



STATE OF THE NATION

Sixth Session
The Third Parliament of Bhutan
24 December 2021

DR LOTAY TSHERING

Prime Minister
Royal Government of Bhutan



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“

From now on, all of us must boldly embrace accountability as a measure of our service, should we falter, deviate, and err in the service of our country. As King, I must first and foremost exemplify the ideal of accountability. I do not say these to trigger any alarm or anxiety. We are not too late in getting our priorities right, re-focusing our national goals, and re-aligning our national priorities and strategies. If the King, government and the people continue to work hand-in-hand with dedication, perseverance and fortitude, we still have every opportunity to further strengthen our country and achieve greater prosperity for our people.”

*His Majesty The King
114th National Day Address
17 December 2021*



ལྟ་སྒྲིག་སྒྲིག་པ་དེ་ལྟར་མཆོག་ཅུ་གསུམ་སྐབས་གནས་ཀྱི་མཆོ་ཡིས།
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Introduction

I present the third State of the Nation report at a critical juncture. It comes just a few days after the extraordinary Royal Address on the National Day.

The golden, bold words continue to ring crystal clear in our conscience. The nation has been receiving wake-up calls from His Majesty for over 15 years now, and we have miserably failed to come out of sleep.

But this time, like the jolt from the splash of icy-cold water, the ultimate Royal Command has resuscitated us. We have to stand up and get our acts together. It is not a choice and there is no time to waste.

The entire nation has been re-directed to a new course. The path we are walking today will not take us far.

On this note, it has become a challenge to elaborate on the state of affairs around this time of the Parliament session. Mindful of the task ahead, I share this report as a custom to update everyone on the efforts and activities of the agencies of the last one year.

But the more pertinent question now is what is the “true state” of our nation today? The answer, I believe, is in the leadership of His Majesty The King. In His Kingship is our nation and when His Majesty expresses concerns, it truly means that the nation is in a worrying state.

What we have today is minuscule when His Majesty embodies the “true state” of Bhutan.

We all saw during this pandemic, that if not for our King, our small country could have been easily engulfed in its

wrath. And all through, the People's King has been earnest with His words, asking us to prepare ourselves for the future and accompanying complications.

The ལྷུལ་ཁྲིམས་གསེར་གྱི་གཙའ་ཤིང། (golden yoke of secular laws) is upon us now, particularly for the government of the day.

The habitual conduct of justifying and defending ourselves in everything we do must stop. We must shed the fervent tendencies to interpret and dissect His Majesty's messages following the delivery, only to wane soon after. We must change the outlook and approach so that all organisations that make up the public system transform to fulfill the national goals.

And as the head of the government, the "golden yoke" is upon myself to deliver the highest level of accountability and be ready for consequences should I be unsuccessful. This, I pledge today.

Let this report serve as a reference down the line, but more than that, let it serve as the take-off point as we work for a bigger purpose. The contents of the subsequent State of the Nation report should transpire into better and higher lives for the people of Bhutan.

Only then do we achieve the "true state" enshrined in His Majesty. In body, speech, and mind, I pray the state of the nation shine eternal light of progress and prosperity.





IN GRATITUDE

Thank you, Your Majesty!

These words do not suffice the depth of my gratitude to His Majesty The King. Nevertheless, I would like to begin with the humble acknowledgment of His Majesty's keen guidance to the government and the country at all times, particularly during the dark hours of the ongoing pandemic.

Selflessness and compassion as the moral compass is what defines the Wangchuck Dynasty. Today, these divine virtues that emanate from His Majesty The King are the foundations of our strong nation.

As a Bhutanese, I feel immensely fortunate to be guided and inspired by such a leader. And as Prime Minister, in the last three years, these blessings have spurred me every single day to serve better as well as to aspire to be a better human being.

In all my blessed interactions with His Majesty, one message that recurs incessantly, is how Bhutan and the Bhutanese people should be secure and content no matter where they are. And our nation bore witness to this message on the National Day.

During the 114th National Day, we saw the People's King reinterpret our daily conversations as a Royal Command. The message was that every Bhutanese must rethink and introspect what we have been doing so far, what we have not been doing, and what needs to be done.

His Majesty considers it a "sacred duty" to look after His people and while we have always witnessed His Majesty's kindness and benevolence in the form of numerous *kidus* he has granted to our people, this pandemic revealed a different side of His Majesty The King—a divine soul ready to sacrifice every ounce of His Royal comfort for the sake of his people's lives and livelihoods.

Even before the virus had entered our country, His Majesty's concern was the safety of Bhutanese living abroad. And before we realised, when the disease did finally make it to Bhutan in March 2020, it was His Majesty's composure that gave Bhutanese the confidence to face the uneasy truth.

From day one, His Majesty set to work. He undertook the sole responsibility of guarding our frontiers and travelled to all parts of the country to ensure the safety of our people.

I have lost count of the travels His Majesty undertook, come rain or shine, and then chose to stay in mandatory quarantine after each travel to high-risk areas.

All great leaders have discerning foresight. And His Majesty was no exception. When he foresaw the pandemic coming, all reinforcements were

already in place—from hundreds of De-suup volunteers to relief *kidu* to food supplies.

As we fought the pandemic our focus was on saving lives. His Majesty underscored that the pandemic was an opportunity to “reset” our tone of governance and nation building.

And rightly so, His Majesty started this through personal ingenuities. A Transformation Office to track and follow through the progress of 10 reforms of Gyalsung, education, civil service, quarantine facilities, foreign worker management, construction industry professionalisation, urban development, procurement system, water, and public finance and taxation reforms has set sail.

The Royal Commission for Urban Development to review and revise the current Thimphu structural plan came about. This office has also been tasked to develop regional capital city plan of connecting Thimphu and Paro, while also ameliorating urban governance.

Similarly, as we learn, hundreds of our youth are undergoing initiatives of skilling, re-skilling, and up-skilling through the De-Suung Skilling Programme and De-Suung National Service. We have De-suups undergoing skilling in wood work, digital marketing, chartered accountancy, mechanisation, culinary, forging, wellness, and many other life skills. Some of these traits are never thought of before and unprecedented in itself.

They are also a part of the numerous integrated water projects for drinking and irrigation, and now the pilot road projects, the facets that will leave huge impact on the lives of our people.

And amid these real-time evolutions, His Majesty’s grand project of Gyalsung is underway. Five academies, in its magnitude and glory of structures, that will accommodate nearly 13,000 youths for National Service are being developed and we remain eager to see it spread wings.

I must mention here that despite the duress from the pandemic, His Majesty, who always has his people at heart granted citizenship *kidu* to 422 individuals. This adds to over 20,688 citizenship *kidu* granted so far. Similarly, His Majesty granted *khimsa* land *kidu* in Goenshari to 191 households of Lunana so that they have winter homes of their own.

With such a compassionate yet astute leader in His Majesty, I am convinced that after a decade when Bhutan’s socio-economic indices are assessed, these initiatives will be the true pillars of our economic achievements.

His Majesty’s wisdom took greater leaps when he granted two significant

Royal *kashos* on civil service and education reforms during the 113th National Day celebration last year. This year, His Majesty drew the country's attention to "service delivery" and "accountability" as critical pivots to resilient nation building.

Every day, when I look through the windows of my office, I see the grand edifice of the Tashichhoedzong where the Throne Room sits in quiet wisdom. I see the vibrant, rainbow-coloured lawns of the Dzong. I see the humble Lingkana Palace where all goodness and greatness emanate from. And in my mind's eye, I see a father figure from whom the sun of happiness and prosperity shines eternally. I see the People's King.

For all that You are, all that You have given us, and for all the hope You inspire in us, we most humbly thank you, Your Majesty.

On our part, all we can offer is our commitment to fulfill your dreams of a nation that is prosperous, and her people, who are happy and content.

Extraordinary *kidu*

His Majesty The King continues to grant us respite from the ills of the pandemic since the establishment of the Nu 30 billion National Resilience Fund (NRF) in April 2020.

As everyone is aware, individuals directly affected by the pandemic received monetary *kidu* and thousands of Bhutanese received interest waiver on all loans. There were many additional fiscal and monetary considerations.

His Majesty commanded the continuation of the relief *kidu* until July 2022. But this is not unnatural for a country like ours where the King considers it His "sacred duty" to look after the people. To sustain the interventions, His Majesty sold his personal savings shares held as Sungchob and *Kidu* Funds, which were established as a security fund for the country and were to finance the National Service project. In a lay comprehension, it is as if one is shedding every penny of one's saving for others, a rare altruism.

A mass sale of 31 million shares of the Royal Insurance Corporation of Bhutan and 35 million shares of the Bhutan National Bank were subscribed by over 30,000 investors raising Nu 3.3 billion. The proceeds from the sale were used to replenish the NRF.

Druk Gyalpo's Relief *Kidu*

The Druk Gyalpo's Relief *Kidu* (DGRK) was created to look after the most vulnerable sections of our people affected by the pandemic. With relentless efforts to ensure it reached the most needy, the *kidu* has expanded to De-suups and the retired armed forces who are rendering their valuable service to safeguard the nation.

The DGRK has reached phase seven and so far, 48,751 individuals have received the Royal *kidu* at least once. The *kidu* is extended to even children and on an average 6,900 children received monetary support.

A special *kidu* package was also provided to 2,555 households in Phuentsholing who continue to bear the maximum brunt from the pandemic.

Since April last year, over Nu 3.6 billion has been disbursed to those affected by the pandemic.

Royal *soelra* to De-suups and retired armed force

Since the onset of the pandemic, De-suups have been active frontliners serving in various capacities. They have become instrumental in guarding our frontiers, managing the quarantine facilities, patrolling the neighbourhoods, and providing paramedical services.

For them, under the DGRK, His Majesty has granted Royal *soelra* of Nu 807.96 million so far. This covered over 5,000 De-suups.

Similarly, the retired armed forces who returned to serve the nation during the pandemic have also been granted Royal *solera* amounting to Nu 65.22 million. There are over 300 retired armed forces serving right now.

Stipend for De-suup Skilling Programme (DSP)

Under the Royal guidance, numerous programmes for skilling, re-skilling, and up-skilling are up and running. Under the DSP, 2,000 De-suups signed up for 76 programmes, and over 700 have completed trainings in 30 programmes. Today, about 1,300 are undergoing trainings in 46 programmes across 10 dzongkhags.

To date, over Nu 200 million for logistics and Nu 33 million as stipend have been granted.

Interest *kidu*

Since April last year, His Majesty has also provided *kidu* on loan interest payment to individuals and businesses, including non-performing loans in the country.

Almost 140,000 loan account holders, individuals as well as businesses, have benefited from this *kidu*. It comes to about Nu 14 billion.

We grew up referring to our Monarchs as “*kidu gi pham*”. One way or the other, we are all recipients of His Majesty’s benevolence today. Above all, the government, for all the guidance and wisdom that shines light in everything we do, is the biggest beneficiary.

Her Majesty The Gyaltsuen

This was a special year for the people of Bhutan. The year marked the 10th Royal Wedding Anniversary. The occasion heightened the spirits of our people in joy and happiness for our beloved King and Queen.

We are today blessed with two precious Royal Gyalseys, the symbols of infinite hope for the country and people. The arrival of Their Highnesses into our lives secures our future through the glorious reign of the Wangchuck Dynasty.

Over the years, we have witnessed the transformation of a young Queen into a “dynamic lady” just as His Majesty foretold when he introduced Her Majesty to the people of Bhutan. The wisdom Her Majesty has attained and her impeccable conduct and disposition has won the hearts of all Bhutanese and people abroad.

Today, Her Majesty is a true objective co-relative of the very best that Queenship has to offer. Like the sun and its strong rays, and the moon and its gentle light, Their Majesties reflect the perfection of a couple.

Her Majesty has stood steadfast and unfaltering both in resolve and commitment to serving the needs of the people, deeply complementing the efforts of His Majesty at all times. All these while adorning the responsibilities of a mother, daughter, and daughter-in-law.

As His Majesty travelled extensively to every nook and cranny of the country during the pandemic, Her Majesty shouldered the extraordinary responsibility to extend all necessary support to the frontliners and those battling the pandemic.

While His Majesty set the wheel of national reform in motion with skill and strength, Her Majesty, like a mother whose primary concern is her children, matched the efforts by offering emotional support to her subjects.

Mental wellbeing of our people is a deep concern but is rarely discussed in public space. Her Majesty’s genuine concern and unfathomable empathy for the people has brought about the antidote that brightens the life of every individual. Her Majesty has rallied for right care and attention while bringing together the agencies to move forward with renewed commitment. This has resulted in the

establishment of The Pema Center, a hospital for mental health and wellbeing founded under the patronage of Her Majesty.

Decades down the line, when Bhutan is transformed, our people will not just see prosperity and wealth, but they will also be content. Perhaps, Bhutan would have then showcased the true meaning of Gross National Happiness.

Her Majesty's dedication and selfless service know no bounds. Her tireless efforts emanate from the loving kindness and care for all of us. Under Her Majesty's Royal Patronage are organisations that offer care to those that need it the most, the differently-abled, and above all, our fragile environment.

The Ability Bhutan Society (ABS) founded by Her Majesty works to offer equitable and inclusive access to education and healthcare to people living with disability, particularly the children.

As the United Nations Environment Protection Ozone Ambassador, Her Majesty's contributions in educating and spreading awareness will go a long way in ensuring our children inherit a planet that is healthy and thriving. Additionally, Her Majesty's efforts towards achieving Zero Waste by 2030 will ensure our people live in clean and healthy communities for generations to come.

While the nation grappled with a series of lockdowns, the Bhutan Red Cross Society under Her Majesty's patronage, helped the people with funeral arrangements as well as coordinating the final rites for the deceased. It is much gratifying that His Majesty recognised the exemplary service with conferring of National Order of Merit, Gold, on 17 December.

The impacts of the lockdowns were manifold especially for women who were subject to domestic violence. To address this, Her Majesty issued a Royal Command to establish the 1010 domestic violence helpline for timely rescue and provision of secure shelters to the victims.

Complementing His Majesty the King's social welfare initiatives, Her Majesty's projects have had monumental positive impacts on the lives of the Bhutanese people. We feel immensely blessed and share hopes of my fellow Bhutanese that our future is safe and secure under the benevolent ward of our Monarchs. We shall remain forever indebted.

Our spirituality

We are a nation rooted in timeless spiritual values, and have always accorded due deference to divine forces that continue to shape our national life and character.

Our clergy, monastic community, religious institutions and all individuals that make up our spiritual body have given us immeasurable upliftment at all times and particularly in the ongoing battle against the Covid-19 virus.

Our deepest gratitude goes to His Holiness the Je Khenpo, the Zhung Dratshang, spiritual masters, and religious institutions for their prayers, spiritual undertakings, and guidance in safeguarding and shielding the wellbeing of the Bhutanese people in these unprecedented times.

It is important to note that we commemorated the Silver Jubilee of His Holiness the Je Khenpo on the Vajra Throne this year. Our appreciation to the clergy will be incomplete without highlighting some of the exemplary contributions of His Holiness.

Under the altruistic ministrations of His Holiness, the Buddha Dharma has not only flourished but also touched the lives of all Bhutanese from all corners

of the country. The charity initiatives of His Holiness to improve the lives of the people are visible to all of us.

Realising the high financial burden families had to face when they lost their loved ones, His Holiness issued *kasho* forbidding cash acceptance at crematoriums, and ensured coordination of funeral rites by the Zhung Dratshang.

As the pandemic raged, His Holiness ensured that the clergy too followed the Covid-19 norms. Many religious centres remained closed to visitors while those that were open complied to all safety protocols. His Holiness bestowed the Medicine Buddha Empowerment LIVE on national television and Facebook. This was to provide spiritual protection to all sentient beings from the pandemic.

The collective merits permeating from the protective initiations, oral transmissions, purification and empowerment rituals, and blessings of Kyabje Rinpoche have uplifted our spirits and provided the much-needed comfort in the face of the deadly pandemic.

