

STATE OF THE NATION

SECOND SESSION
THE THIRD PARLIAMENT OF BHUTAN
JUNE 26, 2019

DR LOTAY TSHERING
PRIME MINISTER
ROYAL GOVERNMENT OF BHUTAN



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(Clooking ahead, we have a new five-year plan, and a great number of responsibilities of national importance before us. We must work together in order to build an extraordinary, strong, secure and peaceful future for Bhutan."

His Majesty The Druk Gyalpo National Day, Samtse December 17, 2018

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C If you want to know your past life, look at your present condition. If you want to know your future life, look at your present actions."

Guru Padmasambhava

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Embracing the past, celebrating the present, progressing to future

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Section I In Gratitude

With hearts full of gratitude, we would like to acknowledge all the accomplishments of the past, and also draw lessons from it.

Introduction

It is a distinct honour and privilege for me to present on this auspicious day, the State of the Nation Report to His Majesty The Druk Gyalpo, the Parliament and the people of Bhutan.

This is the first State of the Nation Report I present as the Prime Minister of the third democratically elected government of this great nation of ours.

I thank Honourable Speaker, Honourable Chairperson of the National Council, Honourable Chief Justice of the Supreme Court, Honourable Leader of Opposition Party, Honourable Members of the Parliament, the

Diplomatic Corps, members of the media and people of Bhutan for the opportunity to present the report.

While we are truly humbled by this great honour we asked ourselves; will we be able to fulfill this precious mandate?

Seven months ago, when the people

of Bhutan pressed buttons to exercise their rights in a democracy gifted by the Throne, and gave us the sacred mandate of governance, a blend of excitement and diffidence set in.

While we were truly humbled by this great honour, we asked ourselves; will we be able to fulfill this precious mandate?

But the moment His Majesty blessed us, as we received the *dakyen* on November 7, 2018, we were set free of all insecurities.

We felt empowered to embrace the

responsibilities with the enlightened guidance from the Throne and blessing of our guardian deities.

From learning the roles and responsibilities of stakeholders both within and outside the government and figuring out how the system worked, the Cabinet ministers and I have come a long way in learning the ropes.

We are grateful to everyone for seeing us through a swift transition, and allowing us time to settle down.

The foundation laid over seven months is now strong for us to launch into

remaining years of our tenure with greater clarity and confidence. Back then, our motivation was simple.

For being a Bhutanese and having received so much from the country, it was a

natural duty to return in service. But today, as I stand before my King, country and the people, a realisation dawns that we have a pact.

In that, we all share the responsibility of transforming our nation and our lives for the better, with my government at the wheel.

It is evident that some responsibilities shroud heavier on the third government. Bruised by differences along party lines in the past elections, people mirror so much hope and expectations from us.

There has not been a single day since I took office, that I am not reminded of eager and trusting faces from the campaign days. I owe to each of them.

I know the task ahead is onerous but I also know it is not impossible, if we strive with sincerity.

This is a rare opportunity we have received and in every act and every word I utter, I shall do so to pursue the visions

of our beloved Monarchs, translate the hopes of our people, and work towards achieving the dreams of our nation.

As we are all united in purpose to serve the *Tsa Wa Sum* together, I remain secure in the thought that we will receive the gracious support and wise counsel of all branches of government, constitutional bodies, media, private sector and the public in carrying our mandate.

In gratitude

Our beacon, our King

espite fear that these words could reduce the overwhelming sense of gratitude we deeply hold, I would like to thank His Majesty The Druk Gyalpo for being our constant and reassuring source of wisdom, the moral center that holds us together as a nation.

In this journey of democracy and peaceful progress, His Majesty is our nation's conscience and the shining beacon that provides us the critical sense of direction.

With each passing day of governance in the democratic set up, the role our Monarchs play in securing the peace and unity of this nation, the wise and timely decisions made over the years, becomes more pronounced.

Every time we fall back on the wisdom of Constitution, which we have lost count by now, we are implicitly seeking guidance from the Throne. We have the good fortune to be able to turn to the enlightened Monarchs every time major decisions for nation and the people have to be made.

During my interactions with people in all parts of the country, particularly in pursuit of this mandate of governance, the deep reverence for our Monarchs was clearly evident.

Every time we fall back on the wisdom of Constitution, which we have lost count by now, we are implicitly seeking guidance from the Throne.

Every citizen of our country owes an undivided debt of gratitude to His Majesty for the wellbeing and security we all enjoy.

Today, on behalf of the people of Bhutan, I humbly offer our deepest gratitude to His Majesty, for the tireless and compassionate endeavours for the wellbeing of the people and in the interest of our country.

His Majesty's presence during the opening ceremony of this Parliament session, at a time of great personal loss and grief with the passing away of His beloved grandfather, Yab Dasho Ugyen Dorji, was truly humbling.

It is a testimony to His Majesty's selfless devotion to his people and commitment to deepening our democracy. We are greatly inspired to rededicate ourselves to deliver our sacred responsibilities as people's representatives in the service of our nation.

May I also take this opportunity to

offer our deepest condolence to His Majesty and our Royal Family as we pray for Late Yab Dasho Ugyen Dorji, an inspiring figure who led a full life contributing

In times of disasters, the compassion and consideration the pain and suffering of all those who are affected.

of His Majesty greatly alleviates

bear their irreparable loss.

His Majesty also offered prayers at the Tashichhoedzong, and commanded special prayers across the country in memory of the victims of bomb attacks in Sri Lanka in April this year.

In such times, just as disasters like Nepal earthquake in 2015, our compassionate King leads the country in expressing solidarity with the world and promoting our country's image as a caring, friendly and peace loving.

Meanwhile, it was a moment of national pride as United Nations Development Programme presented a special award

> recognising His Majesty's leadership in advancing human development and the wellbeing and happiness of the people of Bhutan.

> This is fitting tribute by the international body to His Majesty

for his commitment to peace and human progress.

The award stood for three major Human **Development Achievements:**

His Majesty's championing of the holistic development paradigm of Gross National Happiness, His Majesty's leadership in environment conservation and climate action, and His Majesty's guidance, which ensured a smooth transition of the system of governance and laying strong democratic foundations.

We are deeply indebted for His Majesty's undivided interest in our young people's concern to secure their future as

greatly to our spiritual and cultural heritage.

The auspicious signs witnessed by many at the time of his passing and subsequent rites serve as testimony.

In times of disasters, the compassion and consideration of His Majesty greatly alleviates the pain and suffering of all those who are affected.

His Majesty's gracious presence at Bajo hospital, Wangduephodrang, following a bus accident that tragically claimed eight lives earlier in May, and the grant of Royal kidu instilled in the bereaved family members a sense of fortitude to

and His concern to secure their future as productive citizens of an emerging nation.

Be it a graduation or a visit to the startup center or an audience with scholarship recipients, the special moments of interactions with His Majesty motivate them to work harder and pursue a future defined by values and sense of responsibility.

On behalf of the 1,275 people who received citizenship *kidu* last year, we humbly submit our gratitude. We pledge our loyalty and dedication to work together towards nation building.

Our Queen

The people of Bhutan would like to offer our humble gratitude to Her Majesty

the Gyaltsuen, for offering unconditional support to His Majesty and carrying forward the noble initiatives.

An epitome of grace nation's so and affection, we deeply appreciate
Her Majesty's devotion in the upbringing of His Royal Highness The Gyalsey, the nation's son, our future. Our country is justly proud

people around the globe.

Her Majesty as the patron of important organisations like Bhutan Red Cross Society, Royal Society for Protection of Nature, Ability Bhutan Society, the ambassador of United Nations

to watch our little prince grow into an

endearing figure, warming hearts of

Environment Protection for Ozone, and strong advocate of waste management draws focus to issues that impact not just Bhutan but the world.

In the latest address in June, Her Majesty expressed concerns on increasing waste generation and its impact on environment, and leads in addressing the issues personally by participating in cleaning campaigns. We remain inspired and pledge to work towards preserving our environment.

Our spirituality

An epitome of grace and

affection, we deeply appreciate

Her Majesty's devotion in

the upbringing of His Royal

Highness The Gyalsey, the

nation's son, our future.

Bhutan is defined by our spiritual heritage. The identity we take pride in is defined by our culture and tradition which are deeply rooted in our spirituality.

At the heart of it are the religious bodies, their prayers and blessings, and the rituals and propitiations that sustain the peace and progress in the nation.

In all our endeavours, we rely on the

compassionate prayers of His Holiness the Je Khenpo Trulku Jigme Choeda and the monk body. We seek support of our guardian deities and find refuge in our clergy, as we apply ourselves on propitious moments in daily assertions and in times of disaster and calamities.

We are deeply indebted to all the *Lams*, *Trulkus* and *Rinpoches* for administering prayers and activities that result in collective merits thus sustaining peace

and prosperity in the country.

We also take this opportunity to offer our humble felicitation to His Holiness the Je Khenpo for being conferred with the highest civilian decoration, the order of the Druk Gyalpo, on December 17, 2018.

While in gratitude of the ceaseless efforts toward world peace and promotion of Buddhism, we would like to thank His Holiness for presiding over a *moenlam chenmo* and ground-breaking ceremony of a Bhutanese temple in Rajgir, India.

The projects, initiated as a part of celebration of Bhutan-India relations, will not just strengthen ties between the two countries but would also enrich the Buddhist world.

Our security

They leave behind their families to protect ours, they stay up all night so that we can sleep in peace, they settle for harsh conditions so that our lives are comfortable.

We therefore hold our three armed forces- the Royal Body Guard, Royal Bhutan Army and Royal Bhutan Police, in highest regards and esteem for their patriotism and service to the nation.

They leave behind their families to protect ours, they stay up all night so that we can sleep in peace...

As they strive to ensure peace in the country, our hearts are at ease, knowing

that we are in good hands. It is reassuring to know that children have a safe and secure future.

We also thank the *De-Suung* (Guardians of Peace) for *augmenting* efforts towards maintaining peace and harmony in the country. In times of accidents and disasters, we have them to rely on. We, in turn, expect them to be prepared to serve at all times.

Our bureaucracy

In the heart of our system designed towards achieving all our national goals is a pool of dedicated people, our civil servants. When the beads of political parties change as government, it is the thread of bureaucracy that ensures the fabric of continuity for the nation.

It was to the credit of professionalism and commitment of our bureaucracy that we could step in with ease, and see through seamless transition as we took over the helm of governance.

We might have come with big dreams for our country but without the support of our civil servants serving across the country we will not be able to translate them into reality.

As our efforts peak in the coming years, we shall rely on the commitment, wealth of knowledge and experiences the civil servants bring. We are confident that they will support us when we do right, and caution us when wrong.

Together, we shall improve the lives of every Bhutanese, especially those vulnerable ones among us.

Our partnerships

Governance is a collective effort of all agencies and not just the party elected to form the government.

Bolstering our system are the constitutional bodies, as well as our undivided interest in our young people and His concern to secure their future as productive citizens of an emerging nation.

Our local government, with its coherence of our people's needs, have been instrumental in complementing our efforts to creating communities conducive for proper living and welfare.

We also offer sincere appreciation to all those who came forward to form political parties since the onset of democratic process and set impetus to it.

They have all been critical agents in offering choice for the people over the last ten years.

