support provided to Bhutan through their multi-annual indicative program and other thematic windows, as well as for the timely supply of COVID-19 vaccines to Bhutan during the pandemic.

I visited the headquarters of the European Investment Bank (EIB) in Luxembourg and met with the Vice President, Mr. Kris Peeters, on 20 March 2023 to explore potential funding mechanisms.



Accordingly, a delegation from EIB visited Bhutan in April 2023 to meet with relevant RGoB agencies resulting in the initiation of discussions between the two sides to develop hydro and solar power projects in Bhutan. As of now, EIB is in discussion with DGPC to develop the initial project appraisal.

Other high-level visits made by RGoB

- Home Minister visited Brisbane, Australia, to attend the Asia Pacific Ministerial Conference on Disaster Risk Reduction from 19 to 22 September 2022;
- Finance Minister and a five-member delegation participated at the 7th
 Assembly of the Global Environment Facility in Vancouver, Canada between 22 and 26 August 2023;
- Led by the Foreign Minister, an RGoB delegation participated at the 78th session of the UN General Assembly in New York, USA, between 18 and 26 September 2023:
- Home Minister participated at the 3rd LoCAL Ministerial Meeting in Brussels, Belgium, between 10 and 13 May 2023;

- Foreign Minister represented Bhutan at the 6th Indian Ocean Conference held in Dhaka from 11 to 12 May 2023;
- Finance Minister attended the 79th Session of ESCAP on 17 May 2023;
- Health Minister and a delegation from Bhutan participated in the 76th World Health Assembly held in Geneva, Switzerland, from 21 to 30 May 2023;
- Health Minister participated at the Seminar on Public Health and Diplomacy in Dhaka from 11 to 12 July 2023; and
- Agriculture Minister will participate in the Food and Agriculture Organisation (FAO) hand-in-hand initiative's second investment forum in Rome, Italy, from 17 to 20 October 2023.

Visit to Bhutan by Commerce Minister of the Government of Bangladesh

His Excellency Mr. Tipu Munshi, Commerce Minister of the Government of Bangladesh, made a visit to Bhutan from 21 to 24 March 2023. The agreement on movement of traffic-in-transit



between the two countries was signed during the visit. This agreement is expected to facilitate the movement of goods for both export and import using multimodal transport arrangements including access to their river and sea ports.

Visit to Bhutan by Ambassador of Singapore

The Ambassador of Singapore to Bhutan, His Excellency Mr. Simon Wong Wie Kuen, made a visit to Bhutan in June 2023. During the visit, the MoU on carbon credits collaboration was signed between MoENR and MoICE. The MoU is in line with Article 6.2 of the Paris Agreement to facilitate trading of carbon credits between the two countries.

The MoU on aircraft accident and serious incident investigation was also signed in Thimphu on 19 May 2023. This was to fulfil ICAO's mandatory requirement to establish an aircraft accident and serious incident investigation unit in accordance with the Chicago Convention.

The process of entering into a double taxation avoidance agreement was started with the governments of Singapore and Thailand in view of the increasing global economic interdependence and the need to promote international trade and investment through minimising the adverse effects of double taxation

Visit to Bhutan by UN Under-Secretary General

The UN Under-Secretary-General for the Department of Peace Operations, Mr. Jean Pierre Lacroix, visited Bhutan from 30 June to 4 July 2023 to further our agenda of deploying the Formed Police Unit.

The first high-level visit to Bhutan from the Department of Peace Operations of the UN Secretariat further strengthened the close working partnership between the United Nations and Bhutan in the maintenance of international peace and security. The visit also provided an opportunity to exchange views on further enhancing the effectiveness of peace-keeping operations.

As a reflection of its long-standing support and commitment to multilateralism and support to the United Nations as a key pillar to our foreign policy, Bhutan has been a proud contributor to the UN's peace-keeping efforts since



2014 and has made meaningful contributions including the deployment of the first full contingent of 180 peace-keepers to support the Multidimensional Integrated Stabilisation Mission for the Central African Republic (MINUSCA) in November 2022.

Other high-level visits received by RGoB

- Visit of Ms. Kanni Wignaraja, UN Assistant Secretary-General, the United Nations Development Program (UNDP) Assistant Administrator and Regional Director for Asia and the Pacific in September 2022;
- Visit of the World Bank's Vice-President, Mr. Martin Raiser, from 15 to 19 November 2022;
- Visit of Head of the Regional Delegation ICRC-New Delhi from 6 to 10 March 2023; and
- Visit of Mr. Shixin Chen, Vice President for Operations 1, Asian Development Bank (ADB) and delegation between 21 and 27 May 2023.

As of 15 September 2023, Bhutan had received 107 official delegations and 410 visitors. The visits include the presentation of credentials by 16 Ambassadors from Bangladesh, Japan, Türkiye, Czech Republic, Nepal, Vietnam, Belgium, Maldives, Norway, Switzerland, Austria, Egypt, Spain, Slovak Republic, Mongolia, and Serbia.

Bhutan trade and investment fair 2023

The Bhutan trade and investment fair 2023 was organised in Dhaka from 23 to 25 June 2023 with the objective of facilitating implementation of provisions of the historic preferential trade agreement (PTA) signed between Bhutan and Bangladesh on 6 December 2020. The theme of the fair was 'bridging the gap between investors, producers, traders, and consumers for made in Bhutan and grown in Bhutan products'.

This provided an excellent platform for businesses, entrepreneurs, and service industries of the two countries to build networks, explore opportunities, and strengthen trade and commercial relations. Besides the 23 Bhutanese companies who participated in the fair, two companies from Bangladesh, partners of Bhutanese companies also took active participation in the fair.



It was organised by RBE Dhaka, in collaboration with MoICE and MoAL, and was supported by the Bhutan Country Office of Food and Agriculture Organisation. On 12 September 2023, Bhutan Board Products Limited (BBPL) made its inaugural entry into the Bangladesh market by sending the first consignment consisting of two trucks laden with particle boards products. This marked a historic milestone in the company's history and it was the outcome of BBPL's participation in this recent trade fair.