His Holiness further ensured that medicinal pills, blessed water and ointments, and protective talismans were distributed to people of all 205 gewogs in the country.

Our people

While our collective merits and good fortune to be born as Bhutanese under our magnanimous Monarchs have played its part, our nation has emerged as an unlikely leader in efficiently handling the pandemic.

Had it not been for the unconditional acceptance of Covid-19 protocols and stringent regulations by our citizenry, we would not be where we are today in terms of saving lives, keeping the virus at bay, and safeguarding our communities.

This feat has been possible mainly because of our people's unconditional faith and confidence in our leadership, and their sincere aspiration to live up to His Majesty's hopes.

When the news of Covid-19 first hit the world, our people at once realised our vulnerability given the proximity to the two most populous countries in the world—India and China. And when the pandemic struck our nation, numerous private businesses and livelihoods were affected.

His Majesty personally stepped in to help our people and sustained their livelihoods through noble interventions in the form of Druk Gyalpo's Relief *Kidu*. This greatly alleviated people's burden and provided financial relief.

Where would we see farmers forgoing compensation for their damaged crops because taking

compensation would burden our King? Where would we see people volunteering to patrol and guard borders alongside the armed forces? Where would we see citizens offering the warmth of their homes and food to those guarding the frontiers?

Truly reflecting His Majesty's wish, our people stood "united in spirit and purpose". When our people living abroad were infected with Covid-19, the Bhutanese communities there supported them with food and quarantine.

Our people collaborated with the government in setting up the quarantine zones in their establishments and villages. Bhutanese, home and abroad, offered cash contributions and donated essential commodities towards augmenting the government's support for the affected groups.

We further witnessed our people's kindness and compassion in the form of outpouring concern and well-wishes to the first Covid-19 positive case in Bhutan.

The Bhutanese people's unshakable faith in His Majesty The King and the love for our country is truly unfathomable. I must say this truly keeps me motivated to do better as Prime Minister.

I take this opportunity to thank our people—Bhutan's true pillars of strength.

Our security

Our armed forces—the Royal Body Guard, the Royal Bhutan Army, and the Royal Bhutan Police—have been fastidious in their service and commitment towards guarding our porous borders and protecting the security of our Kingdom.

While we are an under-resourced country, our response against the adversities brought about by the pandemic have been nothing short of commendable. The dedicated actions of our armed force personnel have constantly fortified our nation.

Our armed forces, without any complaint or hesitation, shouldered the responsibilities beyond their mandate. When Covid-19 made inroads, they enforced social distancing norms and regulated movement to shield the virus from entering into our communities.

And this went beyond in-service personnel. Our veterans came out of retirement to offer their service to the nation. They were placed along the frontiers to guard our nation.

In the face of quarantine facility shortages, our armed forces constructed 1,000-bed facilities along the southern belt. When we began skilling the De-suups, the armed force personnel worked alongside to ensure all amenities were in place. And as we look forward with

excitement to Gyalsung, we know our armed forces are yet again ensuring quality and excellence in infrastructure and resources.

In a remarkably short span of time, our armed force personnel and volunteers constructed makeshift houses for Bhutanese previously living across the borders and guaranteed that every displaced household had a roof over their heads. This is an incredible feat of social service considering how promptly they responded to the call of the nation.

Our armed forces have left an indelible mark on the lives of women who were rescued from domestic violence and provided with safe shelters built by them. They have demonstrated that the Buddhist value of *Nyingje*—kindness and compassion—governs our daily lives.

Driven by a peerless sense of duty to the *Tsa-Wa-Sum*, our armed forces have served us assiduously and tirelessly. We sincerely thank you for your sacrifice and service.

Our De-suups

Emanating from His Majesty's vision, the voluntary programme designed to engage citizens in the greater role of nation building has today emerged into a mass societal shift.

For one, it was as if His Majesty foresaw the pandemic because

without “His Majesty’s De-suups”, often reiterated by the Throne, the weight of the pandemic would have crushed us.

De-suups were everywhere during the pandemic. They embedded with the armed forces to guard our borders and entry points high in the mountains and deep in dense forests across the southern plains. Our health workforce was complemented by De-suups who became part of the paramedics. They managed quarantine facilities while also patrolling settlements ensuring that people abided by the Covid-19 protocols.

And when we faced two nationwide lockdowns, our De-suups ensured delivery of essential goods and services to all homes.

When not a part of Covid-19-related duties, our De-suups are engaged in various skilling and re-skilling programmes across the country. I had the honour of visiting some of the De-suup skilling sites and was amazed by the level of excellence and commitment.

I have noticed that there are over 70 programmes under the skilling project, and some are new to us. Today we see our Bhutanese youth excelling in them.

As the Prime Minister, I remain excited that His Majesty has offered us our next set of skilled

and expert trainers, all Bhutanese.

Many integrated water projects for drinking and irrigation are being undertaken by the De-suups, directly benefiting multiple communities. In another milestone, these young men and women in orange just recently ventured in road projects. Yet again, they aid in the much needed area that spells immense benefit and economic growth for our people.

Before we knew it, De-suups have become an integral component of the national human resource today.

I see the sacred institution of De-Suung moulding our youth with innate but immaculate human values of sincerity, willingness to serve, and compassion.

I see a future where the orange uniform no longer represents a De-suup, but their conduct and disposition, even without the attire, does.

We often talk about transforming our nation. I believe that in essence what His Majesty has showcased with the 20,000 De-suups, is a true exercise on how a nation’s transformation must take place.

If the success of the De-Suung programme will make such difference, I cannot comprehend the level of impact that Gyalsung will offer Bhutan.

I take this opportunity today to thank all our De-suups who work with singular intent of serving His Majesty The King and our country.

Our partnerships

During times of unprecedented social inconvenience, the true strength lies in leaving aside all differences to achieve a greater good. And so it was with the current pandemic.

I would like to thank our colleagues in the Parliament for their constant support and collaboration, and for prodding the government to work harder. In all aspects of legislative deliberations, the esteemed members of the National Council and the National Assembly displayed the highest level of conscience and conscientiousness.

Specifically, I would like to commend the Opposition Party, whose role is often misconstrued as opposing the government for no serious reason, for rising above divisive politics and putting the nation first.

For any country, the rule of law is critical for peace and stability. I thank the Judiciary for upholding the rule of law. Despite the disruptions caused by the pandemic, the judiciary continued to function without any serious hitch, while also undertaking

initiatives to augment the appeal system in judicial services.

As a sparsely populated country, when we focused on protecting lives, information dissemination became critical. However, we faced several challenges. In this, our local governments (LG) were the bridge to our people. And despite the added charges of the pandemic, our local leaders ensured swift progress of development works with prudent use of the block grants.

I applaud and thank our LGs for successfully completing their term amid the pandemic. I take this time to welcome the newly elected ones and look forward to working together.

Friends are an important part of a meaningful life. Similarly, in a nation's journey, development partners who understand our aspirations, are critical collaborators in our pursuit of success. In line with this premise, our development partners continued to support us in our fight against Covid-19.

They were very accommodative of the changes in programmes and activities because of the pandemic. The critical support in making vaccines available on time for our people will remain etched in our hearts forever. I remain grateful to all for the true friendship.

I take this opportunity to thank all the Constitutional bodies, the civil service, government agencies, corporations, civil societies, non-governmental organisations, private sector, and individuals for partnering with us to forge a more resilient nation.

The taskforces and frontliners

The Covid-19 taskforces at different levels continue to stay vigilant and monitor the situation round the clock.

If not for their coordination, our fight against Covid-19 would have been less effective. And this would have been more disastrous than the disease itself.

To avoid such a situation, His Majesty commanded the formation of a chain of taskforces at the regional, district and local levels with the National Covid-19 Taskforce operating from the capital.

With the wisdom and decision of the taskforces, all measures have proven effective on the ground. But ensuring that effectiveness are also the frontline workers across the country who have worked with great diligence so far.

We have health workers testing and treating Covid-19 patients while ensuring that routine

healthcare is not compromised. The teams from customs, trade, and others are at the mini-dry port delivering steady supply of food and essentials to the country.

Our frontliners with the agriculture ministry have ensured uninterrupted availability of vegetables and dairy products.

Our public servants are involved with the Druk Gyalpo's Relief *Kidu* to ensure end-to-end assessment and support those affected by the pandemic. Their service becomes paramount to ensure that all those affected by the pandemic receive welfare from the Throne.

In tandem, our teachers are either making sure students are safe irrespective of lockdown or volunteering as De-suups. Civil servants who are De-suups also came forward for the construction of quarantine facilities during the much-needed hour.

Our taxi-drivers who are also the red cross volunteers continue to offer crematory services. They played a huge role in providing free pick-up and drop-off services to patients and delivery of medicines during lockdowns.

During this pandemic, every Bhutanese was a frontliner of sorts. To all the taskforces, frontliners, and citizens, I remain inspired by your service and dedication to the welfare of our country.





THE PAST

Our nation has progressed to the 114th National Day. The occasion calls for us to delve into the wisdom of the past. Our hearts are filled with gratitude to all the Monarchs and forefathers. Brick by brick, through sweat and tears, they built the nation that we are today.

Very often, our parents and ancestors, who have seen our nation in times of struggle retain the memories of the past years. They have good understanding of what it took for us to get here, the hardships and vulnerabilities, and what it would take us to sustain ourselves. Risk is for later generations to take things for granted.

Therefore, the National Day gives us that opportunity to celebrate Bhutan and being Bhutanese. Only with a firm footing on our belief and appreciation, we can move forward with bigger purpose.

The last month of the year is also a perfect time to recapitulate some of the features that defined our journey. Presenting the State of the Nation report around this time serves as an opportune platform to do so. This is also the section where I re-look at the commitments we have made in the last report and share the status.

Although not exclusive to Bhutan, we sailed through one of the most trying times in recent history and continue to do so. Led by His Majesty The King, our nation has displayed true strength in unity and managed to impel the weight of the pandemic so far.

As we reflect on the past, we always mention how Bhutan is blessed with selfless Monarchs who fought to secure the nation from all the forces. While most are perceived through old tales, it is also left to our imagination and comprehension. But this time, the sacred sight of our King in action brought about new respect and realisation. Our pandemic story would have been different if not for the leadership of His Majesty.

By the time I presented the second State of the Nation Report to the Parliament last year, we were living in a full-blown pandemic. In the country, we had recorded about 440 cases by then. About 44 Bhutanese abroad were detected with Covid-19 at the time. Over 30,000 individuals had undergone quarantine and we had conducted over 200,000 tests.

Barely a week after the presentation of the report on 12 December, the capital went into another lockdown, which lasted for 42 days. It also triggered the second nationwide lockdown on 23 December.

As etched on everyone's memory, we also saw a 72-hour lockdown in Thimphu when the fifth session of the Parliament was underway in June. But the year had been more brutal to our friends along the southern belt as Covid-19 cases surfaced over the summer months. Phuentsholing experienced the longest lockdown, from 16 April until 10 August 2021.

We are so grateful to our friends and families in the high-risk areas for enduring all the pain to prevent

the disease from entering into other districts. It has been a difficult year for all but more for the farmers, shopkeepers, students and all the residents in those areas.

Despite the challenges, all agencies, taskforce and frontliners made consistent efforts to keep up with daily tasks. With unflinching spirits, everyone strove to pursue the plans and activities that were possible amid the limitations Covid-19 restrictions posed.

For example, we went all out to surface 127 farm roads across the country with Granular Sub-base (GSB), engaged in the flagship programme of supplying rural homes with drinking and irrigation water, and in developing series of tourism products like trekking routes and roadside amenities. And then there was the renewed focus on agriculture, enhancing winter vegetable production, and enterprise development, among others.

We were not just looking at infrastructure development and sustenance of economic activities. We sought meaningful engagement for those who were affected by the pandemic.

Meanwhile, under the guidance of His Majesty, the government worked hard to secure the two doses of Covid-19 vaccines for our people. Thanks to the Government of India and all other donor partners and well-wishers, we managed to secure the vaccines on time. Two successful nationwide vaccination drives were held in March and July this year.

We have vaccinated 77 percent of our population and almost 93 percent of the eligible adults above 12 years. Our children between 5 to 11 years will also receive their vaccines once the pediatric dose arrives in the country. As you are aware, we formally launched the booster dose for “target groups” today.

The year spelt hardship for the entertainment centres and business entities across the country. Most were forced to closed down. While reopening the ones in low-risk areas in October provided some respite, we have not been able to accord similar relaxations in the high-risk areas given the prevailing threats.

Such measures and the seven-day mandatory quarantine for travels from high-risk areas have served as a huge reinforcement to the border closures, and complemented the 14 or 21-day quarantine for international travellers. It has caused extensive inconveniences, but the sacrifices of our people has made a huge difference in combating the pandemic and creating an enabling environment for rest of the nation.

Looking back, it is true that the turn of event took us by surprise and challenged our spirit. We completed three years of our term in office. Enthused with ideas and dreams to build on to what the former governments did for the nation, to make a difference and bring about bigger change, we were gearing for exciting years ahead.

We started off with a humble initiative of healing the political wounds sustained in the process

of democratic elections, motivating critical human resource in health and education sectors through pay raise, to modernising taxations, among others. We were fully energised to leave an indelible impression in service of the King, country, and people.

But in broader perspective, everyone would be fortunate to serve during “normal” times. It is in times of adversity, when your nation needs you the most, that the real test of courage and devotion is sought. We are grateful to be serving as the government around this time.

With every passing year in governance, I grow more indebted to His Majesty for all the guidance and wisdom. We are truly a unique democracy where the role of the government is to realise the vision of the Throne that seeks to illuminate lives of the people of Bhutan, not just for today but for all ages.

The Royal interventions have brought immediate relief to all of us. The conventional scope of GDP in 2020 reads -10 percent but with all the support and cushion His Majesty provided, we have all the requisites for a comfortable life.

Persuading us to make the best out of the pandemic, we are witnessing many transformations under His Majesty’s guidance. The pandemic’s year will be remembered as the preface of the chapter that will propel Bhutan on to a prosperous economic road.

While we meditate on the past, be

it near or distance, our visualisation is His Majesty The King. Our biggest motivation is His Majesty, in all his manifestations. The journey until now is filled with gratitude of having His Majesty amongst us.

Follow-up of second State of the Nation report

As is the practice, I present a list of commitments in the future section of the report we aspire to achieve in the coming year. It is to serve more like a compass that will give us specific points as we follow the overall direction of our plans and programmes. And as always, I try to recapitulate and share some quick updates in the subsequent report.

There are some that made the mark while a few dropped off along the way with the shift in priority. While most are elaborated in the “present” section, it is my responsibility to bring to your notice some of the follow-ups from the past.

I ended my last report on an eager note of possible breakthrough in Covid-19 vaccines and promised to secure the doses for Bhutanese people as soon as possible. By way of updating on this, I start with health section:

Health

- » About 77 percent of the entire population (all ages) have been fully vaccinated in the country. Further, 93.6 percent of adults (18 years and above) are fully

vaccinated and 93.4 percent of children between 12 to 17 years are also fully vaccinated;

- » Accelerated Mother and Child Health Outcome Policy in final stage of implementation with financing modality being worked out;
- » The Cabinet has approved the establishment of MBBS college and the relevant agencies have started working on it, and;
- » Developed National Strategic Direction for Nursing and Midwifery (2021-2025) to enhance nursing and midwifery services, and their professional development.

Education

- » 72 new ICT labs constructed with over 11,000 computers;
- » ICT curriculum review and integration with colleges of education completed;
- » Over 900 teachers trained in ICT and coding;
- » National TVET Reform Strategic plan approved;
- » 18 students offered ex-country scholarships in TVET;
- » Redefined and suspended irrelevant courses under RUB;
- » For the first time, recruitment in teacher training colleges preceded other colleges, and;
- » Education ministry and RUB

to introduce a new course in Paro College of Education to professionalise our ECCD facilitators with expertise in child psychology, teaching and nutrition.