We are also impressed with the highest standards displayed by National Assembly and National Council and worthy Opposition through quality deliberations and decisions made over last two tenures. It drives this Parliament to perform to the best of its abilities as envisioned in our Constitution.

Our judiciary has been exemplary in not just safeguarding our rule of law but also ensuring justice of the highest moral standards to uphold innate values of humanity.

I would also like to thank all other entities for coming together to build the nation. This includes the corporations, civil societies, non-government organisations and private sector, and all the individuals whose efforts add up to development of our nation and wellbeing of the people.

We remain thankful to our development partners who have invested their trust and sustained it for years to augment welfare of our people.

Through your diversity of ideas and approaches, resorting to effective means and creativity, our country derives the best.

Our citizenry

It is not just the votes we received to win the elections but the trust bestowed upon us that gives us as many reasons to work hard for all the people of Bhutan. But first, for giving us the opportunity to serve, we remain grateful.

More than anyone, election times are difficult for the people, who are torn among participating parties and its candidates who seek endorsement.

The residue of politics, growing division in communities, has been harsh on them. And yet they show up to vote, manifesting patience and maturity.

Today, through various channels and interactions, our people, right from grassroots, are following the developments, offering feedback and engaging in decision making.

This is an encouraging sign, befitting of democratic culture. We are listening to them. We intend to nourish people's trust.

The moment people start losing trust in the elected government, it is the beginning of the failure of democracy.

The journey so far

ost important public discussions and speeches are punctuated by impressive ageold adages describing an ideal state of our country. There is a frequent reference to the country as a happy one, free from challenges. We Bhutanese have tendency to paint a rosy picture for everyone. Are we presenting the reality?

After a steady progress as a nation, responsibility of governance was passed down from the golden throne to the people in 2008. We call it unique and cherish it as a gift. How are we taking care of the gift so that its value and significance flourish for generations? Are we able to sustain the noble efforts of our monarchs?

Have we been able to reap the best of the democratic process? Was our journey so far in line with our royal aspirations? Could we have done any better?

Questions are numerous. Ten years since the introduction of democracy, we must take the opportunity to pause and reflect. It is time to ask ourselves; are we on the right track?

I am required to present the "state" of our country today. What state are we in? It is only when one shoulders the responsibility of governance that one understands the intricacies involved.

Given the new process, limited resources, and new expectations from people, the first two governments have worked their best.

The first government's efforts to take the infrastructure like farms roads deep into the communities, or the efforts of empowering grassroots by the second government, are all commendable. To their credits, we have undergone a visible transformation.

Ten years since the introduction of democracy, we must take the opportunity to pause and reflect.

Today, my government and I will ensure that we strive to sustain the achievements. But it is also important to look back, see where we have gone wrong, so that we deal with the future better.

For one, it was difficult to comprehend that with just two elections, communities had experienced divide along political lines. Realising that it would be damaging for a small country like ours, our focus is on bringing everyone together.

The issues in hand are as disconcerting. More than 10,000 people are without jobs, and almost half of them are youth.

And we are barely talking about underemployment, where our young people have settled for jobs far beneath their qualifications.

Since the day we started working, we were mindful of the debt, both domestic and external, that our country is faced with.

The figures are anything but comforting. While we understand that 76 percent of the total debt is hydropower loans, which we claim is self-liquidating, it is no time to be complacent and indifferent.

Success of our tourism industry is being measured by numbers, as opposed to the visionary policy of "high value-low volume". We seem to have digressed so much that it calls for deceleration to ensure we do not exceed our carrying capacity and compromise on Brand Bhutan altogether.

We boast of youth literacy rate of more than 93 percent. What about the quality of education and the values imparted in the process? What is the point of giving free education until Class X and beyond if it does not lead to gainful employment?

There are reports of corruption, mismanagement of our limited resources and wasteful expenditure in media every other day. Are we doing well on the scales of ethics and civic responsibility? Has the increase in current budget over the years, resulted in improved system efficiency?

Besides the norms and procedures, do our public servants render empathy and respect to our people? Among different agencies, is there proper coordination? Just as we claim, have our mindsets changed? Should the implementation of our Five Year Plan (FYP) period, which propelled our country to modern development over the years, be re-calibrated to reap the best of democracy? The present arrangement tends to slowdown our economy as one government exits and before the new one takes off.

Can there be a more effective formulation and implementation of the Plan in a way that the government coming to power gets to work on its development priorities, and our people derive the maximum benefit?

In the maze of changing government and planning processes, don't we need an overall vision that will take us forward as one nation? What about Vision 2020, the strategic document of 1999 that was supposed to guide us through the times of "change and modernisation".

Even otherwise, should the ownership of each development plan be left to the elected government, deprived of common goals that align with His Majesty's vision to fulfill the aspiration of our people? Are we on track, as we plan on graduating from category of Least Developed Countries (LDCs) in 2023?

Without asking ourselves the questions on the journey so far, we would be remote from reality, lost in short term fulfillments. If we have to talk about the state of our nation today, it is important to confront the truth first.

The third government

rom the day we secured the mandate of governance, we were mindful of calling ourselves the Royal Government of Bhutan. We discouraged being referred to as the "Nyamrup Tshogpa government". For all the reasons, we have to choose to move forward as one nation, one people.

The first two governments persevered to lay strong foundation of democracy and win people's trust in the new arrangement.

While ensuring to build on their contributions, I feel the third democratically elected government must also make sure the progress so far is in line with national goals.

We are on the mantle purely driven by the overarching goal of narrowing the gap. The yawning income inequality is a concern.

If not efficient, timely and relevant, free health and education will not serve the purpose.

We are aware that it cannot happen overnight. As we endeavour to narrow the gap completely closing it is too idealistic to even consider.

We desire for an inclusive and sustainable growth. In the spirit of narrowing the gap, we wish to encourage enterprises, creativity and competence, while working to close income gap, uplift those in poverty and work towards equitable society.

We wish to present ourselves as a government that serves the people and strengthens harmony and unity of Bhutan.

We have come to understand that despite all the efforts, the present state is not without issues and challenges. But we have also come a long way as a nation. We have achieved so much, in all spheres.

This report will serve as a basis, the starting line from where we will race to the end of the tenure. I seek your support. It is time to make tough decisions, and not necessarily those that are politically popular.

We are a GNH country and we should live up to its name and spirit. Let's grow together as a nation.

Section II State of our nation

The present state of our nation is the culmination of our collective efforts.

The fruit that we reap today, our national progress, is being realised through concerted endeavour of all sectors and individuals.

State of our health

For sustainable development and dynamic economic growth, first and foremost, our people must enjoy good health. Therefore, it is our collective responsibility to formulate intelligent and innovative plans and policies, to ensure that the people of Bhutan will always have equal access to quality healthcare."

His Majesty The Druk Gyalpo Convocation, Khesar Gyalpo University of Medical Sciences of Bhutan April 25, 2019 ealth is the primary agenda of our government. We recognise the urgent need to reduce gaps in the sector, mainly in terms of access and quality.

Bhutanese enjoy free access to healthcare but the claim is rendered erroneous when our people in rural areas experience series of hurdles while availing basic services.

This is why, in addition to improving quality of health services, the government is committed to ensure provision of healthcare facilities in the country in an equitable and sustainable manner.

As a reflection of our commitment to improve both quality and access, the government has approved a flagship program that will ensure multiple interventions, those not included in the 12th FYP.

Over the years, significant investments have been made to establish health infrastructure and services across the country.

Today, an average of three health facilities are available for every 10,000 Bhutanese. About 96 percent of the population have access to a health facility located within two hours of walking distance.

In addition to expanding coverage, there is still much work required to upgrade the services offered in most of these facilities.

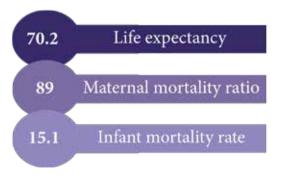
Despite these challenges, our people are enjoying comparatively good health for longer years. Progress has also been achieved in reducing maternal and child mortality rates.

In line to the targets set in the Sustainable Development Goals (SDGs), we are confident that Bhutan will be able to achieve these goals.

Our disease patterns, are also like that of our economy. The infectious diseases are decreasing but an emerging concern is the increase in non-communicable diseases (NCDs) such as, cancer, cardiovascular-diseases, respiratory diseases and diabetes.

World Health Organization (WHO) estimated that about 69 percent of deaths in Bhutan in 2018 were NCDs related. The cost of treating NCDs is exorbitant and efforts are ongoing to create awareness on these diseases, which are all lifestyle related.

It is largely through proper advocacy targeted to change behaviors and mindsets that can help combat these diseases.



We are equally concerned about the rising cases of suicides, which is reflective of state of mental health and its care in the country.

Records with Ministry of Health reveal that 191 individuals committed suicide, while 132 made attempts between 2017-2018 and there could also be unreported cases.

This is a worrying trend for our country, which seeks to create the conditions for the pursuit of happiness by all its citizens.

Against the backdrop of these achievements and challenges, we have intensified our efforts to build a healthier nation, motivated by our aspiration to create equal access to quality healthcare for all Bhutanese.

Some of the major initiatives carried out in this financial year are listed below:

Healthy mothers and children

In what is one of the major campaign pledges of the government, work has commenced to deliver incentives for breast-feeding mothers who are not entitled for paid maternity leave.

A "conditional cash transfer" program packaged under a project called Accelerating Mother and Child Health-1,000 Day Plus is being designed.

The program will also monitor health of women from pregnancy and birth to the first six months of breastfeeding.

We are happy to share that the first phase

of the construction of community health block at Gyaltsuen Jetsun Pema Mother and Child Hospital has been completed and handed over to JDWNRH. We are now closely monitoring the construction of the main block of the hospital.

It will go a long way in delivering services aimed at ensuring health of mothers and children

Multidisciplinary Super-Specialty (MDSS) Hospital

To address increasingly complex health issues and the budgetary implications of referrals, a MDSS Hospital is much desired.

The Ministry of Health has already started developing the proposal.

The MDSS Hospital is expected to address overcrowding at the JDWNRH, make available operation theaters for subspecialist care and enable sub-specialists to provide sub-specialty care that they are trained for, among others.

It will also generate cost savings of more than Nu.220 million annually from reducing third country referrals for treatment of cancers, cardiovascular diseases, organ transplants and neurosurgical cases.

At the individual level, patients and family members will also benefit by reducing the expenditure that would otherwise be incurred on availing referrals abroad.

We also have plans to hire specialists from other countries so that it allows specialists to undergo sub-specialisation, ultimately strengthening the human resource requirements in our health system.

Improving health service delivery

With our focus on primary health care services in eight identified dzongkhags, a Health Sector Development Program Project was implemented from February 2019 to enhance the overall performance of Bhutan's health system.

The initiative will also look at aspects of health financing, strengthening disease surveillance and Health Information Systems.

Eliminating cervical cancer

The Ministry of Health has started conducting nationwide assessment on cervical cancer, the leading cause of cancer-related deaths among women in Bhutan.

In this fiscal year, a strategic action plan was developed for cervical cancer program from 2019-2023, aligned to the global strategy for cervical cancer elimination.

New vaccine

With support from the Global Alliance for Vaccines and Immunisation (GAVI) and UNICEF, the pneumococcal conjugate vaccines (PCV), flu vaccine was introduced in January 2019 in the routine immunisation.

The vaccine is given to infants at six weeks, 10 weeks and nine months of age in all health facilities.