Additional undertakings related to multilateral affairs

- The first Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) Quiz was held on 15 February 2023;
- Bhutan's accession to United Nations Convention Against Transnational Organised Crime (UNTOC) has been initiated, and the Convention was ratified on 20 February 2023;
- Timely fulfilment of Bhutan's treaty obligations under CEDAW and the Convention on the Rights of the Child (CRC) were ensured:

- 10th Periodic report for CEDAW submitted in February 2023;
- Combined 6th and 7th Periodic report for the CRC submitted on 14 June 2023; and
- Submitted the revised document of Bhutan's Common Core Document of 1999 on 14 June 2023
- Initial contact with the Organization of the Petroleum Exporting Countries (OPEC) Fund for International Development was established during the 5th United Nations Conference on the Least Developed Countries (LDC5) in Doha, Qatar, in March 2023. I attended the OPEC Fund Development Forum in Vienna, Austria, held on 20 June 2023 to secure financing for small hydropower projects;
- * Technical assistance for the Government Technology (GovTech) agency was secured in the development of a strategy for investment in the digital economy through the UN Economic and Social Commission for Asia and the Pacific (ESCAP) in April 2023;
- An MoU for collaboration on carbon credit was signed between MoENR and the



- Ministry of Trade and Industry of Singapore on 18 May 2023;
- The program on 'embracing digital learning in TVET' was held by the MolCE, with funding support from the Colombo Plan Staff College in May 2023;
- * The UN Convention on the Rights of Persons with Disabilities (CRPD) was introduced in the 9th sitting of the Third Parliament convening on 8 June 2023. The UN CRPD was adopted by the National Assembly of Bhutan and will be tabled during the upcoming session of the National Council:
- The BIMSTEC Charter was introduced in the June 2023 Parliament:
- The government facilitated and established linkage between NSB and UNESCAP for technical assistance in statistics through the UNESCAP's regular program of technical cooperation in June 2023; and
- A joint celebration to mark 50 years of cooperation between Bhutan and the UNDP was observed in June 2023.

Additional undertakings related to economic and tech diplomacy

- Markets for asparagus and potato in Thailand through RBE, Bangkok, were explored;
- A familiarisation tour to all transit and trade routes of the country with India and Bangladesh was conceptualised and relevant agencies were invited to participate. Funding from ADB was also mobilised. A twoweek tour for representatives from the Ministry of Finance, the Department of Trade (MoICE), the Road Safety and Transport Authority (RSTA), the Bhutan Exporters Association (BEA), and the BCCI was also organised. A team from relevant agencies made a visit to all the trade and transit routes along the southern border and during the visit, they met with the North East Frontier Railways, India. Accordingly, the formation of a technical team working on the Kokrajhar-Gelephu Railway was facilitated:
- A consultation meeting was held with representatives from relevant agencies, including the Department of Revenue and Customs



(MoF), Department of Trade (MoICE), Department of Immigration (MoHA), Department of Law and Order (MoHA), Department of Agriculture (MoAL), and Department of Surface Transport (MoIT). The multisectoral meeting reviewed and assessed regional transport connectivity agreements, both existing and those under discussion, and explored ways to leverage them for trade and economic growth:

- The regional instruments for Bangladesh, Bhutan, India, Nepal (BBIN), the BIMSTEC Motor Vehicles Agreement (MVA), and the BIMSTEC Maritime Transport Cooperation Agreement (MTCA) were discussed;
- The World Trade Organisation (WTO) accession process was resumed and a WTO accession negotiation team was formed headed by the Foreign Secretary as the Chief Negotiator. Accordingly, numerous virtual as well as in-person capacity building sessions were held in coordination with the WTO Secretariat and sessions on services, goods market access negotiations, agriculture issues, audio visual services, and legal services were conducted:

- Two technical committees on goods and services with members from all relevant RGoB agencies were also constituted to prepare our goods and services schedule for Bhutan's accession to WTO;
- The draft Working Party
 Report along with its
 annexures, as well as
 Bhutan's Goods and Services
 schedules for WTO accession
 have already been submitted
 to the WTO Secretariat:
- For issues regarding stranded Bhutanese trucks in Changrabandha, meetings were held with private entities, BEA, and the Royal Bhutanese Consulate (RBC), Kolkata; and
- The current status of standardisation and certification of products was studied with a focus to enhance the technical capacity of certifying agencies like Bhutan Food and Drug Authority and Bhutan Standards Bureau. To learn and seek technical support from certifying agencies in Singapore, contacts were established between certifying agencies of the two countries.



On-going activities

To promote cooperation, understanding, and interactions, the government is exploring the establishment of diplomatic relations with other countries. As more Bhutanese are travelling abroad, the government is striving to deliver consular services to Bhutanese overseas. Furthermore, with the enhanced mandate on external trade, we are actively pursuing establishment of consulates abroad to promote trade and foreign direct investments (FDI) in Bhutan.

Towards the expansion of cooperation on trade, technology, cross border connectivity, and investments, GoI and RGoB have agreed to work on long-term bilateral arrangements for supply of critical commodities such as petroleum, fertilisers, and coal. It was also agreed that the Kokrajhar-Gelephu railway link will be taken forward through GoI support in consultation with the RGoB.

Both sides agreed upon setting up of the integrated check post along Bhutan-India border near Phuentsholing and Jaigaon; operationalisation of the third international Internet gateway at concessional rate with support from India; and to explore partnerships in the areas of space

technology, startups, and STEM education.

The government is also pursuing a proposal with the Government of Singapore (GoS) to send unskilled and semiskilled Bhutanese to be employed in Singapore under a work permit regime. However, only a select few countries are eligible for this work permit. Through relevant embassies, a request has been made to the GoS to include Bhutan in the eligible list of countries.

In an effort to expand the bilateral cooperation on trade with Nepal, the government is pursuing the signing of the first PTA with Nepal. Currently, the two sides have held the 5th bilateral trade talks in February 2023 where the final text of the rules of origin and certificate of origin to be adopted were discussed. Bhutan's export interest product list (covering 75 product lines in harmonised system 2022) to be considered for duty free market access under the proposed trade agreement was shared with Nepal.

To enhance market access for Bhutanese products, geographical indication (GI) concept paper was processed and approved on 28 February 2023. Accordingly, we are exploring the possibility of signing the Geneva Act of Lisbon



Agreement as a means to secure GIs for Bhutanese premium products on 12 April 2023. The MoICE coordinated the National Sensitisation on GI in Bhutan on 20 June 2023.