Digital Drukyl

- » 781 agencies connected to the fibre optic network and 114 agencies connected to end-to-end government network, and;
- » Over 70,000 biometric data collected.

Tourism

- » A policy upholding the vision of “High Value, Low Volume” endorsed for the first time in January 2021.

Bhutan Sustainable Hydropower Development Policy

- » Bhutan Sustainable Hydropower Development Policy was launched in April this year to enhance energy security, participation in innovative market mechanisms, and engagement of Bhutanese in the hydropower sector.

Foreign relations

- » Established resident Embassy in Canberra, Australia.

Economy

- » Draft 21st Century Economic Roadmap at final review stage and will be submitted to High Level Committee and the Cabinet for approval;
- » Approved six FDI projects worth Nu 713.23 million;
- » Approved 40 (32 medium and eight large scale) new domestic industrial projects worth Nu 18.7 billion;
- » Finalised 17.38-MW Sephu solar project for implementation;
- » Established CSI market in Thimphu to promote “Made in Bhutan” products, and;
- » CSI market linked with more than 500 local producers supplying over 1,000 products.

Infrastructure

- » 893 km of farm-road surfaced with GSB in 114 gewogs;
- » 19 De-Suung-RGoB water projects completed, and;
- » Introduced provisions for timely work completion scores in the tendering process.

System reforms

- » Annual Performance Agreement linked with budgeting system for performance management;

- » BSR rates revised reflecting the market reality, and;
- » Review and studies on five-year planning system initiated.

Environment

- » 25 Electric Vehicle (EV) public charging stations in 15 different locations installed;
- » Nine electric waste collection vehicles procured, and;
- » 221 electric vehicles on road, including 38 EV taxis.

Waste management

- » Constructed nine waste drop-off centres in Thimphu thromde and 21 waste management facilities in Thimphu;
- » Installed incinerator at Memelakha, and;
- » Initiated construction of shed for incinerator in Phuentsholing.

Public service delivery

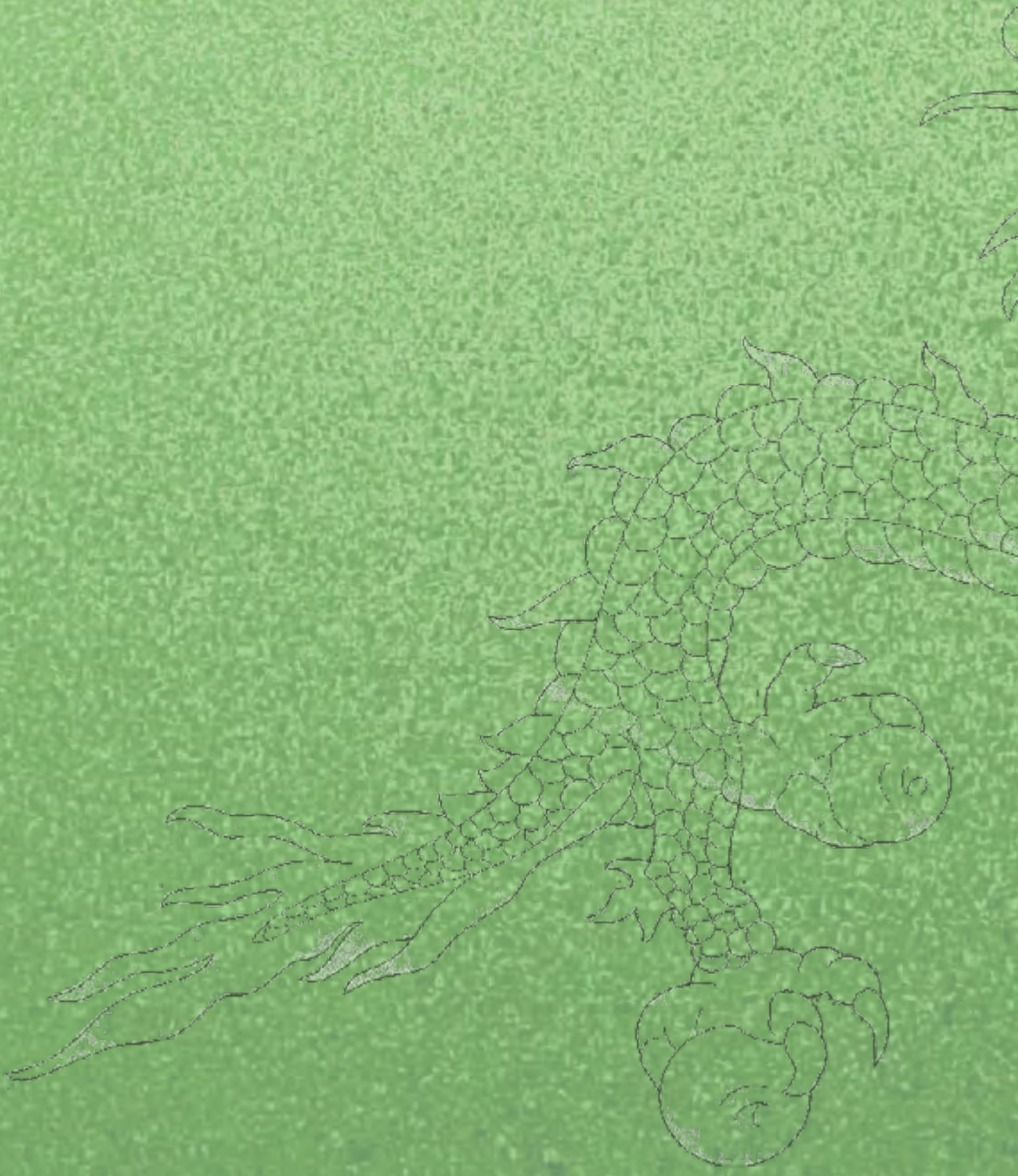
- » With focus on one-stop-shop services in all gewogs, five Community Service Centres were established, five centres renovated and over 100 centres equipped with new computer and printers to provide uninterrupted services.

The centres started providing additional services which were otherwise limited to Thimphu and urban dwellings, namely:

- Credit Information Bureau services for National CSI Development Bank Ltd. clients;
 - National Credit Guarantee Scheme services for providing application forms and project monitoring;
 - Royal Security Exchange of Bhutan services of selling shares;
 - Samuh, OTT services, and;
 - National CSI Development Bank Limited services of loan processing, site inspections, project monitoring and recoveries.
- » 1010 HelpDesk is strengthened in terms of technology and human resource. A dedicated space has been identified at the Thimphu TechPark.

Of some specific activities mentioned in the report last year, a few were not pursued. Some of them are:

- » The establishment of Asset Reconstruction Company was dropped as studies carried out by the finance ministry and RMA recommended that the current NPL Resolution Framework suffices and covers aspects of Asset Reconstruction Company.
- » Youth Facilitation Stations in four regions of the country is deprioritised for now. However, the existing infrastructures of the Department of Youth and Sports across the country continue to offer services to our youth.
- » The Health Bill will be presented to the Parliament after a proper assessment on the feasibility of merging and clubbing all health related laws under one umbrella of the Health Bill.





THE PRESENT



GOOD GOVERNANCE

If His Majesty's address to the nation on the 114th National Day was any indication of where we stand as a country, good governance remains an area of greater social investment. Accountability, the most essential factor of good governance, must be strengthened at both individual and institutional levels.

Accountability, like charity, must begin at home. Perhaps through self-introspection and with renewed commitment to uphold the highest degree of professionalism while delivering public service, we should seek to improve each day. And as the elected government of the day, we are accountable to our people who vested trust and confidence in us. We promise to work hard to live up to His Majesty's and our people's expectations and lead by example.

The support and collaboration with the civil service and other agencies have been worthwhile. Mindful that all our initiatives have to be as consultative and inclusive as possible, we ensured routine communication with the agencies, local governments, and the people through various channels. The pandemic pushed us to resort to online communications and virtual meetings, which is now proving to be cost effective and efficient.

While circumstances have changed owing to the pandemic, it is barely a reason for us to slow down. In fact, the bad times we are in requires us to work harder. We have to live up to His Majesty's aspiration of not just securing the nation but

also emerging out of the pandemic stronger and more resilient.

Amid daily communication during the Lhengye Zhungtshog, Densa and Covid taskforce meetings, we have continued to hold tight reins on the core functions. Since December last year we have had close to 30 formal Cabinet sessions, 18 Densa meeting, about 60 national taskforce meetings, and over 600 formal engagements at the Prime Minister's Office on a wide range of agendas and issues.

Besides the formal setting, we view accessibility and transparency as a critical basis to govern and make decisions. The mainstream media have been our biggest partner in reaching out to the people and we have been working closely to ensure that credible and timely information is disseminated.

We also see social media as an inevitable space where people share thoughts and concerns on pertinent topics. Without undermining its importance, we leverage the networking sites to stay connected with people for two-way communication and feedback.

Lhengye Zhungtshog

From establishing the first medical college to endorsing technical and vocational reform plan that will redefine our education and employment scenario, the Lhengye Zhungtshog in the past one year discussed almost 200 topical issues.

There have also been other discussions like lifting moratorium

on bar license, issues around dredging and surface collection, ensuring export of local produce, and professionalising school and hospital feeding, among others.

Just this week, policy guidelines to implement provisions on Fronting was endorsed. Bhutan Sustainable Hydropower Development Policy and Tourism Policy of the Kingdom of Bhutan were the earlier ones that came through. Approval has also been issued to formulate copyright policy and review the tertiary education policy.

With lockdowns and other restrictions, virtual Cabinet meetings were held without compromising the code of conduct.

Legislative initiatives

As you all are aware, the Parliament also passed the following legislations in the summer and the ongoing sessions:

- » Entitlement and Service Conditions (Amendment) Bill for the Holders, Members, and Commissioner of Constitutional Office of Bhutan 2021;
- » Lhengye Zhungtshog Act of Bhutan 2021;
- » Tobacco Control (Amendment) Act of 2010;
- » Civil and Criminal Procedure Code (Amendment) Act of Bhutan 2021;
- » Penal Code (Amendment) Act of Bhutan 2021;
- » Negotiable Instruments

(Amendment) Bill of Bhutan 2021, and;

- » Customs Duty (Amendment) Bill of Bhutan 2021.

Following Bills are under deliberation in Parliament:

- » Civil Society Organisation (Amendment) Act of Bhutan 2021;
- » Forest and Nature Conservation Bill of Bhutan 2021;
- » Biodiversity Bill of Bhutan 2021;
- » Royal Bhutan Police Bill (Amendment) 2021;
- » Anti Corruption (Amendment) Bill of Bhutan 2021;
- » Framework Agreement on International Solar Alliance 2021;
- » United Nations Convention Against Corruption (Amendment) Bill 2021, and;
- » Preferential Trade Agreement 2021.

The Tobacco Control (Amendment) Act of Bhutan 2021 came into effect on 2 July this year following Royal Assent. We proposed the amendment as an Urgent Bill in the summer session in view of the uncontrolled and clandestine smuggling of tobacco products through our porous southern borders. With the closure of the borders as a measure to combat the pandemic, such acts posed additional risk to the people in the border towns.

Moreover, any legislation that fails to serve the purpose and intent

over time needs to be revisited. The Tobacco Control Act was one such legislation. The law had encouraged black market on tobacco. With the amendment, sale and import of tobacco are now formalised. On the other hand, works are in full swing to heighten advocacy on harmful effects of tobacco to dissuade people from consuming it.

Moreover, after the joint committee failed to arrive at a consensus, the Mines and Mineral Bill was deferred during the summer session. It had also encountered an imprecise interpretation on private versus state ownership, where the government, or the National Assembly in this case, was projected to be in favour of the earlier.

While that was not the case, the disagreement was more on the mode of nationalisation. We consider all mines and minerals in the country strategic and will always be driven by the interest of the nation.

Which is why, just as we made the attempt to present the Bill to the Parliament for the first time since its formulation in 1995, it will be our moral responsibility to bring it back in a way that the best serves the people of Bhutan at all times.

Meanwhile, the government also carried out impact assessment of revision of Cooperative Act, Spatial Planning Bill and Construction Bill. NCWC also submitted the amendment of Marriage Act.

Reviewing the 12th plan

The 12th Five Year Plan Mid-term Review (MTR) was conducted from 15 April to 21 May 2021.

The progress of the plan was assessed and mid-term adjustments of priority activities and programmes facilitated. Issues and challenges faced during the implementation phase were also discussed and resolved.

During the MTR, the plan's capital outlay was revised from Nu 116 billion to Nu 117 billion.

The capital budget expenditure as of May 2021 was reported at Nu 53 billion, which is 45.2 percent against the capital outlay.

As of 13 October, the capital expenditure had increased to Nu 70.6 billion accounting for 60.2 percent against the outlay. Currently, the MTR directives are being followed up, and we are regularly monitoring to ensure that the programmes are implemented efficiently within the stipulated schedule.

Plan reprioritisation

The 12th plan was reprioritised in response to the pandemic and to ensure smooth implementation of activities relevant to the current circumstances while identifying critical activities to stimulate economic growth.

Infrastructures were identified and reprioritised based on the following criteria:

- » The opportunity to enhance local economy and create jobs;
- » Readiness and resource position of the planned programmes, expenditure trend, and implementation status of the activities;
- » Availability of raw materials and labour force in the domestic market to implement the activities such as improvement of farm roads;
- » Enhancing national nutrition and food security through establishment of storage facilities;
- » Activities to stimulate economic growth (industrial estates, dry ports, PoL depot), and;
- » Engaging those impacted by the pandemic through the tourism Economic Contingency Plan.

As such, planned activities that were deemed important but not urgent such as office or staff quarter constructions and capacity building programmes were pushed to a later date. The new initiatives on food security, engagement of unemployed youth, facilitation of internal road connectivity, and promotion of economic growth were incorporated.

Active reprioritisation has enabled sectors to continue with development activities, thereby ensuring economic growth despite challenges imposed by the pandemic. The reprioritisation was

initiated in March 2020 and endorsed during the 12th plan MTR.

15th round table meeting

As the highest forum for policy dialogue between Bhutan and its development partners, the RTM took stock of the progress of the 12th plan development activities to date. The meeting further reviewed the challenges faced in aligning development assistance for the 12th plan activities with the Sustainable Development Goals.

While the RTM has provided us an opportunity to reinforce and strengthen existing partnerships, it will further inform us on the way forward after we graduate from the Least Developed Country category.

The pressures of the pandemic did not stop our development partners from rendering continued support and assistance, and for this, we express our deepest gratitude.

The 15th RTM was conducted on 2 September, and was attended by 138 participants, which included 71 development partners and 67 government officials.

Review of planning system

Realising the need to make the planning system more sensitive to our progression as a nation, and the evolving facts of the 21st century, in-depth studies are underway on our current five-year planning mechanism and its approaches.

The Centre for Bhutan and GNH Studies (CBS) looked into the relevance of the duration of Five-Year Plan projects, its alignment with the timeframe of development partners and that of our Parliamentary elections.

It also explored possibility of spatial planning within the Five-Year Plan.

Similarly, the Gross National Happiness Commission (GNHC) also initiated an in-house assessment that presented several scopes for improvements in our current five-year planning system mainly on its design, approach and operations.

Key recommendations varied from switching to a multi-year rolling implementation plan and budget to instituting performance-based grant system for local governments for better economic and social outcomes, to designing long-term strategic projects while leaving rooms for the government of the day to accommodate immediate priorities, among others.

The findings and recommendations from these studies are being reviewed by GNHC and will form a basis for the formulation of the 13th plan.

The 13th plan

The Gross National Happiness Commission is working on the concept note for the 13th plan at the moment. The 13th plan will continue to draw inspiration from the timeless Royal visions and our Constitution,

and build on the achievements and lessons learnt from the 12th plan and the pandemic.