The vaccine prevents transmission of pneumococcal bacterial diseases such as pneumonia, otitis media, bacteraemia, and meningitis in children under five years.

State of our education

(Is the education our youth are receiving attuned to needs of the nation? And once educated, will our children find employment and realise their full potential?"

His Majesty The Druk Gyalpo National Day, Thimphu December 17, 2011



The state of our education will ultimately determine the state of our nation in the long run. Our country has achieved a net enrollment rate of more than 96 percent. This means that almost all children who have come of age are in schools. Their life of learning through modern education has begun.

In terms of improving the overall quality of education, we recognise the central role played by our teachers who have the paramount responsibility of shaping our young minds to become productive citizens of the future.

With reference to learning outcomes, performance of Bhutanese students is at par with top Program for International Student Assessment for Development (PISA-D) countries in reading, mathematics and science, in 2017. But significantly below the average when compared with Organization for Economic Co-operation and Development (OECD) countries and the best education systems in Asia.

While not definitive, these results indicate that the quality of our education and learning outcomes our system is delivering must improve drastically.

Advancements in education at all levels have resulted in more job seekers entering the market each year. On average, about 1500 children as young as 16 have been exiting from mainstream educational and TVET pathways on completion of Class X and entering the job market without any marketable skills every year.

For the state, this translates into a waste of resources invested in them so far, while also restraining talents and potentials that could have surfaced a few years later. This called for drastic and bold measure, which the government has undertaken.

The year will be remembered for removing "cut off" point in Class X, and allowing students securing pass percentage to continue their education.

More than 4,000 students could continue their education, thus rekindling their hopes and dreams.

The year will be remembered for removing "cut off" point in Class X...

The move pushes us to realign our education system, diversify training and skills development pathways and brings into question relevance of courses at the post-secondary level.

Some of the key initiatives in this fiscal year are as follows.

Quality of teaching and learning

The education ministry continues to expand Early Childhood Care and Development (ECCD) programs in the country. Towards this, an additional 49 ECCD centres were opened across the country in this fiscal year.

For primary schools with more than 100 students, about 50 large boarding primary schools in rural areas is planned to be established within the 12th FYP as a part of strengthening the primary education system.

The education ministry reviewed central school programs to further improve the facilities, provide adequate infrastructure and human resources, and to ensure its sustainability.

Some of the key outcomes of the review include rationalisation of free provisions and segregation of primary divisions from central schools where possible.

The 11th FYP spillover activities of the five central schools have been completed.

A significant change in this fiscal year has been the removal of teaching classes on Saturdays.

The Royal Education Council rationalised and revised the instructional time. Accordingly, existing touth calculations are also as a school of 12,835 students in 115 schools will benefit from day

feeding, thus reducing burden on

their parents.

existing textbooks were reviewed and updated with more recent information and data. At the

same time obsolete and irrelevant content were removed and errors rectified.

Further, the assessment system at the primary level will be shifted from examination based to formative based assessment system for a strong foundation by 2020.

To promote the use of ICT to enhance quality of teaching-learning process, the education ministry developed second Education ICT Master Plan (iSherig-2) 2019-2023, which focuses on competency development of educators and learners, content and ICT infrastructure development.

The Bhutan Professional Standards for Teachers (BPST) launched on May 2, 2019 aims to define work of teachers and highlights the elements of high quality and effective teaching.

It is expected to provide clear professional knowledge, skills, values and engagement required across teachers' careers.

Further, it offers a benchmark for recruitment, professional learning, career development, retention, promotion, incentives and rewards.

With the recent pay revision, teaching will be the highest paid profession in the civil service. This is expected to not only motivate teachers but also attract

> the best and brightest into teaching and retain qualified and experienced teachers in the system in the long run.

As teaching becomes more attractive, we will be able to draw in and retain good teachers.

Equitable access to quality education

In 2019 academic year, of the 12,033 Class X passed students, government supported 4,003 students to study in Class XI in private schools.

To assess the overall performance of this group of students in private schools, the education ministry has developed specific monitoring tools and indicators.

The education ministry has also initiated day feeding to support students in rural schools who are mostly from socioeconomically disadvantaged background.

A total of 12,835 students in 115 schools will benefit from day feeding, thus reducing burden on their parents.

To extend educational services to children with disabilities, the ministry initiated special schools and Special Education Needs (SEN) programs in mainstream schools.

As of 2018, 16 schools offered SEN program that caters to children with different range of disabilities.

There are two specialised institutes for children with hearing and visual impairments.

The stipend for school feeding will be transferred to agriculture ministry, which in turn will ensure supply of locally grown food to schools...

A total of 798 children are enrolled in these schools and institutes, which have 726 teachers. The education ministry plans to increase the SEN program to 28 schools within the 12th FYP period.

Health and well-being of students

The government is in the process of developing a sustainable model for school feeding program.

The increased stipend for school feeding will be transferred to agriculture ministry, which in turn will ensure supply of locally grown food to schools while also facilitating farming communities with a

readily available market.

Further, to ensure access to safe drinking water, education ministry has installed sky hydrant water filters in 57 schools as of now.

The ministry also spearheaded a menstrual hygiene campaign to mark the World Menstrual Hygiene Day on May 28, 2019, which is aimed at breaking the stereotypes that affects the health and well-being of girls and women particularly in rural areas.

Annual health check-up was also carried out in schools for all children from Classes PP-VIII.

Towards supporting children and young people's development, health, and wellbeing, 24 trained school guidance counsellors were placed in 24 secondary and central schools. About 40 school guidance counsellors were trained on clinical supervision in this fiscal year.

Technical and Vocational education

As part of the Skills, Training and Education Pathways Upgradation Project, starting from the 2020 academic year, TVET will be introduced as an optional subject in Class IX in seven pilot schools and for Classes X-XII in subsequent years.

Under the same project, the education ministry developed TVET curriculum for Classes IX and X, introduced TVET clubs, and conducted pre-vocational orientation program in schools.

The Ministry of Labour and Human Resources (MoLHR) has also developed

ten new TVET curricula and revised six existing curricula.

MoLHR also developed 11 curriculum officers of the Royal Education Council to support and integrate entrepreneurship in education system.

The education ministry reviewed central school programs to further improve the facilities, provide adequate infrastructure and human resources, and to ensure its sustainability.

Some of the key outcomes of the review include rationalisation of free provisions and segregation of primary divisions from central schools where possible.

The 11th FYP spillover activities of the five central schools have been completed.

A significant change in this fiscal year has been the removal of teaching classes on Saturdays.

The Royal Education Council rationalised and revised the instructional time. Accordingly, existing textbooks were reviewed and updated with more recent information and data. At the same time obsolete and irrelevant content were removed and errors rectified.

Further, the assessment system at the primary level will be shifted from examination based to formative based assessment system for a strong

foundation by 2020.

To promote the use of ICT to enhance quality of teaching-learning process, the education ministry developed second Education ICT Master Plan (iSherig-2) 2019-2023, which focuses on competency development of educators and learners, content and ICT infrastructure development.

The Bhutan Professional Standards for Teachers (BPST) launched on May 2, 2019 aims to define work of teachers and highlights the elements of high quality and effective teaching.

It is expected to provide clear professional knowledge, skills, values and engagement required across teachers' careers.

Further, it offers a benchmark for recruitment, professional learning, career development, retention, promotion, incentives and rewards.

With the recent pay revision, teaching will be the highest paid profession in the civil service. This is expected to not only motivate teachers but also attract the best and brightest into teaching and retain qualified and experienced teachers in the system in the long run.

As teaching becomes more attractive, we will be able to draw in and retain good teachers.

State of our economy

Our pursuit of balanced and equitable socio-economic development brought about immense prosperity for our people. For example, enlightened economic policies ensured that benefits from valuable national resources such as hydropower was neither captured by a narrow economic elite nor influential foreign investors. Instead it was judiciously developed by the state to strengthen our economy and benefit the nation and people at large."

His Majesty The Druk Gyalpo RUB Convocation May 24, 2019 ur economy achieved an average growth of 7.4 percent over the past two decades, labelling us as one of the fastest growing economies in the region. The economy grew at the rate of 4.6 percent in the financial year 2018-19 and is projected to grow by 6 percent during the 12th FYP period. Bhutan's GDP stands at Nu.164.63 billion (2017).

Inflation

Prices have remained stable as indicated by slower increase in Consumer Price Index (CPI) which stood at 2.7 percent in 2018, lower by 2.2 percentage points compared to 2017, mainly contributed by food inflation at 5 percent while non-food recorded a marginal increase of 1.3 percent.

Employment

As per the latest Labour Force Survey 2018, the country's employment rate stands at 96.6 percent of which male and female employment rate are 97.3 percent and 95.8 percent respectively. Of the total employment, majority is rural based (71 percent) while urban employment comprises 29 percent.

The overall youth unemployment rate stands at 15.7 percent (4,921 persons). Out of the total unemployed youth, 49.7 percent are males and 50.3 percent are females.

In addition to the existing 11,102 job seekers, 56,703 new job seekers are expected to enter labour market over the 12th FYP period, thereby taking total number of job seekers to 67,805, of which 62,734 are youth job seekers.

The job seekers remain mostly comprised of secondary and university graduates. Therefore, creating gainful employment and livelihood opportunities for youth is still a major challenge.

Between July 2018 and March 2019, 3,454 job seekers were registered with the Ministry of Labour and Human Resources. Of these, 2,253 job seekers were directly placed in various private, corporate and government organizations, and 346 job seekers through Direct Employment Program under the Guaranteed Employment Program.

A total of 1,011 Bhutanese have been sent to work overseas between July 2018 and April 2019. The loan deferment for youth under the Learn and Earn Program in Japan has been provided to continue to learn Japanese language, pursue higher education, enroll into vocational colleges or get full time employment in Japan.

51 youths have opted for the Loan Deferment Scheme. A team from Bhutan led by Labour Minister visited Japan to see how the program could be further strengthened. Employment Responsibility System, a multi-sectoral High Level Committee has been instituted to bring a coordinated effort among key agencies to address employment issues in the country.

The government approved the Youth Engagement and Livelihood Program with provisions to include exceptional youths who have completed Youth Engagement Program and Direct Employment Program into National Service Program, along with the university graduates.

MoLHR will prioritise and identify the sectors to train youth to avoid wastage of funds and to discourage youth from changing their interest and focus.

Public Finance

Of the estimated resources of Nu.42.9 billion for FY 2018-19, around 80 percent is from domestic revenue and remaining grants. Tax revenue forms major part of domestic revenue (77 percent), accounting for 13.8 percent of GDP for the fiscal year.

The increase in domestic revenue was mainly from higher tax collections due to introduction of various tax policies for direct and indirect taxes and broadening of tax base.

With enhanced resource mobilisation, our domestic revenue is able to fully meet current expenditure while grants from external sources have been utilised for development activities.

Grants commitment for the fiscal year is Nu.8.6 billion, mainly for project-tied grants. Internal grants of Nu.323 million has been received from the Bhutan Health Trust Fund and Bhutan Trust Fund for Environment Conservation to undertake health sector and environment preservation activities.

Corresponding with the increase in resources, total outlay has been increasing from plan to plan, from Nu.40 billion in 8th FYP to Nu.310 billion in 12th FYP.

The total outlay for the FY 2018-19 is Nu.46.7 billion, of which 62 percent is allocated for current expenditure and 38 percent for capital expenditure.