Going forward, in the 13th plan, MoFAET's main focus will be on promoting trade and investment, including investments in acquiring and constructing chancery, consulates, and cultural centres in EMCs.

In the next ten years, the main strategic thrust areas for MoFAET is to enhance global credibility and external trade. The key strategies guiding MoFAET include:

Safeguarding the sovereignty, territorial integrity, security, unity, and enhancing the wellbeing and economic prosperity of Bhutan;

- Maintaining friendly, cooperative, and collaborative relations with all countries for peaceful co-existence to promote a just, peaceful, and secure international environment;
- Engaging in regional and multilateral cooperative efforts to contribute towards sustainable socio-economic development of the country;
- Promoting trade and investment through effective economic and tech diplomacy and partnerships; and
- Providing efficient and effective consular services to protect the rights and interests of Bhutanese abroad.



Culture

hutan has made significant progress in terms of cultural promotion and preservation. The reconstruction project of Drugyel Dzong has been successfully completed. The newly constructed Pemagatshel Druk Mijur Dechen Dzong was consecrated on 22 September 2023. The restoration project of Kuenga Rabten Palace has also been accomplished.

Additionally, efforts have been made to enhance cultural awareness through various initiatives. A virtual digital medium for Driglam Namzha, covering ten topics, has been developed. Extensive training has been provided to 7,152 individuals in 66 batches on Driglam Namzha since 2018.

The National Library and Archive in Thimphu established the Print Heritage Museum under the Library and Archives Division. Furthermore, the Dzongkha machine translation application,

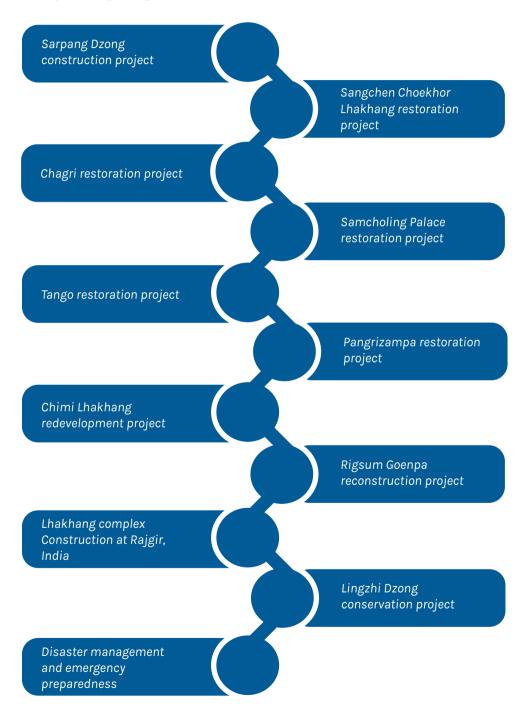
encompassing speech-to-text and text-to-speech functions, has been launched. Dzongkha learning audiovisuals, that cover Dzongkha proverbs, letter writing, and Gyalsey Laglen, have been uploaded on the website and YouTube.

A uniform Dzongkha proficiency testing system known as the 'Dzongkha standard testing system' has been created, along with a comprehensive manual. Efforts have been made to increase the presence of Dzongkha in browsing platforms by writing and uploading articles in Wikipedia, eBooks on the DDC website, and developing eDictionary in both web and application forms.

MoHA will closely collaborate with the Royal University of Bhutan to integrate components of cultural heritage into the curriculum designed by the university.



Major ongoing development activities





In the coming years,

MoHA will focus on leveraging digital technology for awareness and advocacy on our rich cultural heritage, including Dzongkha development, through coordination and collaboration with other relevant agencies in the 13th five-year plan to strengthen their appeal and relevancy.

Two key results to be achieved by 2029 have been identified for the promotion and preservation of our culture:

- Increase the percentage of Bhutanese with a sense of belonging to the community by 69 percent; and
- To maintain the percentage of people perceiving the importance of Bhutanese values, etiquette, and conduct at 92.2 percent.

In line with the set goals and results, some of the key strategies identified to preserve and promote our culture are:

- Leveraging on the digital transformation to promote culture and tradition;
- Enhancing private sector participation for cultural preservation;
- Preserving age-old traditional festivals:
- Supporting important historical communitymanaged lhakhangs;
- Promoting Dzongkha and Dzongkha computing;
- Promoting contemporary arts such as films and music;
- Promoting cultural industries as an economic enterprise; and
- Rationalising resource allocation to LGs for culture sector development.



Disaster management

hutan's achievements in the field of disaster management and emergency preparedness have helped strengthen its preparedness and response capabilities and contributed to more efficient disaster risk management strategies.

The completion of the national search and rescue training institute serves as a dedicated facility for training search and rescue personnel. This institute plays a crucial role in capacity building efforts related to disaster response, and search and rescue operations.

Additionally, disaster management contingency plans were developed for 20 dzongkhags and four thromdes. These contingency plans ensure a coordinated and efficient response during times of crisis, mitigating the impacts of disasters, and protecting the lives and livelihoods of the citizens.

To improve decision-making in disaster risk management, a multi-hazard risk decision support system has been instituted to help relevant authorities make informed

decisions and allocate resources effectively during times of disaster. Five regional search and rescue teams, strategically located across the country, have also been set up to enable a swift and coordinated response to emergencies in different regions. The establishment of these teams ensures that trained personnel and necessary equipment are readily available to provide immediate assistance during search and rescue operations.

Going forward, in the 13th fiveyear plan, Nu. 865.50 million has been proposed to all programs related to effective disaster management. The goal in the next ten years is to build disaster resilient communities across the country. In order to deliver this mandate, key disaster management strategies include:

- Improving understanding of disaster risks;
- Strengthening risk governance system;
- Investing in DRR for resilience; and
- Strengthening the preparedness, response and recovery.

Governance Cluster



This cluster comprises the Cabinet Secretariat; Ministry of Finance (MoF); Royal Civil Service Commission (RCSC); GovTech Agency; National Assembly (NA); National Council (NC); Royal Monetary Authority (RMA); Royal Court of Justice (RCJ); Election Commission of Bhutan (ECB); Anti-Corruption Commission (ACC); Office of the Attorney General (OAG); National Statistics Bureau (NSB); Local government bodies; and Civil Society Organisation Authority (CSOA).