The plan will be informed by the ongoing key national reform initiatives, sectoral and national policies and roadmaps, and will be aligned with relevant international commitments. The 13th plan will also build in strategies for Bhutan's smooth graduation from the LDC category.

The planning framework for the 13th plan will be designed to ensure sharper focus, greater flexibility and systemic transformation. It will be pursued through two programme designs. The first will include high-impact, long-term strategic programmes and projects of national importance that span over more than one plan period.

The second will be short- to medium-term in nature that will allow governments to implement innovative and creative plans in line with our priorities.

The 13th plan is expected to place a strong emphasis on economic growth and employment generation through growth promoting policy reforms and programmes, and creation of new sources of growth. Overall, the plan will be geared towards achieving high quality of life in a more holistic manner by focusing on the low performing indicators of GNH domains.

The national monitoring and evaluation system will be strengthened to ensure effective

implementation and delivery of results and enhance greater accountability. The plan resources and sources of financing are being looked into.

Enhancing public service delivery

Public service delivery has always been highlighted as an integral component of good governance.

On many occasions, His Majesty has underscored that efficient and swift service delivery must be ensured by all public servants.

The Royal Address during the 114th National Day also accentuated this requisite. And I remain committed, that with the right intent and fortitude, public service delivery will receive a new boost.

Integrated Citizen Services

In what is a transformational initiative in terms of public service delivery, the Integrated Citizen Services (ICS) under the Digital Drukyul Flagship Programme is well underway.

The initiative is aimed at integrating different public services through digital platforms, thereby eliminating duplication of efforts, redundancy of data, and administrative burden to both the service providers and service recipients. The public will no longer need to submit multiple and repeated documents as prerequisites for availing services, as the system

will streamline integration among multiple agencies.

The ICS has identified 10 citizen-centric services bearing huge possibility and potential to undergo streamlining, re-engineering and integration efforts. The business process re-engineering has been completed and integration of four services (student information services; pension and GIS services; vehicle information services; and permit services) are in progress.

The birth registration, death reporting, and rural timber permit services are being shortened and will be implemented manually until the system integration is completed. The Public Service Delivery Division (PSDD) in collaboration with respective agencies has reviewed the manual process that will be rolled out soon. The marriage certificate and construction approval services' manual approach will be reviewed and implemented in the second half of this fiscal year.

Integrated Business Licensing Services (IBLS)

The system for IBLS is being developed under the Digital Drukyul Flagship Program for ease of doing business through one window business licensing approach. This means our people will not require to run between offices to obtain a license.

Through this system, after inserting required information depending on

the type of licenses that the applicant wants to obtain, the system will take care of getting sectoral clearances. This will greatly reduce the administrative burden on business licensing procedures.

Monitoring and assessment framework

A citizen-centric monitoring and assessment framework is another notable PSD intervention. This framework aims to assess the quality of public services. It consists of five broad parameters of accessibility, timeliness, attitude, integrity and feedback. These have been identified through a series of public consultations and subject to assessment through survey questionnaires designed around the parameters' indicators.

Under this framework, a digital Service Evaluation (ServE) tool is also being developed to ease data entry, analysis, real-time dashboard with data visualisation, report generation and to provide a platform for the general public to submit feedback.

Public service contact centre

The 1199 toll free contact centre is being upgraded to a professional contact centre with qualified staff and an advanced solution with equipment and software.

The centre will have multi-channel service access points such as 1199 contact centres, community service centres, on-site citizen service portal,

email, text and other social media apps through which the general public can avail services. It will also maintain an omni-experience delivery through seamless communications with those availing the services.

Execution of these functions will be guided by the standard operating procedure developed by the 1199 management, and service level agreements will be drawn between service providing agencies and community service centres. The 1199 will have clear mandates and roles towards building close relationships in terms of public service delivery.

Service delivery standards and guidelines

As a pilot, two service application guides for the Department of Civil Registration and Census (DCRC) have been developed following the revision of the existing standards which now has 16 core components.

The guidelines covering the responsibilities and rights of both the service users and service providers are developed, printed and distributed to the service providing agencies. This is to make both service users and providers aware of their basic roles in the process of availing and providing services.

1010 HelpDesk

The 1010 HelpDesk continued to play critical role in providing timely information to the public during

lockdowns and the two Covid-19 vaccination campaigns.

Transforming into a professional set-up, it moved to Thimphu TechPark Ltd., decked with all required IT infrastructure and systems. Following the second lockdown in December, it began operating with AVAYA integrated contact centre solution. Two systems, Call-log system and system for movement-pass, developed inhouse enable the call centre to record data for analysis and follow-up responses.

During the first vaccination campaign, the centre made more than 40,000 calls for vaccine registration, to follow up on adverse reactions, to check vaccination status of registered individuals and underage people, among others.

Through more streamlined procedures, more services were offered and emergency cases were resolved during the third Thimphu lockdown and the second vaccination campaign that followed. Records reveal impressive 98.5 percent calls resolved.

At present, about 11 De-suups and three employees who are deputed from RCSC, DHI and OPM support the HelpDesk as the management team.

Strengthening local governance

It was a norm to travel to gewogs and interact with local leaders who are closest to people and understand

their needs best. In fact, it was deemed necessary to visit the gewogs particularly during the Mid-term Review of the plan activities.

The pandemic and other priorities kept us from visiting most gewogs but change in time and technological advancements ensured that we were not disconnected. In fact, routine virtual meetings and exchanges enabled us to work closely more than ever.

Assessment of Dzongkhag Tshogdu and Gewog Tshogde

To facilitate designing of strategies towards improving the effectiveness of local government institutions, a study was conducted to collect data on baseline information on issues faced by the Dzongkhag Tshogdu (DT) and the Gewog Tshogde (GT) functionaries.

As the highest decision-making bodies at the local government level, the DT and GT will employ the findings to provide strategic recommendations and improve the functions of DT and GT through thematic-based research and assessments over time.

Institutionalisation of Community Engagement Platform

The Community Engagement Platform (CEP) was instituted to enhance community engagements and decentralisation in the country.

The platform is expected to bring about a broader development of GNH objectives, the 12th plan objectives and the Sustainable Development Goals.

After its pilot implementation, the CEP has positively impacted the identified chiwogs with an increase in community participation in the planning and decision-making processes.

It has also strengthened community vitality and community ownership by addressing cross-cutting issues of environment, gender, social inclusion and youth employment. The CEP will be replicated in all local governments.

Rural revenue mobilisation study

The need for revenue has become crucial in the local governments as decentralisation pushes service delivery functions to the grassroots.

The rural revenue mobilisation study recommended to develop a sustainable strategy for diversifying revenue sources. It also highlights potential areas of revenue generation for the gewogs.

The study recommends adoption of modern online systems to reduce financial burden of the community centres, dzongkhags, gewogs and private citizens.

Implementation of recommendations from the study will be initiated from the next fiscal year.

Going forward, local government proceedings and the roles of

local government leaders will be standardised and implemented. The Chiwog Zomdu (CZ) will be formalised and institutionalised to increase transparency and people's participation. A protocol to guide CZ, GT and DT is now in place.

Office of the Attorney General

As the legal arm of the executive branch of the government, the Office of the Attorney General (OAG) deals with all legal matters related to the government. In addition to implementing online prosecution services during the pandemic targeted to reduce time and cost for all parties involved, the OAG restituted Nu 23.65 million and 1.37 acres of land to government, and Nu 8.19 million to the victims in the past year.

The OAG strengthened its institutional capacity through the creation of three specialised Divisions namely: (1) Finance and Corporate Division; (2) International Affairs and Environment Division, and; (3) Property and Judgement Enforcement Division. The foundational paper for the newly created Divisions were also published. Further, legal divisions were created in prioritised ministries and agencies.

The OAG also effectively streamlined the working processes for legal officers working in ministries and agencies for whom the OAG is the parent organisation through the adoption of "OAG Parenting

Framework: Roles, Mandates and Parenting Framework for legal officers in ministries, thromdes, dzongkhags and autonomous agencies; and the Due Diligence Framework for dzongkhag legal officers”.

A study was conducted to identify the issues in the public procurement and contract management system in the country, and a report titled “Issues and gap analysis in the Public Procurement of Works (Above Five Millions); Contract Implementation; and Settlement of Dispute” was published.

The OAG also led the implementation of the Justice Sector Strategic Plan 2018-2023, and established the Justice Sector Working Committee Secretariat office to coordinate and monitor all plans and programs under the justice sector including conduct of legal need assessment.

Meanwhile, the development of the Enterprise Legal Management System is in the completion phase.

Moreover, the DrukLaws App that was revamped, has made access to the laws of Bhutan easier and more inclusive. It serves as a single window platform to over 199 national laws along with the latest amendments and newly adopted legislations.

It includes the historic 1652 Legal Code of Zhabdrung Ngawang Namgyel and the 1957 Thrimzhung Chhenmo along with 165 rules and regulations as well as their revised versions. The App provides information on 93 international

instruments such as international conventions, covenants, treaties and protocols where Bhutan is a party. The App also provides access to 71 judicial forms.

Law and order

In the last two years, the overall crime rate in Bhutan has dropped slightly. The reduction is attributed to a shift from reactive policing to proactive policing. The Royal Bhutan Police (RBP) is continuing to take police services to the grassroots through the Gewog Gagdey, Community Police Centres and mobile community police.

Various crime prevention activities like intelligence-led policing, advocacy programmes and police-public partnership programmes also complemented the drop in the crime rate.



The number of traffic-related accidents also saw a decreasing trend in the past one year and is expected to further reduce this year. Increasing sensitisation programmes on road and traffic safety, zero tolerance checking and vigorous highway checking among others, have played a huge part in making drivers adhere to safe driving practices.

Anti-corruption

Among 180 countries and territories, Bhutan was ranked 24th as per the Transparency International Corruption Perceptions Index 2020. We had improved steadily over the years from 26th in 2017 and 25th in 2019.

The concerns raised by His Majesty that no matter the magnitude, corruption cannot and must not be tolerated remain etched in our hearts.

In medicine, to treat any disease, we have two approaches of prevention and treatment. For corruption too, these two approaches are applicable.

Preventing corruption is the responsibility of every individual and all agencies. For treatment, it is primarily the Anti-Corruption Commission. But the ACC needs the unstinted support of the government, judiciary, audit, OAG and the police.

And for this, I assure the ACC that my government remains firm to support and work together.

Meanwhile, some other achievements in corruption reduction is the proportion of citizens bribing public officials that reduced from 10.2 percent in 2016 to 4.0 in 2020 as per the National Corruption Barometer Survey 2020.

At the national level, the National Integrity Assessment (NIA) of 2019 indicated a 'Good' level of national integrity with a score of 7.97 out of 10. The score has only improved by 0.02 as compared to the score of NIA 2016.

It is important to bear in mind that the 12th plan goal of achieving 8.5 by 2023 entails a monumental task and requires all stakeholders to collaborate in an unprecedented manner to fight corruption and improve integrity at all levels.

Audit

In the past fiscal year, the Royal Audit Authority (RAA) conducted 459 audits and issued 571 audit reports. On account of audit recoveries, the authority recovered a total amount of Nu 362.132 million.

As everyone is aware, the RAA annual report 2020-2021 will also be reviewed in the coming summer session of the Parliament, just as the previous year's report was deliberated six months ahead this time. It goes to prove the proactiveness of the Authority and would enable timely review and actions.

Free and fair elections

The Election Commission of Bhutan conducted the third Local Government elections two days ago. More than 3,500 candidates contested for the gewog as well as thromde positions.

Thromde elections were successfully conducted for Thimphu, Phuentsholing, and Gelephu on 28 April. About 59.46 percent of the total 10,564 registered voters turned out on the poll day. Phuentsholing thromde witnessed a staggering 84.65 percent voter turnout.

Bye-elections for the National Assembly Demkhongs of Mongar and Nganglam were conducted on 29 June 2021. Out of 18,500 registered voters, 61.73 percent voted in what can be described as a good turnout compared to previous bye-elections.

Meanwhile, mobile voting booths (MVB) for the bye-elections facilitated voting for individuals above 65 years and voters with disabilities. The ECB took extra effort to ensure that all election processes adhered to the Covid-19 protocols.

Civil Society Organisations

Since 2010, a total of 64 Civil Society Organisations (CSO) have been registered of which 54 are currently active. Last year, the Civil Society Organisations Authority (CSOA) approved the registration of one new CSO while 24 applications are under review.

To enhance democratisation and sustainable development in Bhutan, Project Nyamdrel – Support to the Parliament of Bhutan and CSOs (2021-2023) with funds from the European Union (EU) was initiated in January 2021. The project is ongoing and is being implemented by International IDEA and Helvetas Bhutan.

The project is aimed at effectively engaging CSOs with the Parliament in legislative and oversight processes. It is also expected to provide an enabling environment for public participation in parliamentary businesses.

Media and information

With rapid technological advancement, media and information literacy has never been so critical. Media is considered the fourth estate, and our priority has been in strengthening and professionalising this sector.

Intensifying access for the media

Bhutan was ranked 65th out of 180 countries on the press freedom index ranking this year, an improvement from last year.

But often, the mainstream media have had grievances that the access to information is limited. The government has and will continue to ease access to information for our journalists, fostering the spirit of democracy.

The government organised our first formal Meet the Press at the Prime Minister's Office on the day the Cabinet received sacred *Dhar* from His Majesty on 7 November 2019, the first of its kind.

We have already conducted over 44 formal Meet the Press sessions, a record of sorts. This does not include the press conferences held by ministries, regular interviews, informal sessions and a series of Covid-19 related briefings.

Similarly, the Cabinet makes conscious effort to make itself available to the media despite tight schedules and irrespective of time.

Media participation has also been considered on events and meetings for familiarisation of issues and background. And for closed-door meetings, separate press releases and briefings have been arranged.

In improving access, the government has also identified dedicated media officers and media focal persons with mandates to liaise with the media for interviews with appropriate officials and to relay accurate and timely information.

One of the main deterrents for people to engage with the media has been the fear of being "misquoted" or put "out of context". For some, it has been the request for urgent information which the officials are unable to furnish immediately.

The public expectation for media is that they build capacity and

improve professionalism. For this, the government approved Nu 4.3 million as the Media Enterprise Development Grant. Under this Nu 2.65 million was released to the Bhutan Media Foundation to support media development.

By way of support, the government also asked BICMA to revoke the earlier notification of printing 2,000 hard copies in the wake of online transition and constraints imposed by the pandemic.

The communications ministry also disbursed Nu 1.65 million as content development grant to the media houses.

For better coordination and understanding, networking events were also organised with the media. The event saw familiarity between the Cabinet and the media (mainstream and social media) professionals. Such interactions enable the media to know the Cabinet and the Cabinet to understand the role of media.

Supporting Dzongkha newspaper

The government is in the process of studying the need for mandatory Dzongkha inserts in private newspapers, as it has become redundant and is not serving the intended purpose of promoting the national language.

Instead, to promote media pluralism and our national language,

the government is considering strengthening the existing lone private Dzongkha newspaper. The ministry is working on the modality and will soon submit a report to the government.

Improving access for people

Towards increasing access, 3,753 rural households were connected to BBS through the South Asia Satellite after the installation of Ku band dishes in addition to 6,515 connected until November 2020.

The multi-service operator (MSO), NetCom Bhutan, has connected 40 additional local cable operators (LCOs) with digital signals from December 2020 to December 2021 bringing the total to 63 out of 88 LCOs. At present, they have 59,951 cable TV subscribers. In addition, DrukMSO has connected 7 LCOs and has 5,424 active subscribers.

In the meantime, five programmes on local content and contemporary arts have been developed. Other media initiatives in the fields of culture, tradition, and contemporary arts include:

- » Release of educational and informative content on Bhutan's historical figures such as Terton Pema Lingpa Part 1 on the Department of Information and Media's (DoIM) Youtube channel. Terton Pema Lingpa Part 2, which has been outsourced, is being developed and is expected to be

released by March 2022.