The fiscal deficit estimated at 1.96 percent of GDP shall be met through borrowings from external sources at concessional terms and remaining from domestic market.

Debt

While Bhutan's rising public debt has come under the radar, large share of it is channelled for the construction of hydropower plants.

The debt levels remain within the prescribed threshold of Public Debt Policy 2016. The total public debt as of end June 2019 is estimated at Nu.209.3 billion, of which Nu.201.3 billion is external debt (104.4 percent of GDP).

The hydropower debt stock increased to Nu.154.3 billion in FY 2018-19, an increase of 17 percent mainly on

account of capitalisation of accrued interest during construction (IDC) for Mangdechhu Hydropower (MHP) and the disbursements for on-going hydropower projects.

The total accumulated IDC for MHP estimated at Nu. 12.2 billion has been added to the hydro debt stock, significantly increasing the total debt stock. The non-hydropower debt stock also increased by Nu. 6.2 billion or 15 percent compared to previous fiscal year due to program borrowing disbursements for budget support and on-going projects.

Balance of Payments

Over the last decade, the overall balance of payments has remained positive averaging at 3 percent of GDP on account of higher capital and financial flows in the form of hydropower disbursements and grants despite persistent negative current account balance, which was -21.8 percent of GDP (2007-08 till 2017-18).

As current account balance was largely driven by trade deficits resulting from huge imports of hydro-related investments and imports, the situation is likely to change.

With the completion of major constructions, imports related to

hydropower is expected to reduce while export base would increase with commissioning of MHPA, and Puna I&II in the medium term.

By the end of FY 2018-19, the current account balance is estimated to improve to a deficit of 13.4 percent of GDP compared to 18.4 percent of GDP in the previous year.

Reserves

As of March 31, 2019, the gross international reserves stood at USD 1,082.2 million, which is adequate to cover 13.7 months of merchandise imports or 23.7 months of essential imports meeting the Constitutional requirement.

However, from FY 2016-17 to FY 2018-19, the accumulation of reserves were lower as inflow of funds through financial and capital accounts were just adequate to finance the current account deficit. In the medium term, the reserve is projected to grow by 13 percent on average and reach Nu.124,430 million, equivalent to USD 1,800 million by FY 2021-22.

In order to promote a stable macroeconomic growth and efficient public financial management resources, the following were undertaken:

- 1. Preparatory works for possible introduction of Goods and Services Tax (GST) to broaden tax base is underway.
- 2. The government has directed the Ministry of Finance to put in place a comprehensive guideline for hospitality and entertainment budget to promote financial thrift.
- 3. A Finance Committee has been instituted to approve project costing up to Nu. 50 million in 10 ministries, 20 dzongkhags and autonomous agencies. The initiative promotes financial thrift by ensuring efficient allocation of resources.
- 4. The Public Financial Management system is being enhanced with e-payment feature to eliminate all forms of manual interventions including manual cheque payment, improve service delivery, automate bank reconciliation process, provide real-time financial information and improve decision-making process.
- 5. The negotiation for Development Policy Credit of USD 30 million has been successfully completed and will be disbursed by end June 2019, which will be very critical for financing the fiscal deficit.

- 6. The government approved interest free borrowings from International Fund for Agriculture Development (IFAD) to finance the funding gaps in agriculture related programs in 12th FYP.
- 7. The government also approved policy based lending of USD 30 million from ADB for FY 2019-20.
- 8. Diagnostic assessment of domestic bond market has been carried out to formulate the rules and regulation for issuance of government bonds.
- 9. In addition to conventional financing, Public Private Partnership (PPP) based model to reduce financial pressure on the government is being implemented.

This is also expected to encourage private sector participation and development. With the PPP Policy in place, a feasibility study report of the PPP pilot project (Thimphu Integrated Bus Terminal) was presented to the PPP Project Steering Committee (PSC) and approved.

The implementation of the project is expected in the ensuing fiscal year. Nation-wide advocacy on PPP Policy and Rules has been completed including capacity building to public officials and private sectors is underway.

The 12th Plan

he 12th FYP was formulated following extensive consultation with the key stakeholders such as central government agencies, local governments, private sector, development partners, CSOs, political parties, members of parliament and individuals.

While the 12th FYP was approved for implementation on December 6, 2018, the plan period was considered effective from November 1, 2018 mainly to align with the tenure of the government.

The objective of the 12th FYP is "Just, Harmonious and Sustainable Society through enhanced Decentralisation".

The size of the 12th FYP is Nu. 310 billion of which Nu. 116 billion is capital outlay and Nu. 194 billion is current outlay.

Of the total grants commitment in 12th FYP, Nu. 45 billion is from GoI, Nu. 16.6 billion from other bilateral and multilateral agencies and Nu. 1.4 billion is from internal grants.

Further, GoI has committed Nu. 4 billion as transitional trade subsidy for strengthening bilateral trade and economic linkages to support export promotion activities.

One of the new features in the 12th FYP is "flagship programs". Flagship programs are aimed at addressing national level issues requiring multi-sectoral intervention.

Blueprint with detailed interventions are being prepared in consultation with all relevant stakeholders.

An amount of Nu.15 billion from the capital outlay is kept for flagship programs.

The 12th FYP will be the last plan as a LDC and shall address the last mile challenges in all sectors and ensure that Bhutan graduates on a sure footing with a strong economy.

We would like to report that the 17 national key result areas of the 12th FYP are closely aligned with the SDGs.

Our priority sectors

If our financial institutions are able to extend unstinted support to young entrepreneurs and farmers, and help in creating numerous opportunities for them, we will derive countless benefits. It will go a long way in strengthening the sovereignty and security of our country, and furthering our social policy of equity and our national objective of self-reliance."

His Majesty The Druk Gyalpo National Day, Trongsa December 17, 2016

Hydropower

he dominance of hydropower is evident from the performance of key economic indicators particularly growth.

Industry sector has been the major growth driver since the commencement of Chukha Hydropower Project in 5th FYP.

The sector continues to support the structural transformation of the economy. In FY 2018-19, the hydropower sector (both generation and construction) is expected to contribute about 28.3 percent of GDP and remain within the range of 20 percent in the medium term.

While initiatives are being undertaken for new hydropower projects, the government is mindful about the risks associated with the hydropower investments such as geological surprises and therefore, will adopt a more cautious approach in undertaking new hydropower projects.

Energy Generation and Export

The five hydropower plants under Druk Green Power Corporation Limited (DGPC) generated 6,573.990 million units (MUs) of electricity in 2018, of which 4,053.588 MUs exported. The gross revenue earning from the sale was Nu. 11.681 billion.

Considering the major issues concerning accelerated mode of implementation of 10,000 MW initiatives such as time and cost overruns and macro-economic

imbalances, the government adopted the Hydropower Development Strategy Report in March 2019.

The investment in hydropower is being pursued in a staggered manner to achieve the economic goal of self-reliance by ensuring sustained economic growth. To this effect, the Electricity Act 2001, and Sustainable Hydropower Development Policy 2008, are being reviewed.

The government has initiated Energy Banking to meet the increasing domestic demand. Forecast show that even with the commissioning of Mangdechhu project, the total power available will not be sufficient to meet domestic demand, particularly during lean season.

The formulation of Power System Master Plan 2040 is under progress and will be completed by November 2019.

The domestic tariff cycle for 2019-2022 is being reviewed, which is scheduled for finalisation by June 2019 after which the requirements for subsidy allocation will be reviewed. As identified in the 12 FYP, the Detailed Project Reports for Khomachhu project has been initiated.

The preparation of Dam Safety guidelines and development of National Standard Bidding documents for hydropower projects have been initiated and are expected to complete by 2019.

For the first time, Bhutan Hydropower Services Limited (BHSL), manufactured two Francis turbines for BAJOLI HOLI and ALPASLAN, Turkey.

Hydropower Development – 10,000MW initiative

• Mangdechhu Hydroelectric Project

The synchronisation test of the first unit of Mangdechhu Hydropower Project was carried out on June 16, 2019. With that, the first unit was commissioned.

The government formalised the export tariff of Nu.4.12 per unit with tariff schedule for 35 years, through signing of the Tariff Protocol in April 2019. The project is expected to generate 3,008 MUs of electricity annually and contribute an approximate net revenue of Nu.5.6 billion annually.

• Punatsangchhu-I and II Hydroelectric Project

The 1,200 MW Punatsangchhu-I HEP, and 1,020 MW Punatsangchhu-II HEP are progressing well despite numerous issues that have emerged. The government is committed to expedite the work and ensure that the projects are commissioned in 2024-25 and 2022-23, respectively.

Kholongchhu Hydroelectric Project

The pre-construction works of 600 MW Kholongchhu Joint Venture (JV) Project that was started in September 2015, is completed and the preparation for signing of the Concession Agreement is underway. The main work packages will be tendered out once the agreement is signed.

Hydropower Development – outside 10,000MW initiative

• Dagachhu Hydroelectric Project

The 126 MW Dagachhu project generated 366.04 MU of energy in 2018 earning a gross revenue of Nu. 1.084 billion.

Tangsibji Hydro Energy Limited (THyE)

The main construction works of 118MW Nikachhu HEP is progressing smoothly with physical progress of 31.3 percent as of May 2019. The project is slated to be commissioned in December 2021.

Revision of Sustainable Hydropower Development Policy (SHDP) 2008

The government has approved the revision of SHDP 2008 to provide clarity and emphasis on hydropower as a strategic national resource. The policy intends to ensure that benefits accrue to all Bhutanese people and ensure intergenerational equity through broad based ownership strategy.

Blectricity for All

Bhutan has achieved 99.9 percent electrification. As of May 2019, a total of 92,043 rural households were electrified.

Promotion of Renewable Energy and Energy Efficiency

- A total of 88 biogas plants were installed under six dzongkhags and it is expected to minimise the dependence on imported cooking gas.
- The government has electrified a total of 229 households under Soe and Lingzhi gewogs.

Agriculture

griculture sector continues to grow steadily with substantial support from the government. The sector is estimated to grow by 4.4 percent during FY 2018-19 while the sector's share to GDP was 11.9 percent.

Agriculture remains a priority sector in the 12th FYP with a focus on improving rural livelihood by increasing agricultural productivity, transforming subsistence farming to commercial farming and sustainable utilisation of forest resources.

Cash crop

Total agriculture produce in fresh form for both domestic and export markets worth Nu.2,449.16 million was produced. Of which, cardamom production value was Nu.929 million and potato worth of Nu.511 million.

Livestock

The milking cattle population has increased to 94,735 in 2018 against the plan target of 83,404 milking cattle indicating an increase of 13.5 percent. Milk production has been recorded at 55,906 MT in 2018 against the plan target of 48,399 MT which is an increase of 15.5 percent from the set target. Additionally, about 6,324 MT of other dairy products such as butter, cheese and *chugo* were produced in 2018.

The egg production is recorded at more

than 127 million eggs in 2018 against the plan target of 107 million eggs which indicates an increase of about 18 percent.

The Self-Sufficiency Ratio (SSR) of eggs in 2018 stands at 100 percent. The government farms have produced and supplied 359,390 numbers of layer day old chicks (DOCs) to the farmers.

Organic farming has been identified as one of the flagship programs of the 12th FYP to enhance and commercialise organic farming for socio-economic development through sustainable production of safe and nutritious foods.