- its institutions, systems, and processes that safeguard the rights of its citizens and uphold the rule of law. Throughout history, Bhutan's governance has relied on the wisdom of its visionary leaders, and its commitment to social justice and public service under the principles of Gross National Happiness.

Bhutan's transition into a Constitutional Monarchy in 2008 processes that now steer the country.

As Bhutan undertakes transformative initiatives under the sound and steady guidance of His Majesty The King, good governance is critical in ensuring that Bhutan continues to strive for accountability, transparency, and inclusivity.



Civil service

he Royal Civil Service Commission (RCSC) in collaboration with the government and the executive transformation team has undertaken a comprehensive civil service transformation exercise towards developing a civil service that is high performing, professional, and accountable. This transformation exercise resulted in the restructuring of the ministries and agencies to reposition them with allied mandates and common objectives for greater synergy and collaboration.

Recognising that leadership is paramount in enabling effective and efficient service delivery, including policy implementation, the RCSC carried out several leadership enhancement initiatives including executive eligibility assessment (EEA) and the leadership development program (LDP).

The year-long post-graduate diploma program for the Bhutan Civil Service Examination (BCSE) selected candidates under administrative and finance services was revamped and restructured into the foundational in-service training (FIT) program (Phase 1 and Phase 2). The RCSC also opened select executive

positions to candidates from the private sector and to specialist categories to expand the talent pool for leadership positions in the civil service.

In order to optimise human resource utilisation and resource allocation, common support functions such as finance, procurement, and ICT were consolidated.

Remote HR auditing strategy has been implemented by leveraging technology to improve service delivery in a cost-effective manner.

The RCSC also prioritised expansion of the service evaluation tool (SET) in an effort to improve public service delivery. Front-desk civil servants who interact with citizens regularly received empathy skills training to equip them with necessary skills to provide positive user experiences.

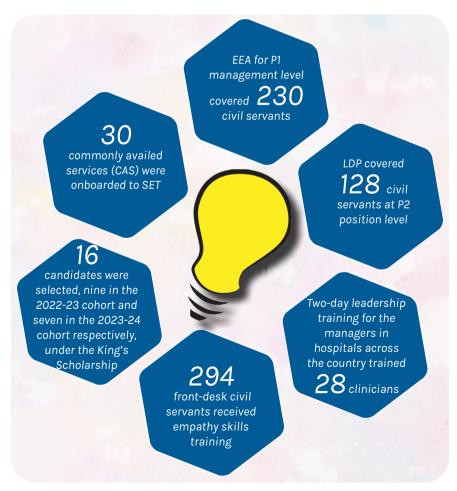
The performance management system was revamped and the MaX system was delinked from the annual performance agreements and targets.
Agencies will now be assigned a predetermined bell curve, common across all agencies, instead of relying on government

performance management system scores. These measures aim to streamline operations, improve efficiency, and ensure fair evaluation practices across the board.

Civil service wellbeing is the very foundation to fostering resiliency, competency, and efficiency. Starting 11 November 2022, the childbirth benefit coverage was introduced where a lump sum amount of Nu. 10,000 is provided to members for the birth of each child. Mandatory annual leave provision of 21 days

was also introduced as a measure to promote periodic rejuvenation and a healthier work-life balance for civil servants.

Other notable policy changes that were made to address the attrition and recruitment challenges in the civil service include removal of entry exam attempt limits for BCSE, raising the superannuation age for all position categories, and opening key positions for multi-entry windows and non-career civil servants.





Going forward, despite challenges in attrition and declining interest, the RCSC remains dedicated to enhancing efficiency and effectiveness of the civil service. The commission has several plans and programs in the pipeline for the 13th five-year plan and beyond, including contractual tenure arrangements, performancebased incentives, decentralising staff management, introducing career progression and exit management (CaPE), and revising regulations.

The goal for the next 10 years is to create an agile, high-performing, and fit-for-purpose public service. To achieve this goal, several key initiatives have been identified:

Leadership enhancement

- Talent management framework to identify and retain talent; and
- Contract and term-based positions for executives with performance-based extensions.

Professional competency and skills development

- Job-specific and onboarding training;
- Bite-sized, skills-based training programs; and
- Focus on practical skills rather than academic knowledge.

HR management

- Promoting a lifelong quest for excellence and learning; and
- Strengthening HR management with more autonomy.

Rewards and recognition

- Introducing performancebased incentives;
- Fast-tracking career progression; and
- Remuneration based on professional groups.



Organisational structure

- Designing a lean and agile structure for the civil service; and
- Improving shared services and outsourcing non-core work.

Overall, the aim is to transform the civil service into a dynamic, skilled, and effective entity by enhancing leadership, skills development, well-being, processes, and organisational structure.



Lhengye Zhungtshog

he Lhengye Zhungtshog serves as a platform for decision-making, policy development, and coordination among the highest government officials. These sessions have fostered discussions, recognised and addressed important issues, and facilitated collective decision-making to ensure effective governance and policy implementation.

Between 8 December 2022, and 18 September 2023, 23 Cabinet meetings were held (from 130th session to 153rd session), covering more than 180 matters of national significance.

In the past five years, a total of 152 regular sessions and seven special sessions have been convened. In addition, nine MoU sessions (29-37) were conducted and a total of 24 MoUs and two agreements were conducted by the MoU review committee thereby enhancing relations with external agencies in transfer of education, research, technology, human resource, education scholarships, and upgradation of skills in the country.

Policies approved in the past year

- Approval of eCommerce Policy
- Approval of Public Debt Management Policy 2023
- Approval of HydroMet Policy of the Kingdom of Bhutan 2023

Concept note

Draft National Policy on prevention and response to sexual violence

Other notable decisions

- Approval of foreign worker as domestic helper
- Revised SDF for nontourists
- SDF incentive
- Implementation of foreign child caregivers among 15 others



Committee of Four Coordinating Secretaries

In addition to the Lhengye Zhungtshog sessions, the Committee of Four Coordinating Secretaries (C4CS) held a total of 28 regular meetings. As of 7 September 2023, the C4CS reviewed one Act, three national policies, and six guidelines, and conducted discussions on 37 other agendas and issues.