- » Financial support accorded to budding local artists for the development of 13 music videos. A video on women empowerment is already available on Youtube.
- » Support provided to Thimphu Comics Studio in publishing a comic book based on Lam Drukpa Kuenlay's namthar.
- » The Creative Industry Roadmap will be developed within this fiscal year. Groundworks for the development of a comprehensive database and website for the creative industry are underway. The system will display critical information on different sub-sectors of the creative industry.

Culture

As much as the pandemic forced us to reconsider our approach to health and livelihood, protocols like social-distancing required making adjustments to many of our social and cultural practices.

The festival of *tshechu*, an important aspect of community vitality and social cohesion, which used to draw large gatherings, were aired live on the television instead. The National Day celebration, that otherwise brings our citizens together as one people, was limited to minimal attendance.

The government is therefore truly appreciative of how Bhutanese people demonstrated collective resolve and resilience to ensure

that the virus did not spread in their communities.

Bhutan remains one of the most culturally vibrant countries even as the world continues to homogenise because of globalisation and technological advancements.

The emphasis we place on promotion and preservation of cultural heritage continues to reap significant dividends. Our communities are thriving, and our shared values bind us united in these trying times.

Preservation of cultural heritage sites

In our efforts to preserve and promote our cultural heritage, we have worked on several projects, both tangible and intangible.

To preserve the historic palace complexes while maintaining their original splendour, conservation works at the Kuenga Rabten Palace and Samdrupcholing Palace in Trongsa have been initiated.

As a tribute to His Majesty the Fourth Druk Gyalpo, renovation works on the 16th century Druk Choding Lhakhang in Paro has been completed.

After eight-and-a-half years of construction works, the Pemagatshel Dzong in Denchi is complete. It was handed over to the Pemagatshel dzongkhag administration on 22 October.

Other projects of national importance such as the reconstruction of the Wangduephodrang Dzong achieved 89 percent of physical progress and incurred an expense of 85.76 percent of the total budget of Nu 1,000 million to date.

Meanwhile, physical progress of 86 percent has been achieved for the reconstruction of the Drukgyel Dzong. The reconstruction work is being done with a budget of Nu 500 million and is expected to be complete by December 2022.

The first phase of the revitalisation project of Nobgang Stewardship Programme in Punakha was launched this year. The village of Nobgang has been identified as an important heritage site because of its historical and cultural significance.

The stewardship plan for the preservation and management of the village is the first of its kind in the country and is primarily aimed at promoting community engagement and rehabilitation of traditional houses.

The Nobgang project strives to develop a culturally and context-sensitive community. Through the establishment of community-owned enterprises and development of local products, we hope to create economic opportunities towards improving the livelihoods of the people. The project is also expected to contribute towards addressing rural-urban migration.

Preserving local dialects

The preservation of local dialects and development of our national language, Dzongkha, calls for a detailed research and documentation process. However, we have faced difficulties in conducting such activities as the pandemic curtailed travels and meetings.

We have since shifted our focus to preservation of *lozeys*, *tsangmo*, folktales, stories, religious oral literature, poetry, proverbs, and devotional songs. This is an effort to supplement the first domain of “Oral traditions and expressions, including language as a vehicle of the intangible cultural heritage”.

In addition, we have completed the research and documentation of local festivals of Bumthang as specified under the third domain of “Social practices, rituals and festive events”.

We have also conducted a comprehensive study on the *Nyedha Zhida* in Bhutan which was published in a 11 volume book and 11 *Potis* of *Soelha Pecha*. The book and the *Pecha* were published on 25 October this year.



EDUCATION

Education has always been accorded one of the highest priorities in our country and is a basic right of all Bhutanese as enshrined in our Constitution. Thus, befitting the sector's importance in the lives of our people, we redefined the basic education level and raised it to Class XII from Class X, made teaching one of the highest paid jobs in the country, made a shift towards formative assessment, and are now earnestly working on digitalisation of all schools.

However, the pandemic challenged the education system like never before—teachers and students had to adjust to new curriculum, they had to suddenly embrace online teaching and learning, and schools had to remain closed during the two national lockdowns.

Our focus is now on reforming the education system in line with the visions of the Royal *kasho* granted by His Majesty The King during the 113th National Day celebration last year.

The Bhutan Baccalaureate

His Majesty's aspiration is that our children are prepared for the 21st century and the transformations it will bring. Upon realising this, His Majesty initiated a unique education system at the Druk Gyalpoi Institute (DGI) in Pangbisa 10 years ago.

This is the Bhutan Baccalaureate (BB) which is being transitioned from Druk Gyalpoi Institute (DGI) to 22 schools across Bhutan.

As parents, teachers and students, we discuss our expectations on the kind of education system we need in our country. How should we teach our children? How should our children learn? How do the parents guide their children? Bhutan Baccalaureate is the answer.

This process will overhaul the entire system of teaching, learning and assessment practices in our schools. It is venture worth taking.

The education ministry signed a Memorandum of Understanding (MoU) with DGI on 7 February 2021 to contextualise the concept in Wangbama Central School and Dechencholing Higher Secondary School. On 11 August 2021, a MoU to include 22 additional schools under the Bhutan Baccalaureate was signed.

In preparation for the BB learning process, an immersion programme for 22 principals and 44 teachers was completed in July 2021. A six-month diploma programme was also initiated at the DGI for 66 new teachers.

Meanwhile, the two colleges of education in Samtse and Paro will start coaching teacher trainees on essential knowledge and practices integrated with the BB.

By 2025, a total 583 schools will be oriented on BB learning processes, curriculum, and assessment framework which includes Zorig Chusum, arts, dance, music, and vocational trades.

The assessment standards for Class X and XII will be aligned to

the BB learning process to meet international standards along with the Bhutan Professional Standard for Teachers (BPST).

The School Leadership Development Programme initiated by the Royal Institute of Governance and Strategic Studies for the dzongkhag education officers, thromde education officers, principals and vice-principals is another forum to strengthen the human resources for the BB.

With the expansion of the BB, we are confident that our education system will be propelled to a level at par with the international standard.

Curriculum

Despite the challenges posed by the pandemic, in November 2020, we worked to corroborate and strive towards an “uninterrupted education in 2021”.

We implemented the New Normal Curriculum (NNC) Frameworks and the NNC Instructional Guides for all subjects from the 2021 academic session. Along with this, the Value Education Framework for Classes PP to XII in both Dzongkha and English and activity books for Classes PP to III were also improved.

We have reviewed and revised Dzongkha textbooks based on the standardised national language. A total of 17 books were revised (PP to XII) in hard copies, and a Dzongkha Grammar book was developed.

In collaboration with the Royal Monetary Authority, we have

also included financial literacy in English, Dzongkha, Mathematics, Social Studies, Economics and Accountancy subjects.

Similarly, we have completed the draft Comprehensive Sexuality Education (CSE) strategic framework to inform the integration of CSE in Science, Value Education, Health and Physical Education, English, Dzongkha and Biology.

Along with Bhutan Narcotic Control Authority, we have developed a School-Based Substance Use Prevention Framework which is in the process of being piloted in selected schools. The Framework will be a standard guide for all the schools across Bhutan in future.

Making up on Saturdays

In order to conduct bridging lessons to make up for the learning loss incurred during the 2020 academic year due to the pandemic, the ministry resumed Saturday as a half working day. This has enabled our teachers to offer remedial lessons and accelerate learning initiatives to enhance students’ learning outcomes.

Today, Saturdays are used for organising mentor and mentee initiatives to support psychosocial wellbeing and other learning needs of the students. These are in addition to the regular co-curricular and extra-curricular activities and professional development programmes for teachers.

Mid term examination and summer breaks

In this academic year, the mid-term examinations were made flexible and were held from 1 July.

In order to minimise the risk of students getting exposed to the virus while travelling during the mid-term vacation, the ministry reduced the break to two weeks and retained all boarding students in their schools. This enabled our teachers to make up for the lost instructional hours from the 2020 academic year.

This experience has prepared the education ministry to respond to the needs arising out of the pandemic or any other disease outbreak or adversity.

Assessment system

A new assessment structure for schools was developed whereby the pass percentage for Class X board examination was raised from 35 to 40 percent.

With this reform, students will have to score a minimum pass mark of 40 percent in both continuous assessment (CA) and written examinations for promotion to the next grade.

The objective of this initiative was to improve the quality of student learning through a strategised assessment system, ensure a fair assessment for students, and to

balance the marks obtained from CA and written examination.

We are also monitoring and supporting implementation of the CA framework with professional support being provided through both online and contact modes.

The new assessment system will be replaced by the learning and assessment process of the Bhutan Baccalaureate once it has been rolled out across the schools.

Education amid the pandemic

Online teaching-learning support initiatives

When the pandemic hit Bhutan in March 2020, the school education was conducted entirely online for that academic year.

For this, a special data tariff was approved for students. This enabled access to internet for all our children so that online education became seamless.

In March this year, around 1,200 teachers from almost all the schools received an online training on facilitating online teaching and learning on any platform.

Additionally, our teachers also continued facilitating student learning through peer group teaching methods by visiting villages and teaching the students.

Relocating students of high-risk areas

To ensure that students studying in high-risk areas had access to classroom learning and their education was uninterrupted, students from Classes IX to XII of Phuentsholing were relocated to Phaduna in Punakha.

A total of 871 students along with 58 teachers and 17 support staff of Sonamgang MSS, Phuentsholing lower and middle secondary schools were relocated. The students are provided with boarding facilities to ease the accommodation crunch.

Upgrading school infrastructure

The ministry upgraded a number of public higher secondary schools for the 2021 academic session to increase the intake capacity of students who passed Class X and to streamline the primary and secondary levels.

Of the seven upgraded schools, four commenced from the 2021 academic session. Three upgraded schools could not start Class XI due to delayed construction works owing to the pandemic.

To accommodate students, three 120-bed hostels were constructed in Punakha and six new classrooms were built in Paro, Trashiyangtse, Tsirang and

Zhemgang. At the same time, six staff quarters were constructed in Haa, Samtse and Thimphu. In Nobding, Wangduephodrang, two buildings were added to the existing school infrastructure.

Inclusive and special education programmes

Equitable access to education for all children is one of our top priorities. We must ensure that our children with disabilities have access to education. The classrooms must provide a safe and secure space to encourage learning for these children.

Expanding such services to other parts of the country, a Special Education Needs (SEN) classroom was built in Lhuentse. This is in addition to the three already existing schools with SEN programmes.

The ministry has trained 482 teachers in schools with SEN programmes. Similarly, assistive technology of devices, mobile phones, tablets, teaching-learning materials, TV and printers have been supplied to schools with SEN programmes.

The ministry has also developed customised teaching-learning materials for students with disabilities. An exciting development is the incorporation of seven inclusive schools as pilot schools for the Bhutan Baccalaureate.

ICT infrastructure

With rapid advancements in technology, democratisation of information, automation and digitisation, and increasing globalisation, the delivery of equitable and inclusive quality education to all learners has become crucial.

Recognising this, we identified ICT for teaching and learning as one of the focus areas to improve student learning outcomes and promote lifelong learning.

Education flagship

The Education Flagship Programme which started with an outlay of Nu 100 million was raised to Nu 900 million with the aim to enhance ICT skills and knowledge of students across Bhutan. This was to enable our students to perform productively in a knowledge-based society.

As part of the programme, since January 2020, over 900 teachers have been trained on Scratch, pyLEAP, Python and CodeMonkey.

One of the focus of the Flagship was to provide access to ICT gadgets to our students and to build their skills. For this, 120 ICT labs were to be set up across the country, of which 72 have been completed and the remaining 48 are under various stages of completion. The implementation of ICT curriculum will be rolled out in all schools from the 2022 academic year. A total of

3,472 desktops (i3), 1,224 laptops (i3) and 6,342 desktops (i5) have already been distributed.

Realising that access to ICT is incomplete without internet connectivity, we have revamped LAN and LAN set-up in all dzongkhags and thromdes.

CodeMonkey

His Majesty The King gifted the CodeMonkey, a game-based coding platform, to our students in July this year. The Royal soelra underscores the paramount importance His Majesty places on our children to be equipped with the ICT and coding skills in the 21st century and beyond.

With access to all the CodeMonkey courses, our children from Classes PP to VIII are expected to enjoy coding, and develop a strong foundation and positive attitude towards coding.

The education ministry has mapped the CodeMonkey contents with the School ICT Curriculum Standards and Framework. It will be taught as a part of the ICT Curriculum.

The first phase included training of more than 900 teachers followed by the creation of the accounts at the dzongkhag, school, and individual class levels. Some 394 of 533 schools and over 140,000 students in the country have started using the CodeMonkey.

Sherig Learning Management System: *MySherig*

MySherig is a device-independent application for administration, documentation, tracking, reporting, automation, and delivery of customised educational courses, training programmes, and learning materials.

Through *MySherig*, instructors will be able to deliver customised and interactive learning contents, leverage various pedagogical models, monitor participation, and enable diverse assessment options of learners.

Similarly, the learner will have the opportunity to access various resources from centralised platform in addition to validated customised courses and learning materials from anywhere and anytime thereby creating a positive teaching learning environment.

MySherig will support and enhance learning of all students from Classes PP to XII. It will also assist the ministry, dzongkhags, and school staff to support and enhance professional development.

Education Management Information System

The Education Management Information System (EMIS), developed in 2010, is a web-based centralised education database system that maintains detailed information on students, teachers, schools, and the ECCD centres.

With our focus on leveraging technology and enhancing efficiency in the service delivery, we have upgraded the EMIS with new features to capture information related to admission, mess management, and education monitoring system, among others.

We are now building additional features to incorporate academics and admission module aligning with the implementation of the Bhutan Baccalaureate in 22 schools. We will complete the system development this December.

Technical and Vocational Education Training (TVET)

Many discourses have taken place on reforming the TVET. I personally desire for the TVET to be a revolution space that is ceaseless and seamless.

We aimed to transform the TVET into an attractive learning and career pathway to produce a competent workforce that is confident, well-rounded, productive, resilient, and innovative. Our efforts were reinforced by His Majesty's command to bring a paradigm shift in TVET governance and management.

His Majesty had commanded transmuting the TVET into a robust, resilient, and dynamic system with its institutions providing world-class facilities and programmes at par with the international standards with access to 3,000 to 4,000 trainees every year.

National TVET Reform Strategic Plan

The National TVET Reform Strategic Plan with four key strategic thrust areas of transformation was proposed and endorsed by the Cabinet Secretariat on 6 August this year.

Our focus is to modernise, redesign, and revolutionise the TVET within the changing technological and economic contexts. The main role of the labour ministry now is on creating enabling policy, sustained financing, and collaborative approaches.

In line with the National TVET Reform Strategic Plan, the labour ministry has implemented the Skills Development Programme from October this year with diversification of courses in new areas as preparatory trial. The introduction of full-fledged courses of the TVET reform plan will commence by 2024.

The initiatives of the TVET reform have begun in four key strategic areas of People, Place, Product, and Process transformation. As an initiative for place transformation, the Department of Technical Education has completed topography survey of eight Technical Training Institutes (TTIs) and Institutes of *Zorig Chusum* (IZCs).

Works for refurbishment and expansion of the existing institutes, and the construction of new institutes to meet the projected capacity has also begun.

Concurrently, the capacity building of TTI instructors with engagement

of international master trainers is also being initiated as part of people transformation.

Attracting performers

Building a robust and resilient talent management system in the TVET has been proposed as one of the key strategies under People transformation. In this, we will attract top performers in the TVET sector through performance-based management system.

Accordingly, with guidance and support from the Royal Civil Service Commission and Singapore Polytechnic, the labour ministry is developing the TVET Trainer Competency Framework which will facilitate talent management system in the TVET sector.

Diploma, Bachelors, and Masters for TVET

Under the TVET reform plan, the TVET sector will be expanded beyond the current diploma level to applied degree which will create a smooth pathway in higher qualification levels.