An estimated outlay of Nu.1 billion has been approved to implement the organic flagship program.

The Ministry in collaboration with Ministry of Labour and Human Resources, Ministry of Education, Ministry of Health, and State Owned Enterprises (SOEs) have developed the School and Hospital Feeding Program with an estimated budget of Nu.3.198 million.

This is aimed at substituting imported food and vegetables in schools and health institutions. This intervention is expected to provide nutritious and healthy food while also facilitating farming communities with readily available markets.

This will directly benefit 78, 953 students in 263 schools to be covered under the School Feeding Program (SFP). The program in itself will employ about 535 youth and an additional 3,000 as daily wagers with the three SOEs.

The program will also indirectly employ hundreds of farmers who will be engaged through various farmer groups and cooperatives.

With the ban of selected vegetable imports from India due to safety reasons, winter vegetable production such as chili has been prioritised.

The program was implemented in eight dzongkhags covering 56 gewogs with the total household of 1,238 in an area of 422.49 acres.

The dzongkhags were also supported with seeds for cauliflower (240 acres) and beans (314.63 acres) production.

The total winter chilli production as of now is 181.38 MT worth Nu.27.207 million.

The agricultural statistics is being finalised through Renewable Natural Resources census.

Tourism

ourism has been a major contributor both in terms of revenue generation and creation of employment.

The number of tourist arrivals in the country has significantly increased over the last 10 years, which not only led to expansion of the tourism industry but also development in other sub-sectors such as hotels, finance, transport, wholesale and retail trade.

While the number of arrivals is on the rise, the rate of increase in arrivals have slowed down, particularly for international leisure tourists.

From July 2018 to April 2019, the number of international tourist arrivals increased by 0.22 percent compared to same period of the previous year, while the regional tourist arrivals increased by 26.6 percent.

The direct contribution to the government in the form of sustainable development fee, TDS, visa fees increased by 5.3 percent, whereas, contribution to the economy saw an increase by 14.4 percent.

The gross convertible currency receipts during the period amounted to USD 74.45 million.

Sustainable Tourism Development Flagship Program

An outlay of Nu.1.5 billion has been approved for the flagship program to

ensure creating a regionally balanced tourism through the promotion of new destinations and diversification of products.

The flagship is expected to create approximately 15,000 jobs in the 12th FYP.

Tourism Policy

Formulation of a National Tourism Policy is underway with wider coverage of stakeholder consultations with national and international promoters and investors.

Tourism Development Board

The government established the Tourism Development Board on February 20, 2019 and the first board meeting was held on April 29, 2019.

Tourism Infrastructure

Commendable progress has been made in providing better facilities in terms of sanitation to the visitors. These include restroom facility at Hongtsho, development of water supply and installation of signboard at Jela dzong (Drukpath trek), maintenance of Sengor cafeteria in Mongar, construction of bath house and supporting facilities at Dodrek dzong.

Other places frequented by travellers are also being developed and maintained.

Cottage and small industries

ottage and small industries (CSIs) has the potential to narrow the gap through economic diversification focused on boosting economic activities in villages and local communities, enhancing rural income and in productively engaging our growing young population.

Today, there are 20,908 CSIs, generating 96,177 jobs. The number of CSIs has increased by 1,297 in the last year.

Three industrial sites have been identified at Paro, Dagana, and Trashigang to encourage young entrepreneurs to start small ventures of their own and to have a better-planned CSI establishments. The preparation of a detailed project report for establishment of CSI estate in Tsirang has been completed.

27 startups have been hosted in the newly established Startup Centre and another eight more startups are in the old Service Centre, at Changzamtog.

On April 11, 2019, His Majesty granted audience at the Startup Centre to share words of wisdom and encouragement.

The Cottage and Small Industries (CSIs) Policy 2012 has been approved for revision to better promote entrepreneurship culture, diversify

CSI products, improve coordination and collaboration among government agencies, and exploring new regional and international markets for local products among others.

Startup and CSIs has been approved as a flagship program in the 12th FYP to promote the creation of new CSIs and Startups in Bhutan. It is expected to create 4,700 jobs.

Priority Sector Lending (PSL) application system has been developed, which is accessible to everyone using G2B portal to leverage on the use of information technology.

We have selected one handmade handicraft textile for value chain analysis to facilitate export of horticulture and textile handicraft products through Brand Bhutan.

We have provided opportunities to artisans, handicraft producers, and exporters to learn by participating in the international trade exhibitions and study visits abroad.

The government has also initiated the government-buy-back mechanism where farm shops and Food Corporation of Bhutan will grade and buy produce from the farmers.

The Ministry of Economic Affairs in close coordination with the Royal Monetary Authority of Bhutan has initiated the preparatory works for a national event on the theme "catalysing Bhutan's CSI sector as an important driver of economic diversification" under the platform of the Bhutan Economic Forum for Innovative Transformation (BEFIT) to be held in July 2019.

Mines and minerals

urrently, there are 26 active mines and 41 active quarries in the country covering a total area of 4,027.24 acres.

Revenue generated from the mining sector excluding contributions from business or corporate income taxes, and any other taxes in 2018 was Nu.457.11 million, which was an increase of 27.58 percent from the previous year.

The Mines and Minerals Management Act 1995 has been reviewed comprehensively and the draft Mines and Mineral Bill has been tabled in the second Session of Parliament.

The Bill was drafted in line with the policy intent of the government as captured in the Mineral Development Policy 2017.

A detailed geological exploration of chemical grade limestone deposit at Edi

village under Mongar was carried out where it was found that the estimated geological reserve of approximately 4 million MT with limestone grade of 48 percent CaO and 3.6 percent MgO is estimated.

Further, a multi-sectoral task force team was formed and completed the socio-economic assessment of the Gypsum deposit in Khothakpa, Pemagatshel.

We have also revised the loading capacity or the gross vehicle weight of the Bhutanese registered commercial trucks to support boulder export business.

Mining, quarry and manufacturing's share to GDP has remained low despite government's concerted effort and interventions to promote the sector.

Mining and quarry is estimated to grow at 14 percent during FY 2018-19 while the sector's share to GDP is 3.5 percent.

Poverty scenario

(It is a concern that in a rapidly growing economy, inequality may bring great divides in our society between the rich and the poor."

His Majesty The Druk Gyalpo National Day, Trongsa December 17, 2016 hutan is committed to work towards achieving SDG goal of "no poverty".

The poverty rate is at 8.21 percent. In the last six years, multi-dimensional poverty has also decreased from 12.4 to 5.4 percent today.

At present, a person in the top 20 percent of the national population consumes 6.7 times more than a person in the bottom 20 percent of the population.

The mean per capita expenditure of households in the fifth (richest) per capita consumption quintile (Nu. 17,802) is more than seven times that of households in the poorest per capita consumption quintile (Nu. 2,468). The Gini coefficient has increased from 0.35 to 0.38 in last 10 years.

Addressing the widening income gap, poverty and inequality is a key priority for this government. If left unaddressed these issues have the potential to impede overall economic growth and undermine the internal peace and unity of our nation.

Issues ranging from lack of income earning opportunities, labour shortages, rural-urban migration and lack of adequate infrastructure and services like education and health, further reinforce poverty and inequality in the country.

Following are the key noble initiatives and broad-based programs initiated towards reducing poverty and narrowing the gap between haves and have-nots.

His Majesty's kidu Initiatives

His Majesty's *kidu* programs continue to serve as an important social safety net, which include land and *khimsa kidu*, *Gyalpoi Tozey* initiative, resettlement programs and the land user right initiative.

Since 2008, His Majesty has granted land *kidu* to 123.995 beneficiaries.

The *Gyalpoi Tozey* initiative continues to support needy students. There are 1,747 students supported by His Majesty under this initiative.

Gensho Zhabtog is another *kidu* intervention by His Majesty, supporting 863 elderly citizens with a monthly sustenance amount.

The National Land Commission upon the command of His Majesty started the National Resettlement Program (NRP) in 2011.

NRP identifies families who are landless or socio-economically disadvantaged and resettles them on 50-decimal freehold and user-right arable land.

The Land Use Right initiative started as a component of land *kidu* in 2016. The initiative seeks to bolster land productivity, provide employment for youth and promote commercial farming.

Individuals are also provided a monthly stipend of Nu.3, 750 up to 12 months under the Land User Right program.

Broad based social investments

- a. The government introduced the provision of financial support to students who could not qualify for public schools after Class X examinations, majority of whom are from humble families to continue their education until Class XII in private schools.
- b. The government has also initiated day feeding program to support students in rural schools who are mostly from socioeconomically disadvantaged background.
- c. The National Policy for Persons with Disabilities has been developed with the dual objective of promoting participation as equal members of the society and in

socio-economic development process, and improving the socio-economic condition of persons with disabilities and their family.

Resource allocation to Local Governments

The 12th Plan capital resource allocation to local government takes into account the incidence of poverty in gewogs. More resource share are allocated to gewogs with higher incidence of income poverty.

Similarly, more resource share is allocated to gewogs with lower incidence of household income.

Low income housing scheme

To provide affordable housing for low and middle income groups, the National Housing Development Corporation Limited has added 554 units to the housing stocks between 2018 to 2019 particularly in Phuentsholing, which benefits those people residing across the border.

State of our culture

CFor a small landlocked country, located between two large **countries**, our culture and traditions have provided the basis for our national identity and thus bolstered our security and sovereignty."

His Majesty The Druk Gyalpo RUB Convocation, Thimphu May 24, 2019 Priorities for governments may vary in keeping with changing times but it should be the primary consideration of every government to ensure our culture and tradition remain resilient and relevant as we progress.

On our part, we want to ensure that the change in customs, skills, lifestyle and languages are absorbed in a way that it strengthens our age-old culture and practices.

For now, our efforts will continue in fortifying the tangible cultural sites, the monuments that stood testament to our progress as a nation. These sites are exposed to a range of disasters such as earthquakes, fire, windstorm, and landslides.

of our spiritual heritage, Dratshang Lhentshog, faces challenges in terms of providing quality monastic education, ensuring health and sanitation of our monks and nuns, and providing adequate infrastructure for the

We are also mindful that the proponent

Focus needs to be drawn on our intangible culture, as some of our local dialects, songs, dances, *lozeys*, festivals and rituals near extinction.

institution.

For instance, *Olekha*, a local dialect spoken in Rukha, Wangduephodrang is already extinct.

Some of the key initiatives in this financial year are presented below:

Promotion of culture and traditions

Proclaiming our proud heritage that defines us as Bhutanese, Bhutan Week, an event showcasing our rich culture and ways of life was held in India in September, 2018.

The event was a part of the celebrations held to mark the 50th anniversary of formal diplomatic relations between Bhutan and India.

Alongside the celebration, the construction of Bhutanese temple in Rajgir, India commenced.

A week after the laying of foundation in November, 2018, for the first time, His Holiness the Je Khenpo presided over a *moenlam chhenmo* in India.

More than 2,500 monks from Bhutan, India and Nepal, along with thousands of devotees, attended the *moenlam chhenmo*.

The government has approved to celebrate significance of Terton Pema Lingpa, coinciding with his death anniversary.

With technical backstopping provided by the Department of Culture, nearly 80 percent of the construction of Druk Dongkarcholing lhakhang at Kathmandu, Nepal, has been completed.