Policies reviewed

- Bhutan's e-Commerce Policy
- Concept note for Formulation of National Policy on Prevention and Response to Sexual Violence
- 13th five-year plan formulation (cluster-wise)

Legislative reforms and outcomes

During the Ninth session of the Third Parliament of Bhutan, the following bills were deliberated:

Government Bill

- National Digital Identity Bill of Bhutan 2023
- Pay Revision Bill of Bhutan 2023
- Forest and Nature
 Conservation Bill of Bhutan
 2021
- Declaration of New Biological Corridor to Connect Bumdeling Wildlife Sanctuary and Sakteng Wildlife Sanctuary
- Budget Appropriation Bill for the financial year 2023-24
- Supplementary Budget Appropriation Bill for the financial year 2022-23.

Ratification of International Agreement

- Agreement on the Movement of Trafficin-Transit between the People's Republic of Bangladesh and the Royal Government of Bhutan
- Convention on the Right of Persons with Disabilities and Optional Protocol
- BIMSTEC Charter



Royal Assent received on the bills proposed during the Ninth session of the Parliament

- National Digital Identity Act of Bhutan 2023
- Civil Liability Act of Bhutan 2023
- Forest and Nature Conservation Act of Bhutan 2023
- Pay Revision Act of Bhutan 2023
- Budget Appropriation Act for the financial year 2023-24
- Supplementary Budget Appropriation Act for the financial year 2022-23.

Tenth session of the Third Parliament

In the current session, the government refrained from introducing any new ordinary bills, as such bills would expire if proposed at this time. Instead, the National Assembly will be examining the bills listed below, building upon the discussions from the Ninth session:

Agreement on Movement of Traffic-in-Transit between the People's Republic of Bangladesh and the Royal Government of Bhutan and the Protocol thereto:

- Bay of Bengal Initiative for Multi- Sectoral Technical and Economic Cooperation (BIMSTEC) Charter;
- Convention on the Rights of Persons with Disabilities; and
- Biological Corridor Nine Bill of Bhutan.



Office of the Attorney General

he Office of the Attorney General (OAG) being a premier legal institution to uphold rule of law and safeguard the interest of the citizens, amended the Rules of Prosecution to accommodate the views and interest of the victims in the prosecution process. The reform has enhanced the involvement of victims and defendants in the case and enabled them to consult with the concerned prosecutor during case review process or when the matter is sub judice.

The office received a total of 1,073 prosecution or litigation referrals involving 2,088 defendants from 1 July 2022 to 14 September 2023.

In its commitment to ensure effective implementation of the Child Care and Protection Act, the office diverted 28 children who came in conflict with the law.

By leveraging technology, e-litigation and virtual court hearings were implemented, ensuring timely delivery of prosecution services while also reducing overall prosecution costs.

The OAG completed reviewing 46 existing laws to align with the

civil service reform. An exclusive Civil Service Reform Bill 2022 was drafted to legitimise civil service reform and fulfil its objectives with transparency, accountability, and effectiveness.

Looking ahead, the OAG will strive to upskill the attorneys and government lawyers in specialised fields to be skilled, agile, and high-performing to fulfil OAG's vision "to be premier public organisation that seeks truth and ensures justice in pursuit of a harmonious society with the rule of law and good governance".

To support the government's program to initiate "legislative reform" in the 13th plan, the OAG will play a central role to review and harmonise laws, facilitate the concerned ministry to introduce bills to ensure coherent implementation of the roles of the ministries and agencies in line with the Civil Service Reform Policy.

The proliferation of laws in the country is a national concern. With adequate expertise in legislation, the OAG will continue its effort to review, harmonise, and consolidate all laws within the 13th plan.



Fighting Corruption

he national integrity assessment (NIA) 2022 study was conducted on 76 public agencies covering 193 services that were selected for the assessment based on vulnerability to corruption, importance of mandates, and importance to socio-economic development. The NIA evaluated integrity and ethical conduct of public officials to uphold fairness, impartiality, and transparency in service delivery.

Frequent assessments and reviews of service delivery mechanisms ensure that service deliveries to the general public are not influenced by personal biases or any other specific conditions. By conducting the NIA, authorities can identify areas of improvement and implement measures to strengthen accountability and prevent corruption or favouritism in the provision of public services.

Based on service users' experiences, the external integrity score of 8.26 indicates a high level of integrity primarily attributed to better information sharing and e-services. The internal integrity

score of 8.34 also indicates a very good level of integrity among public officials.

While the assessment shows positive aspects in terms of integrity and minimal corruption experiences, it is pertinent to identify and address growing challenges in addressing corruption for efficient service delivery. Some areas for improvement include promoting accountability culture, strengthening corruption control systems, and maintaining integrity in personal pursuits of public officials.

It is also imperative to prevent opportunities for corruption in public service delivery and foster integrity in the systems.

NIA 2022 recommendations

- Enhance accountability culture in public agencies;
- Manage perception of corruption in the public service delivery through transparency of Service



Delivery Standards, ethical conduct of public officials internal control system, and leaders leading by example;

- Strengthen parliamentary oversight mechanism;
- Enhance citizens engagement and

- consultation process in the legislative functions of the parliamentarians; and
- Ensure integrity of elections through anti-corruption advocacy and vigilance.



Technology

ccording to estimates from the Department of Revenue and Customs (MoF), Nu. 13.8 billion in revenue was generated and corresponding employment opportunities were created in the fiscal year 2022-23.

Leveraging technology to drive economic growth, GovTech was formally established on 21 December 2022 with the core mandate to drive digital transformation in the country.

In the past financial year 2022-23, GovTech has implemented numerous plans and projects that will contribute towards improving connectivity and ICT services. The agency has developed a Digital Strategic RoadMap 2023 that highlights key capabilities and actions in the next five years guiding Bhutan's path to digital transformation.

I am pleased to convey that the nationwide inauguration of Bhutan's National Digital Identity (NDI) is scheduled later this afternoon. The launch marks an important milestone in the country's digital transformation journey.

The past year saw tremendous achievements in the field of information communication

and telecom for Bhutan. The country achieved connectivity reliability of 98 percent. As the number of urban households with subscription to leased line (>5Mbps) increased to 1,553, leased line rates were reduced to Nu.550 per Mbps through government bandwidth aggregation which made telcos reduce their commercial leased line rates to the same amount. GovTech in collaboration with BICMA is studying to further reduce the rates.