As per the reform plan, more than 30 courses will be offered at national diploma level in addition to the existing national diploma course offered at Institutes of *Zorig Chusum* and Royal Institute of Hospitality and Tourism.

An MoU and ToR was signed on June 2021 with the Government of Singapore to introduce Diploma in Facility Technology and Automobile

Technology as part of development of the Model Technical Training Centre (MTTC).

STEP-UP Project supported by Asian Development Bank is also working on the introduction of diploma level courses in line with the TVET reform plan.

Ex-country scholarships for TVET

With directives from the Cabinet, the education and labour ministries have started offering higher education scholarships in the TVET sector since 2020.

In the 2020 and 2021 academic years, 18 students for undergraduate and diploma levels were offered ex-country scholarships to pursue TVET courses. We are now targeting to reserve 20 percent of the ex-country scholarships for the TVET sector.

Similarly, the Royal Civil Service Commission with support from Government of Australia has initiated Australia Award Scholarship in priority areas for TVET faculties and professionals to upgrade their qualification.

Transforming the tertiary education sector

As the education sector sees major shift, it is only natural that tertiary education be accorded equal importance so that our youth are equipped knowledge relevant and useful to the demands of the 21st century.

For this, the Royal University of Bhutan (RUB) is working on various reform plans along course content, human resource, and innovation for all colleges in Bhutan.

Diversifying course content and programmes

Enhancing graduate competency is one of the main tasks under the tertiary education reforms.

For this, the RUB is reviewing the existing programmes to integrate values and 21st century skills such as collaboration, critical thinking, communication, and learning to learn.

Similarly, the duration for all three-year degree programmes will be increased to four years creating space for competency development, communication skills, and breadth modules.

To enhance the future employment prospects and to ensure quality teaching-learning, student enrollment will be rationalised. The University has begun decreasing enrollment in arts and humanities subjects that do not match with labour market needs.

The enrollment in STEM programmes will be increased to the extent possible. However, there will not be any increase in the overall enrollment rate in undergraduate programmes to ensure quality delivery.

For example, the Gyalpoizhing College of Information and Technology, under His Majesty's guidance, is being altered to a world-class IT education centre.

The infrastructure as well as courses are being replaced.

The B.Sc in IT has been changed to B.Sc in Digital Media Development which focuses on design, visual communication, digital marketing, web styling, digital animation, and design thinking and programming.

Similarly, B.Sc Computer Science has been replaced by Bachelor of Computer Science with emphasis on full stack development, Artificial Intelligence, Data Science, and Blockchain. The programmes are being led by experts/international academic staff from Singapore.

Flexibility and mono-disciplinary system

The colleges under the RUB will be shifted from a mono-disciplinary to a more choice-based ones. The courses and programmes will comprise 60 percent core modules and 40 percent electives with flexibility for students to take up modules of their choice.

Similarly, content-specific technology and methodologies will be infused in relevant programmes so that graduates can leverage technology in their areas of specialisation.

Strengthening human resource

We have been persistent in strengthening the human resource in our colleges. It has now become very important for the RUB to attract

world-class faculty from developed countries. This is to guide our young lecturers to teach beyond the textbooks and innovate in their delivery.

We need to learn how we can inculcate the academic rigour, vigour, and relevance that are the hallmarks of reputed universities whilst grounding the students in our own value system.

For this, we will review the existing human resource rules and regulations to ensure greater productivity and address complacency issues more effectively.

Research, innovation and internationalisation

Our tertiary education institutes continue to promote and strengthen research for informed teaching and learning, and to respond to the needs of society for innovation, creative/alternative solutions, and to inform decision-making.

In consonance, the RUB will develop business incubation centres and explore the possibility of developing Fablabs to support innovation and generation of ideas in its technology colleges. These centres will be linked with national Fablabs and innovation hubs for collaborative works.

The RUB will also augment mechanisms to internationalise its campuses thereby enhancing the quality of teaching and learning, and

to foster students' cross-cultural skills. This will prepare our youth for work in a changing, competitive, and international workplace.

Reforms in Colleges of Education

On several forums, we have discussed the need to reform the two colleges of education. Our focus was to urgently enhance the quality of these colleges so that we produce quality teachers who will contribute to bringing about quality education in the country.

On our part, we increased the stipend for the trainees of the two colleges in comparison to other institutes. Similarly, we focused on systemic changes in the two colleges starting with student recruitment,

making teaching a preferred choice for top-performing students who are passionate to make a difference in the lives of young people, and creating pathways to constantly innovate and align with the needs of the future.

The two colleges will now work on collaborating with the National Institute of Education (Singapore), Institute of Education, London University (UK), Department of Education, Oxford University, and invite professors from these institutes to share their best practices and experience.

A comprehensive plan of action is also being developed for these two colleges in consultation with the education ministry to align with the Bhutan Baccalaureate.



ECONOMY

The ultimate aim of the government is to ensure economic prosperity for our people and the nation. His Majesty reiterated during the 114th National Day celebration that if our country prospers, it will be our people who will enjoy the benefits. On the other hand, should we fail, our people will suffer.

That will be our motivation. And although the pandemic might rage on unabated for the foreseeable future, safeguarding the lives of our people and reviving the health of our economy shall remain our top priorities.

The conservative, non-compromising measures we embraced to fend off the disease have undoubtedly been harsh on our economy. The GDP growth rate dropped to an all-time low of -10.08 percent in 2020, a huge slide from 5.76 percent in 2019.

Meanwhile, the Gross National Income (GNI) was recorded at -7.23 percent in 2020, which is a drop of more than 12 percentage points from the previous year. The Covid-19 containment measures that included closure of international borders had a huge bearing on the revenue sectors.

As an import driven nation, we were hit harder but this has given us the opportunity to re-look into investments and forge a better path ahead.

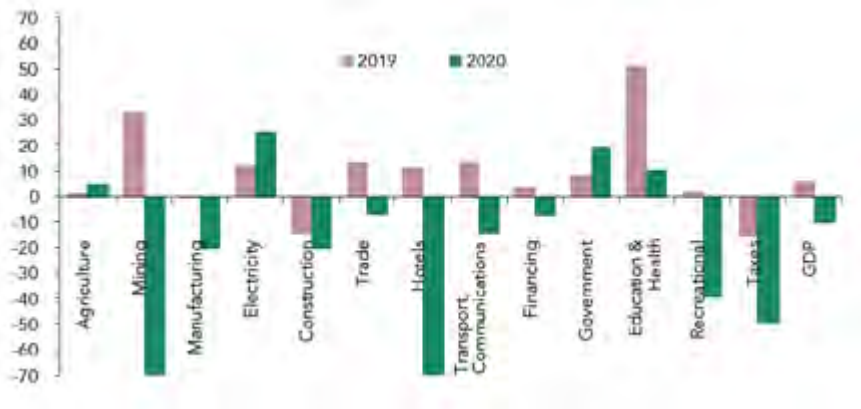
Macroeconomic performance

Sector growth

The key sectors that contributed to the contraction of the economy were Mining and Quarrying by -81.84 percent, Hotel and Restaurants by -73.46 percent, Manufacturing, Construction, and Transport and Communication by -20.76 percent, -20.64 percent, and -14.65 percent respectively. Further, Finance and Insurance, Wholesale and Retail Trade, and other business services have also contracted, contributing to the overall decline of the economy in 2020.

On the expenditure side, the government final consumption expenditure saw a positive growth of 4.10 percent whereas the household final consumption expenditure declined by 7.95 percent.

However, the Druk Gyalpo's Relief *Kidu* in the form of income and interest payment support to affected individuals, along with fiscal and monetary measures, effectively mitigated the adverse impact to a large extent. The real economic loss ascertained for 2020 was Nu 7.3 billion, and without the NRF support, it would have been much higher at Nu 10.5 billion.



Sector growth (in %)

Sector performance

It is a respite to note that the primary sector (agriculture, livestock and forestry) saw one of the highest growths in the last five years. It recorded a growth of 4.57 percent in 2020.

It was a result of improvements in performance of all the three sub-sectors of crops, livestock, and forestry and logging.

The secondary sector (industry) saw a steep decline as the impact of the pandemic grew by the month. It dropped by -13.10 percent in 2020 from a positive growth of 2.01 percent in 2019.

The hydropower sector, however, remained resilient to the pandemic's effects thereby mitigating the overall adverse impacts on our economy. A substantial increase in electricity export earnings facilitated by the

commission of the Mangdechhu Hydropower Project mitigated the setbacks to a large extent.

Additionally, the tertiary (service) sector was significantly affected by Covid-19 containment measures as its main driver, the tourism industry, came to a standstill. Therefore, the services sector recorded a negative growth of 10.74 percent in 2020, compared to positive growth of 9.75 percent in the previous year.

Inflation

It is of grave concern that the supply chain disruptions and increasing commodity prices have contributed to high food inflation.

While the lockdowns and stringent containment measures of driver switching between high and low-risk areas have aggravated inflation, the fixation with the INR renders

us helpless in controlling prices of essential commodities.

Soaring prices have been observed for common household goods like vegetables, oil and hydrogenated fat products, eggs and milk, among others. In addition, the hike in fuel prices, house rent, utilities and unfair market practices have adversely affected the purchasing capacity of many households.

The annual price change (inflation) measured by the Consumer Price Index (CPI) was recorded at 5.63 percent in 2020. In February 2021, inflation peaked at 9.5 percent before falling to 5.3 percent in August. The month-on-month CPI inflation in August increased by 0.23 percent compared to July which is attributable to an increase in non-food prices by 0.43 percent. The transportation sector is the main

contributor behind the increase in non-food prices. By the end of 2021, the inflation rate is projected to reach 6.87 percent.



Annual Inflation Rate

Besides ensuring minimal market disruptions and price gouging despite the restrictions imposed by the pandemic, we are also closely monitoring the inflation using vigorous price controls and market vigilance.



GDP and major economic sector growth rates (in %)

Fiscal sector

Despite the pandemic, the total resources mobilised in fiscal year 2020-21 was Nu 59,696 million, of which 60 percent was domestic and the remaining was from grants and other receipts.

While the domestic revenue mobilised amounting to Nu 35,855 million exceeded the target by 8 percent, it was one percent dip compared to the fiscal year 2019-20. Profit transfer of Nu 7,375 million from the Mangdechhu Hydropower Project brought about a significant offset.

To ensure a certain level of continuity in the economy despite setbacks imposed by the pandemic, current expenditure was contained within the limited resources, whereas capital expenditure increased by 25 percent. As a result, the fiscal deficit stands at 6.3 percent of GDP. Besides external borrowings, the capital works were financed mainly through domestic borrowings that included issuance of first-time government bonds and treasury bills.

In the medium term, the fiscal deficit is projected to remain elevated as non-hydro revenues remain subdued. On the other hand, we will continue to spend more to boost economic activities and ensure continuity in development projects. As a result, the financing requirement will increase. Since external borrowings depend on the agreement framework with multilateral development banks, the deficit needs to be largely financed through the domestic market.

External sector

On the external front, because of the reduced demand for export and import, the current account deficit in fiscal year 2020-21 narrowed to 11.8 percent compared to 12.4 percent of GDP in fiscal year 2019-20.

As of September 2021, the total goods exports increased by 76 percent and imports increased by 31 percent compared to the same period of the previous year. For instance, non-hydro exports to India increased by 77 percent and imports by 38 percent.

Therefore, the non-hydro export in 2021 is projected to increase by 51 percent compared to 2020 while the hydro export to India is expected to drop by 15 percent.

Similarly, the total imports in 2021 is expected to increase by 22.8 percent as economic activities normalise. The overall trade deficit, therefore, is projected to widen in 2021.

The current account deficit is expected to be adequately covered by financial and capital flows as hydropower disbursement and budgetary grants continue, which could result in an overall balance of payment of 7.6 percent of the GDP during the current fiscal year.

The Gross International reserves at the end of fiscal year 2020-21 stood at US\$ 1.5 billion, which was adequate to meet 28 months of essential imports.

Monetary sector

Despite the economic slowdown, the growth in money supply has been maintained at 24.5 percent, which is supported by an increase in both net foreign assets and net domestic assets. Net foreign assets continue to drive the money supply growth and is attributable to increased inflow of foreign grants, hydropower receipts, and lower import payments during this fiscal year.

The growth in money supply in the coming fiscal year, however, is expected to be lower at 14.4 percent due to the decline in net foreign assets.

Credit to the private sector is estimated to increase from 6.9 percent (2020-21) to 10.9 percent (2021-22), as economic activities normalise, thus augmenting investments in the private sector.

With close to a nine percent decline, the Non-Performing Loans (NPL) have come down from Nu 26.5 billion in June 2020 to Nu 24.2 billion in 2021. The NPLs are mainly concentrated in the service/tourism, trade/commerce, and production and manufacturing sectors with a share of 29 percent, 19 percent, and 19 percent respectively.

As of October 2021, total liquidity in the financial sector stood at Nu 34.4 billion. The implementation of various monetary measures has contributed to providing an undisrupted flow of liquidity in the financial sector.

Debt situation

The total public debt stock stood at Nu 240,897.795 million as of 30 September 2021. It comprises an external debt stock of Nu 219,823.359 million and a domestic debt stock of Nu 21,074.437 million. It has increased by one percent, compared to 30 June 2021. The increase is a result of a rise in T-Bills stocks by Nu 4,000 million.

Meanwhile, the external debt decreased by Nu 1,501.083 million (-0.7 percent) mainly on account of the Mangdechhu Hydropower Project Authority repayment.

The second principal repayment of Nu 1,392.502 million was made in July 2021 based on the draft protocol between the Bhutan and India.

In addition, the depreciation of foreign currencies (USD, EUR, XDR, and JPY) in which convertible currency (CC) debt is denominated also significantly reduced the Ngultrum value of CC debt stock, causing further decline in external debt stock.

The domestic debt stock increased by Nu 4,000 million (23.4 percent), compared to the domestic debt stock of 30 June 2021. The increase was due to additional issuance of T-bills for cash management purposes during the quarter.

Debt and threshold

While the external debt to GDP remains elevated at 116.2 percent of GDP as of 30 September 2021, the risk of debt distress is considered low or moderate, since a major portion (73.4 percent) of external debt is on account of loans availed for ongoing mega hydropower projects.

The hydro debts are considered self-liquidating as hydropower projects are commercially viable. Moreover, debt servicing starts only a year after the commercial operation date, ensuring that there are adequate corresponding revenue inflows required for debt servicing.

Furthermore, 91.2 percent of hydro debt is denominated in Indian Rupee, to which the Ngultrum is pegged at par, thereby mitigating exchange rate risks. However, the cost escalations and delay in commissioning of ongoing hydropower projects, which increases interest during construction (IDC), would significantly increase debt servicing cost of the projects.

Similarly, non-hydro debts are contracted from bilateral and multilateral development banks at highly concessional terms, with very low interest rates ranging from 0.75 percent to 1.5 percent, and repayment periods as long as 30 years.

Therefore, debt servicing per installment is very low, minimising the risk of debt default. Moreover, the non-hydro debt is projected to decline in the medium- to long-

term, reducing the debt burden over the period.

Additionally, more than 95 percent of the external debt is fixed-rate debt indicating a low interest rate risk. The rollover risk is also low as only two percent of the debt is projected to mature in the next one year.

Some interventions to sustain the economy

Trade facilitation

- » Bhutan and Bangladesh signed the Preferential Trade Agreement (PTA) on 6 December 2020, which coincided with the 50th Anniversary of Bhutan's recognition of Bangladesh's Independence.

The agreement is envisaged to further enhance market access and boost trade between the two countries. The PTA was ratified by the National Assembly during the 5th Session of the Third Parliament in 2021 and has been ratified in the 28th Session of the National Council.

The PTA was ratified by the National Council on 9 December 2021. With the ratification of the PTA, 16 more products from Bhutan will enjoy duty free access to Bangladesh in addition to the existing 18 products. Likewise, 10 more products from Bangladesh will enjoy duty free access to Bhutan in addition to the existing 90 products.