State of the Nation 2019

We are happy to report that Thimphu was also declared as the SAARC Cultural Capital in May 2018.

In celebrating the lives and culture of our nomads, the guardian of our highlands, the third Royal Highland Festival was held in Laya, Gasa in October, 2018.

Inspired by His Majesty, it is an opportunity for highlanders from all parts of Bhutan to come together, exhibit their values, knowledge and practices that define them.

Preservation of cultural heritage sites

The construction of new dzongs in Pemagatshel and Sarpang, and reconstruction of Wangduephodrang and Drukgyel dzong are progressing well.

Paro Ta-dzong conservation project was completed in May this year, while Wangditse will be completed by July, 2019. Phajoding monastery conservation project is expected to be complete by December 2019.

Two archaeological sites at Phobjikha and Khotakha in Wangduephodrang have been identified, surveyed and mapped.

State of our environment

Where we live must be clean, safe, well-organised and beautiful; for national integrity, national pride and for our bright future. This too is nation building."

His Majesty The Druk Gyalpo Royal Bhutan Flower Exhibition, Paro April, 2015 he profound policies articulated by our Monarchs and conscious efforts over the years to realising them have ensured that our pristine environment stay protected for the benefit of all generations.

Protection of our environment is a shared responsibility of all Bhutanese. Each one of us- individuals, organisations and businesses must reflect on whether our actions match the noble intentions of our monarchs.

Rapid pace of socio-economic development demands conversion of forests for other land uses. Growing waste generation, particularly in urban areas is exerting tremendous pressure on our environment.

The government is committed to continuing efforts to preserving our environment. To address the mounting problem of waste and mitigate its impact on the environment and public health, waste management has been identified as a flagship program of the 12th FYP.

Some of the plans and programs initiated in this fiscal year are as follows:

Tackling waste

Alongside the waste management flagship program, Her Majesty The

Gyaltsuen launched the National Waste Management Strategy and Zero Waste Hour on June 2, 2019.

The Zero Waste Hour encourages every citizen to dedicate an hour, on every second day of the month, to cleaning.

Disaster management

Disasters and geological surpises are inevitable. We are blessed as a nation for His Majesty always bestows His sympathy and support in times of disasters. In the last one year,

His Majesty granted Nu. 8.88 million to 1,268 households as Royal *semso* for crop damages. Royal *semso* was also granted for other disasters amounting to Nu. 2.125 million to 324 individuals.

The Cyclone Aila in 2009 and earthquakes of 2009 and 2011 taught us how timely information is critical for the government to intervene in saving lives, properties and mobilising quick relief support for affected communities. Efforts are underway to strengthen the country's disaster management information system.

Follwing the European Development Days this June, the European Union Commission granted Euro 3.3 million for enhancing search and rescue during disasters.

We are happy to share that the system catering to all vital information required both during pre and post disaster period has been developed.

This will also help carry out needs assessment for response and relief operations in the affected communities and can be used as data or information source.

With the completion of structural design for National Emergency Operation Center (NEOC), the construction work will begin in the financial year 2019-2020. The NEOC will function as the information nerve center, and command and control center for coordination and management of disasters in the country.

Climate change and carbon neutrality

A concept note on Bhutan Climate Fund is in place to facilitate monetisation of Bhutan's net negative greenhouse gas emissions and carbon offsets from renewables, increase the viability of hydropower projects, and fulfil Nationally Determined Contribution (NDC) commitments.

A National Adaptation Plan Readiness project is also under consideration, which is aimed at reducing vulnerability to the impacts of climate change by building adaptive capacity and resilience.

For sustainable use of environment and maintaining 'inter-generational equity', the government approved an interim guideline for surface collection and dredging of river bed materials for export.

This was also intended to harmonise the contradicting regulations among Department of Geology and Mines, Department of Forest and Park Services and Natural Resources Development Corporation Limited.

Our public infrastructure and services

(The question I have is, how are we able to leverage technology for education; job creation; good governance; effective, timely and efficient delivery of services to our people; private sector development and growth; and accountability and transparency?"

His Majesty The Druk Gyalpo Convocation Ceremony of the Royal University of Bhutan May 24, 2019 Being a landlocked country, good network of roads, ICT infrastructure and efficient public services are necessary for socio-economic development.

With increasing vehicle numbers, ensuring the quality of our roads has become important for safety and efficiency.

We are happy to report that as of today, we have over 18,395 kms of roads, which includes 180 gewogs with blacktopped roads.

In addition to roads, reliable and efficient air connectivity is essential not only for tourism but also for connecting Bhutan to the world outside. Realising this, the Paro International Airport has been expanded and improved.

Given the country's topography and geographical terrain, providing efficient public services online in a coordinated manner is a priority.

As of now, there are over 174 government-to-citizen and government-to-business services provided online.

Additionally, 200 out of the 205 gewogs have community centers established to enhance accessibility and avail of the services.

In the 12th FYP, we will make every effort to further improve our road networks, public transport system, connectivity, and enhance efficiency of public services. Following are some of the key initiatives taken in the last fiscal year in this area.

ICT development

To harness the untold potential of ICT to transform Bhutan into a smart and inclusive society, Digital Drukyul Flagship Program has been developed which will be implemented from July 2019.

The program will support projects such as One Digital ID, Digital School, Integrated Citizen Services, e-Patient Information System, Government Initiated Network, e-Business, enhancement of ICT sector's capacity and capability.

Following the launch of South Asia Satellite (SAS) and the allocation of a transponder to Bhutan, setting up of ground station was completed in January, 2019 with the test and performance evaluation carried out by ISRO officials.

Improved road networks

The widening of the Northern East-West Highway accomodate a double lane road, which is an integral part of connecting the eastern and western parts of the country.

Of the total 376 kms of this high way widening project, 339 kms has been completed. Works to double lane the Thimphu-Trashigang highway is expected to be completed by June 2020.

The government is carrying out regular routine maintenance of 2,725 kms of National Highway and 1,978 kms of GC road. This year, 40 kms of the 53 kms of National Highway has been resurfaced at a cost of Nu. 82 million, and 11 new bridges were constructed.

The construction of Dagapela-Dalbari, and Samrang-Jomotsangkha roads are progressing well, and 4.23 kms of Ossey road is expected to open to traffic by June 2019.

The construction of 1.3 kms of Pasakha access road and construction of Thaktri to Sakteng Gewog Center (GC) road were also completed.

Safe and reliable water supply

The flagship program, approved this fiscal year, aims to provide access to safe drinking water in both rural and urban households. It will focus on

reliable distribution, including adequate irrigation water.

The program will undertake construction of new water supply schemes, rehabilitation of existing ones, water source protection and water quality testing surveillance.

Air services

In an effort to facilitate Bhutanese airlines to operate in more cities both outside and within the country, the government signed an Air Service Agreement with Dubai on December 29, 2018.

Improvements are also being made to Bumthang, Gelephu and Yonphula domestic airports.

Since its establishment in 2015, the Royal Bhutan Helicopter Services carried out 602 missions, which includes 160 emergency medical services, 15 firefighting services, 262 local and 165 tourist charter services.

Sustainable human settlements

To address increasing rural-urban migration and promote regionally balanced development, a Comprehensive National Development Plan 2030 has been developed by the Ministry of Works and Human Settlement.

Public service delivery

The Public Services and Grievance Redressal Division (PSGRD) under the Prime Minister's Office (PMO) monitors efficiency of public service delivery. The division which functions under my supervision also facilitates delivery of public services using online systems in close collaboration with the respective agencies and Department of IT and Telecom (DITT).

PSGRD attends to walk-in grievances and find ways to solve them.

In addition, grievances related to delayed public service delivery by public agencies are collected through the online *e-kaasel* system and attended to by dedicated officers of PMO.

To provide maximum uptime and continuity of services the DataHub has been initiated. Around 112 key public services (45 services of autonomous agencies and 67 of ministries) have been identified, which will be made available online.

The government opened an export permit office at the Paro International airport to ease public on availing non-antique export permit from April 15, 2019.

Our governance

(As a small country, unencumbered by the complexities faced by much larger countries, we can do things faster and better than others. Our institutions can be smart, flexible, responsive, dynamic and efficient."

His Majesty The Druk Gyalpo Convocation, Royal University of Bhutan May 24, 2019 ood governance strengthens democracy, promotes rule of law, and ensures equitable socioeconomic development, which are the bedrock for creating a just, harmonious and sustainable society.

Anti-Corruption Commission (ACC)

The ACC continues to strive towards building a happy, harmonious and corruption free society.

In this fiscal year, ACC received over 333 complaints with an average of about 28 complaints per month.

Bhutan has been ranked 25th out of 180 countries by the Transparency International in its Corruption Perception Index 2018 and within the Asia-Pacific region it is the 6th least corrupt nation.

Election Commission of Bhutan (ECB)

The ECB successfully conducted the Third Parliamentary Elections 2018, and His Majesty the Druk Gyalpo conferred Druk *Thuksey* to ECB for conducting the elections in a free and fair manner.

We believe in collective decision making because it is about the lives of all Bhutanese and future of our children. In this, to ensure and facilitate comprehensive consultations, we initiated the following:

Committee of Secretaries (COS)

We reinstated the Committee of Secretaries on December 11, 2018. COS provides policy advices and support to the government while promoting wholeof –government approach to enhance good governance. The committee met over seven sessions so far.

Memorandum of Understanding (MoU) Review Committee

In December 2018, we re-established the MoU Review Committee, in the interest of faster decision-making. The cabinet has authorised the committee to decide and approve MoUs. The committee submits MoUs to cabinet only if they are unable to decide.

So far, four MoU meetings have been conducted.

AM with PM: A session with the Prime Minister

Believing that effective communications is critical to governance, I started 'AM with PM: A session with the Prime Minister', an interactive program that helps me reach out to individuals and organisations of all nature.

The first session was held with the Chief Justice, Justices and officials of the Supreme Court of Bhutan on April 2, 2019. Since then, 24 different groups participated to discuss wide range of issues and obtained feedback on government policies, plans, and programs.

Densa meet

To ensure effective coordination among different sectors, and making the most out of residential proximity, the Prime Minister and Cabinet ministers meet at the ministerial enclave every Friday.

Called the *Densa* Meet, it is an extension of *Lhengye Zhungtshog*. Presentations and discussions are held on agenda that add value to the decision making process at Cabinet meetings.

In promoting good governance, some of the key activities were:

- 1. With the vision to create 'free, fair, just and harmonious society,' the Office of the Attorney General (OAG) in collaboration with Judiciary, Anti-Corruption Commission, Royal Bhutan Police, Bhutan National Legal Institute, launched the Justice Sector Strategic Plan (2018-2023) to provide more responsive, efficient, accountable, and accessible services.
- 2. OAG is currently reviewing the Diversion Guidelines and Child Prosecution Guidelines to avoid minors having to undergo formal prosecution proceedings.
- 3. The second session of the third Parliament passed Fourth Pay Commission Bill, adopted Penal Code (Amendment) of Bhutan Bill 2019 and the Civil and Criminal Procedure Code (Amendment) Bill 2019.
- 4. The Mines and Minerals Bill of Bhutan 2019 was referred to the Economic and Finance Committee for further review and submission in the next session of the Parliament
- 5. Recognising the merit of having retired public servants and experts in the Boards of State Owned Enterprises (SoEs) to facilitate quality decisions, the finance ministry has been directed to develop a format for appointment of chairperson and board members of SOEs.
- 6. The Government Performance Management System (GPMS) continues to strengthen the monitoring and evaluation to ensure smooth implementation of the five year plans and programmes.