With support from MoFAET, GovTech successfully negotiated with GoI on the 3rd International Internet Gateway whereby GoI has agreed to provide a subsidy of USD 3.5 per Mbps for the total bandwidth of 10Gbps.

The agency also launched INDIA-BHUTAN SAT and operationalised the S-band Ground Station (GS) at GovTech campus to track and receive joint satellite data in Bhutan.

As part of creating a highly skilled technology talent pool, GovTech has prioritised capacity and capability development of 1,032 ICT professionals by leveraging online learning platforms. Areas of focus included deep tech machine



learning (ML) and ML Ops), full stack Java development, DevOps, software secure development, and web application security. Globally recognised certification programs for ICT professionals were also initiated.

With the vision of building digital skills in citizens across the country for social inclusion and economic empowerment, 4,000 individuals were provided handson training. Emphasising the roles of participants in building cyber resilience and protecting critical information infrastructure, the first Joint virtual ITU-Bhutan CyberDrill was conducted in July 2022.

Moreover, five digital content on G2C services were broadcast across various media platforms to provide awareness as well as learning on how to avail G2C services.

Several system developments and enhancements were also carried out with the sole purpose to improve digital service delivery in the G2C arena. The electronic patient information system (ePIS) was rolled out in JDWNRH, Mongar ERRH, and National Traditional Medicine Hospital. ePIS is expected to transform patient information

management replacing paperbased prescriptions and improved accessibility of patient details and test reports digitally, a milestone towards achieving a more efficient and accountable healthcare system in the country.

Enhancements to the education management information system (EMIS), Bhutan's centralised education database, were completed and implemented as part of the Digital Drukyul flagship project.

Under the integrated business licensing system (IBLS) various services have been launched including licensing services for trading activities, small scale businesses that require no clearance from Thimphu thromde, and services to renew, change, and cancel post licences. The system is also integrated with single sign-on (SSO), intellectual property administration system (IPAS), and e-payment systems.

The agency piloted the first phase of electronic customs management system (eCMS) on 11 April 2023 and the system is expected to be launched towards the end this month.

The first phase of Bhutan integrated revenue management



system (BIRMS) was developed and integrated with eCMS on 28 June 2023.

A major initiative following the establishment of GovTech has been the implementation of the ICT centralisation strategy to enhance the efficiency and delivery of ICT services. This strategy aims to centralise online government systems across various ministries and autonomous agencies.

So far, the strategy has been presented to eight ministries and five autonomous agencies, with the goal of streamlining and consolidating the ICT systems within the country.

As part of the centralisation process, all 422 ICT systems in the country have been centralised and necessary measures are being devised for the 41 percent of the systems that do not meet the system assessment standards.

Simultaneously, centralisation and skills assessments for all government agency ICT personnels are being undertaken to evaluate the skills and competencies to ensure that the ICT workforce within government agencies possesses the necessary skills and knowledge to effectively

support the digital systems and deliver ICT services.

This initiative plays a crucial role in improving overall efficiency, effectiveness, and delivery of ICT services, and enhancing the digital infrastructure and capabilities of the country.

Services developed under integrated citizen services (ICS) during the fiscal year 2022-23:

- * Rural timber permit process;
- Construction approval; system;
- Marital services;
- Birth registration service; and
- Death registration service.

Moving ahead, GovTech aims to strengthen the digital ecosystem to drive digital transformation in the country to achieve cost efficiency and productivity, improve citizen services, and create a digital economy.

In line with this objective, main strategies identified for the next decade include augmenting the digital ecosystem, implementing digital transformation of the government, taking a whole of government approach, and strengthening cyber security.



The agency has also identified following investment areas in the 13th five-year plan aligning with the overall goal of digital transformation:

- Building highly skilled ICT talent pool in the country;
- Digital skilling of citizens across the country;
- Digital system transformation;
- Strengthening cyber security environment;

- Globalisation of the ICT industry;
- Building reliable, accessible and affordable digital infrastructure;
- Creating enabling Legislation and regulatory framework;
- Improving quality of data; and
- Carrying out research and development of emerging technologies to be future ready.



National Statistics Bureau

he National Statistics
Bureau (NSB) as the
central authority for
collection and release of any
official data and their custodian,
conducted national surveys,
censuses and published
statistical reports, developed
a data repository system, and
provided statistical support
for evidence-based policy and
decision making.

NSB has published a range of regular official statistics and information on the country's population, socio-economic, and environmental development.

In a first of its kind, a national moderate multidimensional poverty index (MPI) was developed and estimated for the first time in order to provide a more comprehensive understanding of poverty - capturing individuals and households who may not be classified as acutely poor but are still experiencing multiple deprivations.

The new MPI estimation is based on the Bhutan Living Standards Survey data conducted by NSB in 2022 and examining changes in the original national MPI over a five-year period from 2017 to 2022.

The original MPI measures a more extreme level of poverty which we term 'acute' multidimensional poverty.

This inter-temporal analysis used indicators with strictly comparable definitions and analysed changes nationally by dzongkhag and area. Overall, the 2022 original MPI paints a picture of fast ongoing progress.

Furthermore, Bhutan's statistical database system has been developed. The Statistics Bill of Bhutan was also drafted which aims to establish a comprehensive legal framework for statistical activities in the country.

Regular official statistics published:

- Monthly Consumer Price Index
- Quarterly Socio-Economic Indicator



- Quarterly Producer's Price Index
- Quarterly Export and Import Price Index
- Quarterly Construction Material Index
- Annual Statistical Year-Book of Bhutan
- Annual National Accounts Statistics
- Annual Environmental Accounts Statistics
- Annual Vital Statistics
- Annual Dzongkhag Statistics
- National Summary Data Page
- Bhutan at a Glance
- Dzongkhag at a Glance

National surveys conducted

- Bhutan Living Standard Survey
- Labour Force Survey

National censuses conducted

Integrated Agriculture and Livestock Census of Bhutan

Thematic reports published

- Poverty Analysis Report
- Multi-dimensional Poverty
 Index
- Agriculture Spatial Information for Paddy Cultivation report
- Area under Apple Cultivation using GIS/RS technology report

Looking ahead, one of the primary activities of the NSB is to conduct administrative data quality assessments in twelve sectors in the 13th five-year plan.