- » The Bhutan-India Commerce Secretary Level Meeting was held in New Delhi, India, on 3 November 2021. This was the first in-person high level meeting held between the two countries since the start of the pandemic. The last meeting took place in 2018.

During this meeting, a Letter of Exchange was signed to include seven additional entry/exit points in the Protocol to the Trade, Commerce and Transit agreement between India and Bhutan. This will form an addendum to the Protocol of 2016 India-Bhutan Agreement on Trade, Commerce and Transit and will facilitate Bhutanese exports to both India and Bangladesh.

At the moment, there are 21 approved exit and entry points. Our delegation also proposed two new trade routes for Bhutan to access markets in the region through Haldibari (West Bengal) and Golakganj (Assam).

- » In order to keep the boulder export going, the Amochhu Boulder Export Containment Facility was constructed with a budget of Nu 16.5 million from Bhutan Export Association.
- » To facilitate the Food Corporation of Bhutan (FCB) to construct cold storages and warehouses, Nu 90 million was disbursed to the Ministry of Agriculture and Forests. The construction is currently being carried out

by the FCB. The cold storage construction at three sites of Rinchengang (Wangduephodrang), Samtenling (Sarpang), and Khaling (Trashigang) have been initiated and have achieved a physical completion rate of 80 percent.

- » A temporary land customs station at Pasakha-Alay was established to facilitate export of industrial goods. Improvements made to the existing import modality of both essential and non-essential items allowed for entry of Indian vehicles directly to warehouses eliminating transshipping at the mini-dry port and other transshipment areas.
- » Bhutan is currently participating at EXPO 2020 in Dubai with an objective to promote local products, tourism, and attracting FDI. The EXPO started on 1 October 2021 and will go on until March 2022. Business-to-Business (B2B) linkages have been planned early next year through Bhutan Chamber of Commerce and Industry.

Startup and CSI Flagship

The startup and CSI Development Flagship Programme aims to promote the growth of vibrant and sustainable startups and Cottage and Small Industries (CSIs) contributing to the overall socio-economic development. The flagship programme comprises two major components—the Startup Programme and the CSI Development Programme.

To improve the entrepreneurship culture, five Business Incubation Centres were established at five colleges of the Royal University of Bhutan (Gedu College of Business Studies, College of Language and Culture Studies, College of Science and Technology, College of Natural Resources, Jigme Namgyel Engineering College and Sherubtse College).

About 455 youths, as well as aspiring entrepreneurs, were trained in entrepreneurship development programmes. Targeted skills development training was also provided to the CSIs in the area of packaging, business management, digital marketing, floriculture and product development.

Under this arrangement, business development support was also provided, which includes linking 500 plus CSIs with the CSI market established at Changzamtog, Thimphu, and launch of 11 new products. More than a thousand “Made in Bhutan” CSI products are being sold through the market.

The CSI market is linked to the aggregator for steady supply of products from different parts of the country. To expand market reach, the physical products have already been promoted in 11 dzongkhags, and aggressive promotional activities are being pursued.

Moreover, 146 CSIs were supported to procure equipment and machinery worth Nu 23 million under the

Industrial Development Grant Scheme/Essential Service Scheme/Innovation Voucher Scheme. An online technology request database was also developed to link CSIs with local suppliers.

Recognising the significance of CSIs in the economy, construction of a CSI estate in Tsirang has been completed. Provisional land allotments and issuance of industry licences for establishing business activities are underway for the three industrial parks of Jigmeling, Dhamdum and Motanga.

To further support CSIs, the government has initiated efforts to upscale National Credit Guarantee Schemes (NCGS) to a State-owned Enterprise.

To create an enabling business environment, reforms on the CSI Registration System were completed primarily to facilitate ease of starting CSIs and to do away with unnecessary regulatory-related burdens. Presently, 2,555 CSIs have migrated to the registration system and another 1,714 have obtained new online registration certificates.

Going forward, two Digital Fabrication Labs (Fablabs) will be set up in two colleges (College of Natural Resources and Jigme Namgyel Engineering College). The construction of the Startup Centre at Dhamdum in Samtse is underway.

An Export Financing Window has been established with the National

CSI Development Bank to support the CSI sector for export promotion and import substitution with a fund allocation of Nu 500 million. Against the total amount, Nu 496.836 million has been disbursed to 1,430 individuals.

Identifying new investment areas

To generate at least Nu 15 billion annually to offset loss of the tourism revenue, the government has approved a total of 40 (32 medium and eight large-scale) new domestic industrial projects in 2021 worth approximately Nu 18.7 billion.

A total of six FDI projects worth Nu 713.23 million have been approved and another six projects worth Nu 1.106 billion were also approved “in-principle” this year.

We have also approved 4,313 new CSIs in 2021, thus creating employment opportunities, value addition to local resources, and reducing imports.

Industries

Industrial development is the key to diversification of the economy, job creation, export enhancement, and revenue generation, among others. To this end, we are currently developing three industrial parks namely Jigmeling Industrial Park in Sarpang, Dhamdum Industrial Park in Samtse, and Motanga Industrial Park in Samdrupjongkhar and have achieved physical progress

of 78 percent, 78 percent, and 69 percent respectively.

Energy

Hydropower has been the mainstay of our economy, and it was a boon to the country during the tumultuous Ccovid-19 period. While most other sectors were acutely burdened, the export of hydropower cushioned the impact of the economic downturn. The gross revenue generation from all hydropower plants in 2020 was Nu 30.152 billion out of which Mangdechhu Hydropower Project alone contributed Nu 13.195 billion.

The soaring global energy prices have captured the headlines, which is primarily driven by supply shortage of coal, oil, and gas. Nevertheless, Bhutan continues to reap the benefits of possessing abundant hydropower generation capabilities.

To ensure energy security, there is an urgency to complete the on-going hydropower projects in a time bound manner and initiate constructions of new plants.

A brief update on status of on-going hydropower projects are as follows:

- » The construction of 1,200 MW Punatsangchhu-I Hydropower Project has achieved 87.30 percent physical progress as of September 2021. The project has incurred an expenditure of Nu 80.94 billion as of September 2021.
- » The construction of 1,020 MW

Punatsangchhu-II Hydropower Project has achieved 90.83 percent progress and incurred an expenditure of Nu 73.067 billion as of September 2021.

- » The construction of the 118 MW Nikachhu Hydropower Project has achieved 73.58 percent physical progress and incurred an expenditure of Nu 10.786 billion as of September 2021. The project is expected to be commissioned by June 2023.
- » The 720 MW Mangdechhu Project was commissioned in mid-2019 and has generated over 7,000 million units since. The project's Unit 3, which underwent major disruption, was restored in August 2021. Discussions are underway with the Government of India on handing over the project to us.

Besides, the UK-based Institution of Civil Engineers awarded the Brunel medal to the management of the Mangdechhu Hydropower Power Authority for excellence in civil engineering. This is the first time a hydropower project in Bhutan has been recognised at an international level setting a benchmark for other hydropower projects to emulate.

- » To provide strategic direction, based on experiences gained so far, the Hydropower Policy was revised and approved in March 2021.
- » To augment the firm power generation capacity, investment

plans for development of 1,125 MW Dorjilung and 404 MW Nyera Amari projects in collaboration with international financial institutes has been initiated.

Exploring investors in green energy and technology

To diversify the energy mix for energy security, the first utility-scale of 180-KW grid-tied solar power plant at Rubesa was commissioned in September 2021.

The 17.38 MW Sephu solar project has been finalized for implementation with funding from the Asian Development Bank (ADB).

Desk assessments of seven solar project sites with a combined estimated capacity of 308 MW have been submitted to ADB for carrying out site feasibility studies and financing. The identified sites are Doongmanma in Trashigang (32.25 MW), Chumey (41.96 MW) and Tang (91.45 MW) in Bumthang, Khottokha (3.41 MW) and Gogona (64.71 MW) in Wangduephodrang, Tenchekha in Thimphu (59 MW), and Apa Amai Pang in Dagana (15.69 MW).

We are further exploring the viability of hydrogen use in mass transportation and industrial applications to reduce dependency on fossil fuel imports and meet our carbon neutral commitments. An initial review towards the development of the national hydrogen roadmap has begun.

Mining

The Mines Administration System has been developed to facilitate seamless processing of mining applications, generate transport permits, and payment of royalty through an online platform.

We have revised the Mines and Minerals Management Regulations 2002. The regulation is vetted by the Office of Attorney General to ensure that the revisions are in conformity with the Mines and Minerals Management Act 1995. The regulation is in the final stages and we will be endorsing it in a matter of time.

The primary objective of the revision is to lift the moratorium being placed on mining applications by bringing clarity on the allocation of captive mines and proven mineral reserves.

flat single rate of 10 percent, which excludes demerit goods like tobacco, alcohol, betel nut, and luxury goods like motor vehicles and precious metals (gold and silver).

With this revision in place, the following outcomes are expected:

- » Increase in trader compliance;
- » Minimisation of discriminatory application of CD rates and classification of goods by customs officials;
- » Enhancement of predictability and transparency to traders in determining their tax liability, and;
- » Broadening of the tax base with shift in preference from Indian-origin goods to goods originating from other countries.

Customs duty rationalisation

The 5th Session of the Third Parliament enacted the Customs Duty Act of Bhutan 2021 to rationalise customs duty. Issues stemming from multiple CD rates in the previous structure such as different duty rates for similar products could likely create a room for misclassification under lower rates.

The multiple CD rates combined with higher rates has also limited the access and increased cost to product diversification from countries other than India.

To solve these problems, customs duty on all products was revised to a

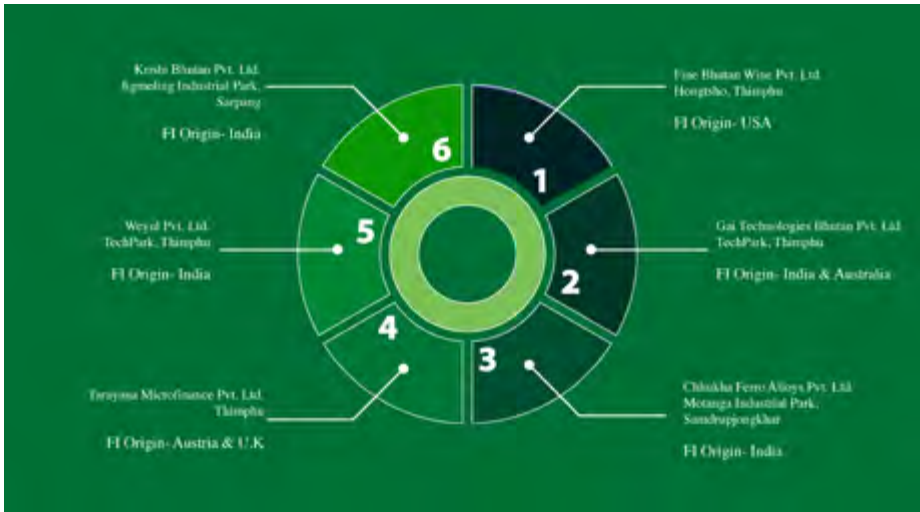
Financial service reforms

Cluster Finance Services

Based on the concept of sharing of services by leveraging the use of ICT, Cluster Finance Services (CFS) was launched in July 2021 as a joint initiative of the Ministry of Finance and the Royal Civil Service Commission. Under the initiative, all finance personnel will be pooled under one Cluster.

It is expected to optimise and rationalise the deployment of finance personnel and improve the delivery of finance services by means of standardised service delivery across agencies.

It will also institute a practice of prudent fiscal discipline through



proper check and internal control mechanisms. The CFS will further contribute towards restructuring of the budget process and financial norms as enshrined in the Royal *kasho* on Civil Service Reforms.

The CFS is currently implemented at regional offices under the Ministry of Agriculture and Forests in Thimphu, and the Judiciary in Paro, Bumthang, and Trashiyangtse. It was recently rolled out in Dagana, Haa, Trongsa, Tsirang and Zhemgang.

Other relevant budgetary bodies in Thimphu including the constitutional bodies and autonomous agencies will implement the CFS in a phased manner.

In Covid-19 high-risk areas such as Sarpang, Samtse, Samdrupjongkhar and Chhukha, the CFS implementation will take place gradually.

Implementation of e-PEMS and eDATS

With the nationwide rollout of the electronic Public Expenditure Management System (e-PEMS) starting July 2019, a significant reduction in turnaround time for payments processing by government budgetary agencies has been observed thereby fully eliminating the use of conventional manual paper cheques. The system is being continuously enhanced for smooth integration with other systems such as the Zhiyog Electronic System (ZES).

To complement the e-PEMS, the electronic Daily Allowance and Travel System (eDATS) was also launched. eDATS is aimed at strengthening public financial management practices through digitalisation of daily allowance and travel payment processes.

The eDATS is expected to:

- » Reduce turnaround time for processing travel claims;
- » Establish uniformity in application of rates and travel distance;
- » Eliminate double claims/payment, and;
- » Produce real-time reports for monitoring and decision making purposes.

Electronic Vehicle Quota System (e-VQS)

The system of providing foreign vehicle quota was introduced in the 1980s, at a time when public transport, buses, and taxis were almost non-existent. The main objective was to facilitate the import of foreign vehicles for public servants and to minimize the pressure on a limited number of government pool vehicles.

It was also aimed at easing the mobility of the public servants while conducting their official duties and to standardise the import of foreign vehicles into the country.

The civil servants and public servants in P3 level and above are entitled for a vehicle quota, free of customs duty and sales tax exempted up to a ceiling of Nu 0.800 million after every seven years of import.

With the endorsement of the Pay Revision Act 2019, civil and public

servants have been provided with an option to monetize their vehicle quotas for Nu 0.250 million on purchase of a conventional vehicle or Nu 0.350 million on purchase of an electric vehicle.

With the introduction of e-PEMS, the monetised amount for the vehicle quota is directly credited to the beneficiary's bank account.

Starting 1 July 2021, the finance ministry launched the online system called electronic-Government Vehicle Quota System (e-VQS) for providing vehicle quotas online as an effort to enhance public service delivery and harness the advantages of digitalisation.

This is an important milestone towards embracing ICT to eliminate routine manual and clerical tasks, reduce administrative burden, and reduce turnaround time.

The entire system has been developed domestically using open source technology and is deployed at the government data centre (GDC).

BETA Apps (BIT Estimated Tax Apps)

Through the BETA Apps, taxpayers would now be able to submit their business tax returns without having to come in contact with a tax collector. Upon verification by the concerned agency on the submitted self-declared tax returns,

the taxpayer would be notified in the BETA app to make the tax payment. This will be done through digital payment solutions provided by the banks in Bhutan.

The taxpayer can also avail the tax clearance certificates through BETA and find contact details of the Regional Revenue and Customs offices.

Customs Road Cargo Manifest System

Since the closure of borders last year, registration of vehicles importing goods was made mandatory. However, the process has been inconvenient and troublesome.

This is now expected to become easier with the newly launched Customs Road Cargo Manifest System (CRCMS). The CRCMS is an online web-based system for importers to register vehicles carrying goods.

Budget for Covid-19 related activities

All government financing specified for Covid-19-related activities were met out of the approved budget under general reserves. Therefore, there has been minimal to no impact on development activities.

The budget was allocated to meet expenses related to procurement of personal protective equipment (PPE), purchase of drugs/non-drugs items,

flu clinic operations, essential food item and fuel stocking, quarantine facilities, temporary structures, among others.

Budget provided for specific Covid-19-related activities in the last two fiscal years are indicated below:

From the above figure of Nu 2,595.171 million in the FY 2021-22, Nu 1,853.707 million was from the government and Nu 741.464 million was from external sources.

Minimising non-performing loans

The Asset Reconstruction Company (ARC) consists of public, private, or joint companies formed under a specific Act to buy bad loans from the banks.