To further improve the rigour and effectiveness of monitoring and evaluation system, the Government Performance Management Division under the Cabinet Secretariat has come up with an Annual Performance Agreement (APA)-Quality Assurance Framework (A-QAF) to ensure that the APAs are closely aligned with the national objectives in the FYPs.

The first leg of A-QAF sensitization for Central Agencies has already been carried out from May 28-31, 2019 and sensitisation for local government administrations is underway.

Regulatory Impact Assessment Framework

The government will amend Regulatory Impact Assessment (RIA) rules and regulations to ensure consultation and assessment are carried out before a bill is drafted.

This will ensure that only laws that are genuinely required are drafted by the concerned government agencies.

The RIA process will scan out unwanted proposals and save cost that may be incurred in drafting that law.

Further, the rigorous scrutiny of the financial, social and other impacts of the legislative proposal will ensure that only practicable laws are being drafted and adopted.

Amendment of Electricity Act of Bhutan 2001

Revision of Electricity Act has become a priority to bring clarity to the roles and responsibilities of various players, affix accountability and ensure the long term growth of the sector in terms of restructuring, electricity trading, market participation, technology development and capacity building.

Since the enactment of the Act in 2001, there have been amendments and promulgation of other Acts and policies with conflicting provisions.

The revision of Electricity Act is to harmonise these conflicting provisions and bring consistencies as mandated by the Parliament.

The following motions were moved during first session of the third Parliament:

1. Motion to bring community centers under gewog administration.

The Member of Parliament from Panbang moved the motion, which could not be adopted as it failed to acquire majority support of the House.

2. Motion to retain the post of *gaydrungs* under gewog administration.

The Member of Parliament from Bongo-Chapcha constituency moved the motion and was passed with majority support.

3. Motion to institute special and targeted measures to promote tourism for balanced regional development.

The Member of Parliament from Dewathang-Gomdar constituency moved the motion. It received majority support and was passed.

The following motions were moved during the second session of the third Parliament:

1. Motion to ammend Road Safety Transport Authority

The Member of Parliament from Dewathang-Gomdar moved the motion. It recieved majority support and was passed.

- 2. Motion to review and implement Bhutan National Human-Wildlife conflict Strategy as National Flagship Program. The Member of Parliament from Bardo-Trong constituency moved the motion. In absence of majority support, the motion was not passed.
- 3. Motion to review sub-ordinate legislation by Parliament before implementation by agencies.

The Member of Parliament from Gangzur-Minjey moved the motion but did not recieved majority support.

4. Motion for revision of stipends for students of Royal University of Bhutan (RUB)

The Member of Parliament from Tashichhoeling constituency moved the motion which was referred to RUB for futher action and decision.

5. Motion for policy to substitute LPG import by promoting the use of electrical energy and home appliances.

The Member from Bardo-Trong constituency moved the motion which recieved majority support and was passed.

6. Motion on the need to establish Separate Medical Service Access and Employment Opportunities for the differently-abled persons.

The Member from Khatoed_Laya constituency moved the motion which was passed with majority support.

Status of our women and children

The future is neither unseen nor unknown. It is what we make of it. What work we do with our two hands today will shape the future of our nation. Our children's tomorrow has to be created by us today."

His Majesty The Druk Gyalpo Coronation address at Changlimithang, Thimphu. November 7, 2008 hutan has made significant progress in closing gender gaps in education, health and labour force. We have achieved gender parity in primary education and the overall female literacy rate has risen to 59 percent in 2017. In the same year, composition of women in civil service grew to 35.43 percent.

But a gap remains in women's representation at decision-making levels. Presence of women in Parliament is only 15.27 percent and 11.6 percent at local government. We are aware that female youth unemployment rate at 13.2 percent, is higher than male youth unemployment rate of 11.2 percent.

Concerns remain in the areas of violence against women and children and their protection. While prevalence of violence against women and girls (2017) was estimated at 6.1 percent, studies revealed high tolerance rate of violence against women with 53.4 percent.

It was also found that every six out of 10 children aged between 13 and 17 years in Bhutan have experienced at least one incident of physical violence.

We remain committed to empowering women and protecting our children and will continue to scale up support services through various means including efficient institutional referral linkages to create a safe and secure environment for them to thrive.

Some of the key initiatives in this financial year are as follows:

Promoting gender equality

The National Gender Equality Policy that provides the impetus and necessary framework for guiding our efforts to ensuring equal rights, opportunities and benefits for women and men in the family, workplace and in society at large has been drafted.

A revision of National Plan of Action has been completed to promote gender equality in elected offices and also to increase women's political participation.

To support women's participation in governance and the civil service, NCWC has established 17 creches at workplaces across the country of which five were established in fiscal year 2018-19.

Promoting child wellbeing and protection

The National Plan of Action for Child Wellbeing and Protection was developed towards mainstreaming child well-being and other measures in the national and sectoral plans and programs.

In addition, a concept note on National Child Policy was also developed to support child wellbeing and protection systems in the country.

Addressing violence

The Gender Based Violence (GBV) Pilot Project "Gakid Lamtoen: Babesa for Change" is a first of a kind in Bhutan focused on preventive interventions in GBV through "Partnership for Prevention" P4P model.

The project was launched on November 25, 2018. Through a community based approach, it will enable a community, Babesa in this case, to lead its own violence prevention.

Strengthening support services

A toll free helpline (1098) for women and children in difficult circumstances was established and launched on October 11, 2018 to provide immediate counselling, legal and referral services around the clock.

The Women and Children Committee in all dzongkhags and thromdes established in this fiscal year would also manage cases and enable timely and effective access to prevention, response and reintegration.

State of our news media

(In our small nation, media can be even more effective in encouraging debate and participation vital to building a vibrant democracy."

Royal Kasho granted to Bhutan Media Foundation February 21, 2010 n November 7, 2018 His Majesty The Druk Gyalpo conferred *dakyen* to the third democratically elected government and our tenure officially began.

That same day, the government met with the Bhutanese media fraternity to share its aspirations for the country and commitment to working together with the media.

The government has always acknowledged the media as a critical institution that upholds the spirit and promotes values of democracy.

We look to the media as a partner to empower people through timely and accurate dissemination of information.

The World Press Freedom ranking for Bhutan has improved from 94th to 80th out of 180 countries.

However, we are aware of the financial sustainability struggles faced by our private media houses. This in turn, affects the quality of journalism and subsequently the content. Despite the many challenges, contributions of our media are commendable.

Good governance cannot thrive without a strong and responsible media. We are in regular discussions with relevant media agencies to explore ways to foster media growth.

Some of the key initiatives for strengthening the media, so far, are:

Improving access

Introduction of the "Friday Meet" that enabled media representatives to follow up with government on important developments on a weekly basis.

Theme-based "Meet the Press" sessions were also started to provide timely access to information on latest developments and enable the media to produce substantive reports for dissemination to Bhutanese people.

The Prime minister and Cabinet ministers also considered one-on-one interviews.

Besides interactions with editors, we have also met media representatives, Bhutan Media Foundation and the Journalists Association of Bhutan to understand the issues and challenges facing the media fraternity.

Better transparency

To improve access to information, we are in the process of identifying media officers in all 10 ministries. They will facilitate information sharing and work closely with media representatives.

Besides mainstream media, we are also mindful of the reach and advantage of social media.

We are using social media platforms to not just keep people updated with credible information but also collect feedback and suggestions.

Media support and sustainability

We are concerned about the sustainability of our private media, and folding of the last dzongkha newspaper early this month was indeed unfortunate news.

We are now left with only five private newspapers and one state-owned national daily.

While we encourage media owners to revisit their business models, we are continuing with the printing subsidy, and supporting capacity building, and content grant to cover rural issues.

Government also spent content grant of Nu. 612,196 and Nu. 509,720 as inserts in newspapers.

The content grant were also extended to the private radio stations in 2018.

A daily allowance of Nu 1,000 per day and mileage of Nu 16 per kms are provided every fiscal year. We are also in discussion with Bhutan Media Foundation to strengthen human resource in the media industry.

Our foreign relations

COur most important long term national goals include:
enhancing our security and sovereignty; promoting our unique
traditions and cultural heritage; conserving our environment;
promoting peaceful and harmonious coexistence with other
nations, and enhancing the reputation and national identity of our
glorious nation of Palden Drukpa."

His Majesty The Druk Gyalpo National Day, Samtse December 17, 2018 ur Monarchs have deftly crafted our foreign policy over decades.

In the past years, Bhutan witnessed strengthening of its engagements and cooperation with all of its diplomatic partners and other friendly countries.

We now enjoy even greater level of understanding and cooperation with these countries.

Our deepest appreciation and gratitude to His Majesty for His audience to foreign dignitaries and engaging tirelessly with them from around the world regularly.

Bhutan-India Relations

Our relation with India continues to grow stronger every year, building on the strong foundations laid by our visionary Monarchs.

The State Visit to India from December 27-29, 2018, at the invitation of His Excellency Shri Narendra Modi, the Prime Minister of India, was my first visit abroad.

The visit provided opportunity to reinforce the excellent state of bilateral ties of friendship and cooperation between our two countries and discuss wide-ranging of issues of mutual interest.

The year 2018 also marked the 50th anniversary of Establishment of

Diplomatic Relations between Bhutan and India and the two countries celebrated this historic milestone in a befitting manner.

This year after the general election in India, I represented the people of Bhutan in the swearing-in ceremony of India's Prime Minister, Shri Narendra Modi.

I offered our sincere gratitude to His Excellency for making us a part of an important milestone of not just India, but the region and beyond.

Bilateral and Multilateral Relations

1. UNDP award to His Majesty the Druk Gyalpo

On behalf of the United Nations Development Programme (UNDP), Mr. Achim Steiner presented a Special Award of Recognition to His Majesty the Druk Gyalpo to honour His Majesty's leadership in advancing human development, and the wellbeing and happiness of the people of Bhutan.

2. Support from European Union

The European Union agreed to grant additional Euro 7.3 million for Bhutan during my recent visit to attend the European Development Days (EDD) 2019 at the invitation of the President of the European Commission Mr. Jean-Claude Juncker in Brussels.

It was a move that reaffirmed strong partnership between Bhutan and the European Union.

3. Second State Visit

My second State Visit was to Bangladesh from April 12-15, 2019 on the invitation of Her Excellecny Sheikh Hasina, Prime Minister of Bangladesh.

The visit provided an opportunity to further strengthen bilateral relations and enhance cooperation between the two countries on issues such as health, trade, agriculture and tourism.

We signed four Memorandum of Understanding and one Standard Operating Procedure to further enhance our trade and mutual collaboration.

4. United Nations Peacekeeping Operations (UNPKO)

Bhutan's participation in UN peacekeeping operations is a historic and far-reaching initiative of His Majesty, towards supporting the efforts of the United Nations in promoting international peace and security.

It is an important milestone in Bhutan's foreign policy, which has enhanced the country's image and stature as a responsible member of the international community.

As of May 21, 2019, 42 peacekeepers were deployed in various peacekeeping missions, and 132 peacekeepers have successfully completed their UNPK assignment.