This activity will be carried out to ensure data accuracy and reliability and integrity in support of evidence-based decisionmaking and policy formulation.

Focus will also be accorded to high-frequency data and statistics to produce regular data and statistics. This will not only include quarterly gross domestic product (GDP) figures, but also exploring GDP at dzongkhag level, conducting quarterly labour force surveys, and carrying out quarterly agriculture and livestock surveys.



These efforts will contribute towards provision of timely and up-to-date information on various aspects of the economy.

NSB, therefore, plays a crucial role in conducting national surveys and censuses to gather comprehensive data on different aspects of Bhutan's population and economy.

In the future, NSB will commit to improving its data collection and analysis methods. Some activities geared towards this objective involve using data integration techniques to combine different data sources, providing disaggregated data at the lowest administrative level possible, and developing forecasting and foresight capabilities using big data analytics.



Media

edia plays a crucial role as a pillar of good governance. It serves as a bridging platform between government and citizens fostering information dissemination, transparency, accountability, and exchange of ideas.

One of the most significant forms of supporting the media sector is to ensure that the government renders consistent and timely access to information.

The government has held 50 formal 'Meet-the-Press' events so far, excluding sector-specific news conferences, briefings, press releases, and cabinet interviews. By giving journalists regular access to government officials and reliable, up-to-date information, the government helps the media monitor, inform, and promote accountability.

Considerable efforts have been undertaken to improve media literacy and ensure that citizens are well-equipped to engage critically with media and information mitigating the risks associated with fake news.

The Department of Media, Creative Industry and Intellectual Property (DoMCIIP), MoICE, has implemented the Media and Information Literacy (MIL) program which has seen significant progress in increasing the media literate population. The program has successfully achieved the target of having 75 percent media literate population as outlined in the 12th five-year plan.

Through media literacy, individuals are empowered to critically analyse and assess information sources, as they are trained on identifying trustworthy sources and fact-check information, reducing their vulnerability to false or misleading content.

The Bhutan InfoComm and Media Authority (BICMA) has played a pivotal role in upholding its mandates to ensure that all Bhutanese have access to quality ICT and media services at affordable prices.

Mobile broadband internet coverage reached 99 percent of the population as of June 2023, enhancing the media



sector's growing influence. With widespread connectivity and affordable accessibility (with broadband plans well below the UN broadband commission threshold), citizens are regularly updated and engaged in the country's current affairs through various media platforms.

As of September 2023, Bhutan achieved 94 percent digitisation of cable services as 85 of the 89 local cable operators (LCOs) transitioned from analog cable television to digital cable television.

First-ever Press Club

In a significant stride towards fostering an open and transparent media landscape, I had the privilege of inaugurating Bhutan's first-ever 'Thimphu Press Club' on 3 October. The idea for establishing a press club was first contemplated by editors and senior journalists in 2008, and it has now come to fruition.

Spearheaded by the Bhutan Media Foundation, the club aims to be a dynamic platform where professionals from diverse backgrounds can come together, engage in dialogue, and exchange information.

The club acts as a meeting point for intellectuals, where media professionals, thought leaders, policymakers, innovators, inventors, and educators will empower one another to gain more knowledge through their interactions for building an informed society essential for a growing democracy like Bhutan.

Seeking to expand the interface between the media and the government and strengthen this partnership, the club provides an opportunity to socialise, network, share ideas, and discuss matters of national importance that hold great value for the government and policymakers.

Creative industry

Promotion of the creative media industry is another vital aspect of media sector growth as it strengthens public engagement, artistic expression, and cultural diversity.

With the emergence of OTT applications and services, the transformation and widening of the communication ecosystem has taken place to greater extent where OTTs have played a vital role in strengthening global digital connectivity and creating



employment opportunities within the creative industry.

The copyright and creative industry strategy has also been developed to foster a balanced and accessible copyright system that benefits the creative sector.

This strategy is expected to guide the development of the copyright system to foster creativity while strengthening protection. It will also provide a clear direction to promote the use of copyright in socio-economic activities and development.

Since 2018 - 108 films certified and released for commercial and public exhibition Since 2018 - 64 film professionals trained in filmmaking with support from KOICA 2021 - Official entry from Bhutan "Lunana: A Yak in the Classroom" was nominated for the oscar award National Geographic Production Pole to Pole Series featuring renowned Hollywood star, Will Smith Reviewed and revised filming rules and regulations The collective management organisation (CMO) regulation drafted to streamline rights management protection 14 May 2023 - Hosted Grease's first-ever musical theatre performance in Thimphu 4 to 6 August 2023 - Held the Drukyul's Literature Festival (DLF) organised by Bhutan Echoes



Civil Society

s the custodian of Civil Society Organisation Act, the primary role of the Civil Service Organisation Authority (CSOA) is to administer overall mandates related to establishment of CSOs. CSOA regulates their operations in accordance with the applicable laws and strives to create a favourable environment for CSOs.

The implementation of these accountability standards is aimed at enabling CSOs to showcase their dedication to excellence and their willingness to be held to the highest standards.

This will not only enhance their credibility and performance but also foster trust and confidence in their work among stakeholders, including donors, volunteers, beneficiaries, and the general public.

The formulation of the CSO standards was a collaborative effort involving the Anti-Corruption Commission of Bhutan. The implementation of

these standards began in June 2023 and will undergo annual assessments.

The ratings resulting from these assessments will be made public to provide stakeholders with relevant information.

Key reforms to enhance CSO viability in Bhutan

Endowment fund

CSOA introduced a mandatory endowment fund requirement for CSOs to enhance the long-term financial sustainability and stability of CSOs.

Fund raising

CSOA streamlined measures and developed guidelines to govern the professional and proficient fundraising activities of CSOs in the country to promote credibility and transparency.



Social enterprise

CSOs are now allowed to engage in social enterprise programs and social venture activities that generate financial gains that can then be reinvested into their organisations to fund their programs.

As outlined in the Act, strategies including promoting governance in CSOs, building CSOA and CSO competencies, exploring adequate funding, and improving service delivery will be adopted to enhance effective administration of roles and duties.

Going forward, it is important to facilitate establishment of CSOs that embody a strong commitment to humanitarian causes and create an enabling environment for their operations in compliance with applicable laws.

CSOA will, therefore, provide guidance and promote the

sector in various thematic areas, including:

- Promotion of arts and culture;
- Support for education and youth;
- Advocacy for environment and climate change;
- Improvement of health and sanitation:
- Inclusion of gender and vulnerable groups;
- Development of good governance, media, and democracy;
- Contribution to socioeconomic development and livelihood; and
- Support for overall well-being.

These focus areas are intended to enhance the impact and effectiveness of CSOs in supporting the country's economic development, job creation, and addressing various social and environmental challenges.

The Present, Governance Cluster

State of the Nation 2023



The Future



Long Term and 13th Plan

he intention of this 10year strategic framework
is to transform Bhutan
into a "high income nation"
that upholds the principles of
inclusiveness, resilience, and
sustainability as guided by
GNH and the SDGs. Under this
framework, we envision a
healthy, prosperous, and secure
Bhutan built on the "3Ps" or three
key pillars of 'prosperity', 'people',
and 'progress' by 2034.

Prosperity

Our ambition is to build a prosperous economy driven by innovation and sustainabilityone that benefits all Bhutanese. With a GDP of USD 10 billion and GDP per capita of above USD 12K by the year 2034, we envision an economy that provides full employment with equality of opportunity for well-paying and fulfilling jobs by 2027; and where income of the bottom 40 percent of the population has quadrupled by 2030.

We will have attained this status by tackling fundamental challenges to our economy such that productive capacity is enhanced with effective adoption of technology and innovative green solutions. With abundant options for high-end jobs in existing as well as new sectors (such as the creative industries and STEM fields) made available within the country, we will fully harness our demographic dividend.

Furthermore, all Bhutanese will lead dignified lives enabled by decent levels of income that do not fall below a certain threshold.

People

Our expectation is that all of our development efforts will result in enhanced wellbeing and productivity of all sections of our society. We will have attained this by ensuring that our economic prosperity and strategies are channeled into addressing key issues of quality and inclusiveness in health, education, living standards, and social protection outcomes across all demographic groups.

Key progress indicators will include access to affordable housing for all people in low-income groups by 2029; and the availability, accessibility, and



affordability of basic food, medical and other essential items at all times beginning 2025.

Simultaneously, we will have reduced the gap between preferred and actual family size by 2034 -maintaining a sustainable population growth rate conducive to our economic aspirations.

Through all times, the diversity, vitality, and resilience of our local cultures and communities will be enhanced, thus ensuring the cohesiveness of our social fabric and upholding our Bhutanese identity.

Progress

Underpinned by innovation, stability, and effective governance, our aspiration is to be a progressive society - where the security, vitality, and resilience of our communities is enhanced by equitable access to high quality infrastructure and public services.

A key marker of our progressiveness will be our ability to meet critical energy requirements through diversified domestic production of renewable energy sources by 2029 (without slowing down economic activities).

Another key indicator will be our ability to ensure safe and livable human settlements in all 20 dzongkhags - characterised by equitable access to affordable housing, and efficient and affordable public transport, and private healthcare with Thimphu-Paro capital region ranked among top livable cities in the world by 2029.

As evident, the 3Ps are interconnected and indivisible. The national key performance indicators (KPIs) for the 3Ps-which have been agreed upon through numerous consultations and deliberations - will in their entirety provide the long-term strategic direction for our development plans spanning the next ten years.



Way forward

e have reached an extraordinary moment in our lives.

Having cleared the shrubs and stems, with the ground tilled and manure added, we now have the fertile soil that awaits the seeds of progression for the nation we dearly call Bhutan.

All through the years of the pandemic and its consequences, we strove to escape its snares. The systemic reforms are underway. What is wrong is being corrected. What is missing is being sought. We have the peace and stability, the ultimate ingredients of a nation.

Moving ahead, we now need to nurture them until we reap the fruits that will nourish not just us but our children and generations beyond. I write this with confidence because under His Majesty's leadership, Bhutan will flourish to an all-new level. When we look back, today will be the beginning of the era of change.

But we have a lot of work to do. At this stage, some reform initiatives are taking shape and some improvements are being felt. All we need to do is give ourselves some time, while we keep pushing the boundaries.

Our dreams and goals are clear. We want to be an economically prosperous nation hinged on the golden values of Gross National Happiness. The 13th five-year plan, and the accompanying 10-year strategic framework are our means to that end.

A lot of focus will be on private sector. As I say that, we admit that much of our interventions so far were viewed with skepticism and were often superficial. Moving on, we commit to consciously slim government's role in economic activities and invite bigger and "real" private participation.

This has already kickstarted with the establishment of GovBiz Service Center as the initial step towards accelerating 13th plan objectives for business related services. Similarly, Civil Society Organisations will be brought on board to shed some of the government's mandates as well.

In social sphere, our plan is to take people to developmental activities as opposed to the current practice of reaching facilities and



services to human settlement. This will turn around the entire idea of resource optimisation and quality living.

School rationalisation is my personal favourite where we will ensure standards and human resource across all schools in the country. Whether it is a school in Thimphu or in a remote corner of Lhuntse, everything about education must be the same.

In health, we also seek to institute a sustainable and innovative health financing ecosystem, wherein some private players can come in for cosmetics surgeries for instance. Relooking into natural resources like timber management, sustainable mining, home ownership, access to finance, professionalising subsidy to agriculture sector, building high performing world class public service are all on the list.

The best part of this plan is the process of consultation that touched all spheres, including the opposition and other political parties in the country. Which means no matter who and which political party secures the mandate of governance in the upcoming elections, Bhutan will stand to benefit.

On the personal front, I have always asked myself whether I ever did justice to the position of the head of the government. All through reforms, pandemic and daily routine, I would ask how best I can deliver. If someone else was in my place, how different would the result be?

I have always looked towards His Majesty to show me the way. The vision, wisdom and even personal care from the Golden Throne kept me from going off-course. On my part, just as I walked in with unconditional devotion to my King and dedication to my country, I exit with same character and motivation.

In reference to readying the soil as mentioned above, the farmers are evidently smeared with mud and dirt. I wish to say that not everyone will be pleased with some of the moves made towards overall national goals. But that is okay.

Afterall, this country is worth giving one's best and that is what my government and I have done.





The Future

State of the Mation 2023