5. BIMSTEC Summit

Led by the Chief Advisor of the second interim government, Bhutan participated in the Fourth BIMSTEC Summit held in Kathmandu, Nepal from August 28-31, 2018.

6. SAARC

We also hosted the SAARC Cultural Capital in Thimphu on May 31, 2018. The annual SAARC Cultural Capital is hosted by member states chronologically. At an opening ceremony, Thimphu was declared the SAARC Cultural Capital.

7. 30 years of diplomatic relations between Bhutan and Thailand

Bhutan and Thailand will complete 30 years of diplomatic relations this year on November 14.

Diplomatic relations between the two countries where established on November 14, 1989.

Given the excellent relationship between our two countries, we have agreed to celebrate this landmark event in a befitting manner by holding series of events in Thailand and Bhutan between November 14, 2019 and November 14, 2020.

8. Proposal to establish Bhutanese Resident mission in Australia

Bhutan and Australia have shared diplomatic relations for over 57 years. With Australia becoming a preferred destination for Bhutanese to pursue higher education and employment, proposal to establish a Bhutanese Resident Mission or Consulate in Australia is under review.

Section III Way ahead

We pray for a secure and peaceful future. As we look ahead, we will strive towards fulfilling national aspirations in which we anticipate your support.

aving come to real terms with the state of our nation as is presented in the report today, we are ready to tread the path ahead with greater clarity and renewed conviction.

Our path, 12th FYP is laid out and all responsible agencies are aware of their responsibilities and deliverables. With blessings of His Majesty The Druk Gyalpo and support of all other sectors in the country, we will strive to realise the goals with diligence and highest level of integrity.

At the end of our term, coinciding with the end of the 12th FYP, we wish to see a better Bhutan. We will also be witnessing a key development milestone, as Bhutan graduates from the list of LDCs around the same time.

We envision a more equitable society, where income gaps have been narrowed, communities are vibrant and prosperous. We aspire for a country where people are happy with equal access to quality services and facilities, where our children have a world of opportunities. We will work towards a better future.

Our formula is simple. As we work towards common national goals, we will build on the achievements, while drawing lessons from the mistakes of the past.

As we chase the activities spelt out in the plan document, we will also closely monitor our flagship programs to realise our intentions for the people as soon as possible.

Among others, following are some of the commitments we wish achieve in next one year.

Health

In the coming year, we will introduce breast feeding allowance, as part of the 1,000 Golden Day Plus program, which ensures care and nourishment of mother and child since the day of conception.

Every Bhutanese seeking endoscopy and ultrasound services will not have to travel beyond their dzongkhag/ gewog, as we strengthen primary health facilities, a key component of our Health Flagship Program.

In our commitment to eliminate cervical cancer in Bhutan, by the end of next year, we will make sure all women requiring pap smear undergo the screening procedure, as part of their routine checkup.

Education

In order to sustain efforts made towards making teaching the most-sought profession, the standards of the two teacher training colleges in the country will be uplifted.

For that, in the coming year, the government will increase the stipend for the trainees in the two colleges of Paro and Samtse. We will also improve the college facilities.

Foreign policy

This year, we will establish at least one embassy/consulate.

We will explore establishing diplomatic relations with two countries, given the large numbers of Bhutanese living abroad.

Tourism

In the coming year, we will pass and implement Tourism policy to revive visionary policy of "High Value, Low Volume".

& CSI

We will establish startup centre with full autonomy to create vibrant entrepreneurial ecosystem.

Digital Drukyul

We will launch Electronic Patient Information System (e-PIS) to enhance efficient and effective health services.

Waste management

In the coming year, we will distribute three-coloured bins to every household and institution across the country through the Waste Management Flagship.

Legislative Plans

As we progress with changing times, and keep our laws relevant, we will work on following legislative plans:

The government will initiate the enactment of Limitation Bill, for the simple reason of efficiency, and prescribe the period within which existing right

can be enforced in Courts of law.

Within the year, we will initiate NCWC Bill to support our women and children.

The government will amend the Narcotic Drugs, Psychotropic Substances and Substance Abuse Act so that we send our substance abusers to rehabilitation centers rather than imprisonment.

We will initiate process to draft the Administrative Tribunal Bill, which will deal with administrative cases and reduce burden on our courts

Organic farming

Supply locally grown vegetables such as asparagus, beans, cauliflower and chilies by MoAF to schools.

Decentralisation

We will approve and begin implementation of Decentralisation policy to ensure clarity in roles and responsibilities among local governments, central agencies and other entities.

Gender

We will construct gender friendly toilets across all dzongkhags.

Besides the specific targets, over the years, we will continue to work towards:

Economy

We need to diversify our economy and ensure inclusivity so that every Bhutanese benefits from our economic growth.

The government aspires to increase the GDP per capita to over USD 4,500 in the next five years. We shall make targeted investments in Agriculture, Tourism, CSIs, Mines and Minerals, and Hydropower.

Agriculture

We will work towards ensuring food self-sufficiency and reducing import. In 2018 alone, we imported vegetables worth Nu 3.5 billion. We must, at least, aim to substitute import of items that can be produced locally.

Efforts shall be doubled to promoting cooperative farming by providing necessary support such as credit, logistics, storage and transportation facilities, and, the most important, by linking up with schools, colleges, technical training institutes, and hospitals.

Tourism

The sector is critical in promoting brand Bhutan. We will discourage mass tourism that not only strains our limited infrastructure but also compromises quality of services and impedes enrichment of tourism experiences for visitors.

While initiatives to promote tourism throughout the country will be pursued,

to contribute to more balanced regional development, we will ensure equitable allocation of revenue earned from tourism among the regions.

To fully tap the potential and with the view to triple revenue and employ about 15,000 Bhutanese, a flagship program on sustainable tourism has been approved in the 12th FYP, which will be closely followed.

Hydropower

Hydropower will continue to be a priority. While our focus would be to complete the ongoing projects, we aspire to see the construction of Sankosh Reservoir Power Plant take off during our term.

Despite challenges, Puna-I serves us with lessons valuable for future hydropower projects.

To diversify the economy and create more jobs, the government will institute measures to promote new business startups and strengthen existing ones through targeted interventions.

The government has approved a flagship program on Startup and CSI with an outlay of Nu 1.2 billion.

The program will target export of 20 CSI products, support 1,050 business entities, both new and existing, create 4,700 additional jobs, and establish a business startup center.

We will also revise the Foreign Direct Investment Policy and CSI Policy to enable investment and private sector growth.

Employment

With a small population, we accord high importance to engaging every working age Bhutanese productively. We will strive to reduce youth unemployment from the present 15 percent to less than 6.5 percent in the next five years.

Towards that, besides creating employment opportunities in different sectors of the economy, education and skills will also be aligned to fit job demands.

Mines and minerals

The sector could have played a big role in revenue generation and employment creation. However, going by the observations of the Royal Audit Authority, much remains to be desired.

The government will streamline the sector and ensure that its benefits are shared equitably by all sections of the society. Introduction of Mines and Minerals Bill in the second session of the Parliament is a step towards that.

Taxation

Having a robust taxation system is fundamental to a vibrant economy. The government will streamline the present taxation system in keeping with its pledge of narrowing the gap. The present taxation system will be enhanced to ensure fairness and transparency with minimal administrative burden on the tax payers.

Governance

Consistent delivery of efficient governance with high degree of effectiveness, transparency, fairness and inclusiveness is what sets apart countries in their socio-economic development status. The government will initiate the following measures.

With the Throne as our beacon, we will work to implementing the royal vision through clear articulation of sectoral strategies and plans.

To this end, the Gross National Happiness Commission has been tasked to formulate a long term strategic road map.

Within the confines of the roadmap, the five-year planning cycle shall be synchronised with incoming government's term.

This will avoid economic slowdown during the interim government phase while also facilitating the incoming government to formulate and implement their own development plans for the next five years.

The role of the civil service is of utmost importance to achieving the plans the government implements.

The government will strengthen existing systems to ensure accountability and delivery of public service agencies.

We will work closely with the Royal Civil Service Commission (RCSC) to enhance performance and morale of our civil servants. With limited financial resources to spend on numerous competing priorities, doing more with less is key.

We will look into improving cost effectiveness of public expenditure, and especially look into issues of poor quality in public construction and procurement.

Legislation

Promotion of rule of law is singularly contingent upon having good laws in the first place. We will ensure quality legislations and their effective implementation.

There are 98 laws in operation today in the country. These will be reviewed for consistency and relevance and amendments will be proposed where necessary.

We are aware that during the Opening Ceremony of the Third Session of the Second Parliament on May16, 2014, His Majesty cautioned the members about passing too many laws in haste.

His Majesty cited examples of nations where people have lost faith in law and confidence in democracy due to proliferation of laws which are hastily enacted, poorly implemented causing social difficulties for the people. Following this concern, the government will amend Regulatory Impact Assessment (RIA) rules and regulations to ensure that only laws that are genuinely required are drafted by the concerned government agencies.

Public service

Services such as issue of licenses, permits, clearances, land transactions, tax and bills payment, census related services, school admissions and hospital services are points where citizens come into direct contact with the government.

Today, to avail of any service from any government agency, first thing that comes to our mind is to find out if we know someone in that agency. It only shows that we have no trust in our public service delivery system.

The government has, through the Digital Drukyul Flagship Program, allocated Nu 2.5 billion to make public services convenient and easily accessible.

The program will ensure that public service delivery mechanisms are streamlined by enabling government agencies to work together more efficiently through a whole of government approach to reduce burden on the citizens.

Private sector

We keep saying private sector is the engine of growth but its importance is felt more now than ever, particularly in the context of our graduation from LDCs.

We have to aspire for a private sector led economy, where the government comes in not just to redefine conducive policies but remain a social sector that facilitates economy through services and infrastructure.

We will work with the private sector to help it flourish by providing clear avenues for participation in building a strong economy. The CSI and FDI policies are being revised and we are looking at Bhutan Economic Forum for Innovative Transformation (BEFIT) as an important forum to expand investment climate in the country.

Private Sector Development Committee has been established with its secretariat operating from BCCI in July.

Foreign relations

Bhutan will always be guided by the foreign policy our Monarchs crafted with so much wisdom.

We offer our deepest appreciation and gratitude to His Majesty for tireless engagement with foreign dignitaries from around the world.

The government will further strengthen Bhutan-India relations.

With imminent graduation from the LDC category in 2023, we will also pursue economic diplomacy to explore mutually beneficial bilateral and multilateral partnerships.

Efforts to nurture existing partnerships and establish new ties and diplomatic relations shall be explored.

Environment

While the protection of our environment will always remain a priority of the government, we look towards all citizens to collectively share this responsibility.

The concentration of population in urban centers, rapid surge in consumption of manufactured goods and influx of packaged products have led to escalation of economic activities resulting in increased waste generation, giving rise to environmental and health concerns.

To address the growing waste management problem in urban centers and the public threats that it can create, the government has approved a National Waste Management Flagship Program under the 12th FYP.

Proof Footprints of National Day

The government has approved the implementation of a special "Footprints of National Day" program.

The program will support critical high impact development projects in dzongkhags chosen to host the National Day celebration each year.

A total of five dzongkhags in the 12th FYP will receive support through this program.



CC If the government cannot create happiness for its people, then there is no purpose for government to exist."

Zhabdrung Ngawang Namgyel

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