It is aimed at cleaning up balance sheets of the banks and providing liquidity in exchange for the bad loans at a pre-agreed discounted rate.

In the current context, while the ARC may temporarily remove the non-performing loans (NPLs) from the books of accounts, findings and experiences indicate that ARCs do not provide long-term solutions to address NPLs in the financial sector.

On the other hand, the recently instituted National High Level NPL Committee chaired by the finance minister is looking at targeted interventions to resolve the NPL issues.

The committee has designed a framework with relevant principles of an ARC, while also having added benefits of ownership and collaboration by all relevant stakeholders such as the government, Judiciary, National Land Commission, Royal Monetary Authority, and the banks.

Therefore, the formation of a time-bound ARC has been dropped as the objectives can be met through the existing NPL resolution framework.

Fiscal Incentives Act of Bhutan

Towards stimulating economic growth, fostering private sector development, and generating employment, the Fiscal Incentives Bill of Bhutan 2021 was deliberated and endorsed during the 6th Session of the Third Parliament.

The incentives provided through the Bill are expected to revive the private sector and the economy.

The Fiscal Incentives Bill 2021 has the following direct and indirect tax incentives to support resilient economic recovery during the post pandemic period:

- » Tax exemption;
- » Concessionary tax rate;
- » Investment allowance;
- » Additional deductions;
- » TDS exemption, and;
- » Sales tax and customs duty exemptions.

The Fiscal Incentives Bill is aimed at supporting the growth of domestic businesses to revitalise post pandemic private sector investment while also consolidating the revenue position by granting 100 percent deduction on capital investment and making “investment allowance” a key pillar of the fiscal incentive regime.

In order to rein in future growth opportunities, businesses will be encouraged through the investment allowance scheme to invest in key value-adding capabilities such as productivity, efficiency, mechanisation, and research and development.

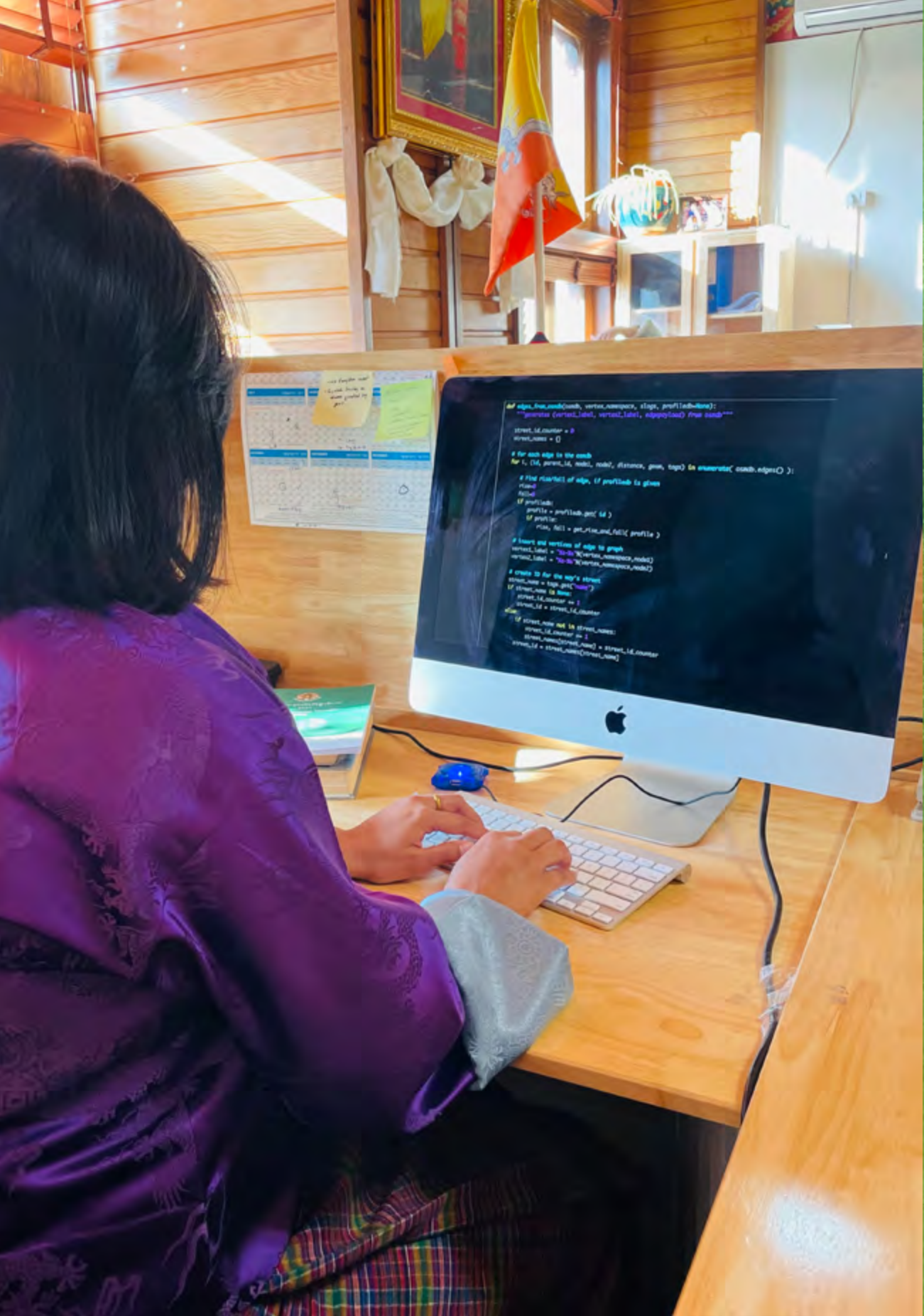
For businesses that are in a position to carry out expansion projects with significant investment, a concessionary tax rate or tax exemption for a limited period will be allowed while ensuring that tax foregone results in identifiable economic benefits.

On the revenue protection front, tax exemptions and concessions shall be only granted to businesses where there are identifiable economic benefits created in the following forms:

- » Minimum domestic capital expenditure;
- » Minimum annual business spending, and;
- » Minimum job creation for Bhutanese.

Additional deductions for employment of more Bhutanese and use of locally manufactured products are granted to encourage domestic production and substitute import of goods and to generate more employment opportunities for the Bhutanese youth.

The sales tax and customs duty exemptions granted under the identified priority sectors in Fiscal Incentives Bill 2021 is expected to augment the businesses by reducing the cost of production and help promote export.



EMPLOYMENT

The impact of the pandemic on employment was immediate and widespread. Closure of businesses, both temporary and permanent, rendered many individuals jobless.

While forging the path ahead, we must introspect on the way unemployment has been looked at so far.

Our focus on investing in ideas and making our people employable has been minimal. That is one reason why the unemployment rate almost doubled in 2020, particularly in the services and industry sectors when the pandemic struck. The problem was exacerbated by layoffs, new entrants into the labour market and overseas returnees.

And while we often discuss unemployment, we have not even reviewed issues of underemployment and underpayment despite the inflation and increasing burden of high rental costs.

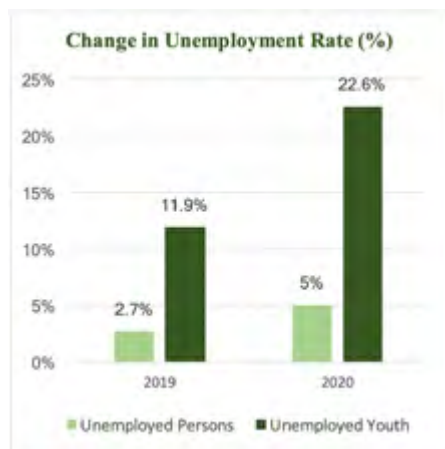
There is no one magic bullet that will resolve the unemployment issues. Be it private sector development or relevance of skills, all are facets that require targeted interventions as we navigate these troubled waters and intensify efforts to ease the unemployment scenario.

Current unemployment scenario

The Labour Force Survey 2020 revealed that the number of unemployed persons in 2020 stood at 16,660 compared to 8,698 in 2019. Similarly, the number of unemployed youths stood at 6,922 in 2020 compared to 3,626 in 2019.

The sharp decline in economic output would have translated into a far worse scenario had it not been for His Majesty the King's leadership and timely interventions. The Accelerated De-Suang Integrated Training Programme absorbed a huge number of youths who were either unemployed or displaced because of the pandemic. Under the Programme, 7,922 individuals were trained in the general category, and 3,947 were trained for water management.

Concerted efforts are also made to promote gainful employment opportunities through the labour ministry by means of skilling,



facilitation of job placement, promotion of self-employment opportunities, and provision of timely and reliable labour market information.

The expanded opportunities under the Economic Contingency Plan, started right after the pandemic, engaged 1,300 individuals in tourism and 930 under the Build Bhutan Project.

With a number of interventions in place to counter the impact of Covid-19 on unemployment, the unemployment rate is expected to remain within 3 to 5 percent in the medium term. Much of the focus is also on preparing for the new jobs and industries that define the post-pandemic period.

Technical and Vocational Education Training (TVET) reforms

With economic diversification and technological advancement, the need to produce a skilled workforce equipped with high-end competencies has emerged.

TVET is expected to play a critical role in nurturing a smart and knowledgeable workforce ready for the 21st century economy. Accordingly, there is a need to diversify and expand the TVET system exponentially to provide a wide range of opportunities for all segments of our society.

To this end, we have finalised the draft of the TVET Policy in June 2021.

The Policy is designed to reform the TVET system through multi-pronged interventions. The TVET reform is envisioned to create a work-ready and future-ready workforce.

TVET reform transformation areas

The TVET reform has four areas of transformation—product, place, people, and process. Each of these transformation areas address a host of current challenges and serve as foreground to enhance TVET and make it an attractive, responsive, and dynamic bastion of skills generation and innovation.



The reform process has been evidence-based and systematic. It takes into account the best practices from other countries vis-à-vis our socio-economic context.

To this end, we have recruited and engaged eight master trainers from South Korea (3), Thailand (3), and Germany (2) for the BBP and TVET Reform Plan.

About 61 TVET instructors were trained and 40 TVET managers were groomed on leadership and governance. Eight new TVET courses were designed and developed along with the revision and development of 17 National Competency Standards.

Additionally, TVET advocacy programmes were successfully conducted in 30 schools. I am happy to report that the TVET Reform Plan is final and approved.

Further, to expand and optimise the use of Technical Training Institutes (TTI) and Institutes of Zorig Chusum (IZC), major construction and augmentation works are underway in all the institutes across the country.

Skills Development Plan (SDP)

On 31 May this year, His Majesty commanded the Ministry of Labour and Human Resources to diversify opportunities through skills training for the unemployed and those affected by the pandemic.

The intent was to meaningfully engage them and enable them to

contribute to our socio-economic development post pandemic.

The ministry therefore designed and launched the Skills Development Plan in October this year to mitigate the socio-economic impact caused by the pandemic and ensure an effective, inclusive and sustainable recovery.

The plan targets individuals who are either jobseekers, or those affected by the current pandemic and economic downturn by supporting them through relevant skills training.

In phase one, the ministry has identified 21 courses in sectors of tourism, agriculture, ICT, traditional arts, manufacturing, construction, electrical, mechanical and business services. Under these, 95 of the 266 individuals have been trained.

Gowa: Connecting talents to the labour market

The Department of Employment and Entrepreneurship has started conducting a monthly event “*Gowa*” to orient our youth towards crucial information pertaining to the labour market.

The event is targeted at having dialogues with youth on opportunities and challenges in the job market. Youths are familiarised with programs like youth engagement and livelihood program (YELP), Build Bhutan Project (BBP), Skills Development Plan, entrepreneurship support, labour market information and online job portal systems.

The event also caters to on-spot hiring for recruitment drive and to connect job seekers with various employers in the job market.

The initiative will be replicated to other dzongkhags in the coming year.

Institutionalising Specialised Firms

Specialised firms (SF) were institutionalised to mobilise, build, and manage a pool of skilled workforce in the construction sector.

This was aimed at meeting the current demand as well as promote the construction sector as an attractive avenue for the Bhutanese workforce.

Through the initiative of the BBP, 46 SFs were established and are currently operating in the market. These firms have offered employment opportunities to 350 Bhutanese youths. Employment opportunities through SFs came as a blessing when the pandemic had taken the toll on other employment generating sectors.

Build Bhutan Project (BBP)

The BBP was launched in July last year as an immediate measure of addressing workforce shortage, while also providing wider and long-term objectives of transforming and professionalising the construction sector.

As of 15 December, BBP has engaged 1,973 individuals.

Similarly, as skilling remains an important component in the construction sector, the five Technical Training Institutes (TTIs) started offering foundational courses in seven construction related trades of construction carpentry, masonry, plumbing, domestic house wiring, welding, painting, and excavator/backhoe operation.

So far, the TTIs have trained over 1,117 people.

Facilitating overseas returnees

Since the inception of the Overseas Employment Programme in 2014, a total of 7,388 individuals were offered placement through the labour ministry and registered agents as of March 2020. By August 2021, some 1,707 individuals returned to the country because of the pandemic. However, 270 have gone back to resume work as of November this year.

Towards improving livelihood prospects by imparting useful skilling and engagement programmes for eligible returnees, trainings have been offered in the form of basic entrepreneurship courses under the Entrepreneurship Development Programme. About 44 returnees have completed this programme.

Implementing CSI flagship

We believe that providing strong support to stimulate innovation and foster entrepreneurship is a key driver of economic growth.

To this end, about 508 youths were trained on entrepreneurship under the flagship programme aimed at creating a dynamic ecosystem

for start-ups by promoting a culture of creativity, innovation, and entrepreneurship.

Two business incubation centres were instituted at Jigme Namgyel Engineering College and Sherubtse College. Until now, 87 new start-ups have begun operation creating 150 new jobs.



HEALTH

Emerging variants continue to pose risks as we enter the third year of the pandemic. Despite the challenges, we will strive to deliver all essential services without any interruption.

As we seek to fulfill the mandate of providing free access to basic public health services in both modern and traditional medicines, we are committed to offer accessible, equitable, and quality healthcare services in the country.

The total health expenditure as a share of GDP has remained around 4 to 4.5 percent over the years. The government's share of health expenditure constituted 73.4 percent in the last fiscal year.

In one of the most inspiring moments, His Majesty the King awarded the Druk Thuksey medal to the ministry on the occasion of the 113th National Day in December last year for its extraordinary service during the pandemic.

Vaccination

Hailed internationally as the fastest vaccination drive during a pandemic, the two nationwide vaccination campaigns were successfully rolled out achieving more than 90 percent coverage of the eligible population in the country.

It took more than 4,800 health workers, over 1,200 vaccination sites and extensive preparation that involved trainings and rigorous awareness programmes.

In addition to the vaccines received

from the donor countries and well-wishers, about 448,900 doses of mRNA vaccines (198,900 Pfizer doses, 250,000 Moderna doses) worth approximately Nu 518.775 million (USD 6.917 million) were also purchased.

As of today, 77 percent of the entire population (all ages) have been fully vaccinated in the country. Further, 93.6 percent of adults (18 years and above) are fully vaccinated and 93.4 percent of children between 12 to 17 years are also fully vaccinated.

For now, the National Immunisation Technical Advisory Group (NITAG) has approved the vaccination of children between five to 12 years. Works are underway to procure additional 180,000 doses of Pfizer vaccine (pediatric formulation) worth USD 1.314 million for this.

With the availability of more convincing evidence, NITAG has recommended booster dose for active frontliners, immunocompromised and individuals with chronic medical conditions, health workers and people living along the borders. The vaccination starts from today.

Surveillance

With a major focus on strengthening the surveillance since the start of the pandemic, vigorous testing and tracing have been the critical means to combat the Covid-19 disease.

54 flu clinics and five RT-PCR testing laboratories have been established in the country since the onset of the pandemic. As of 22 December,

a total of 1,276,721 Covid-19 tests were carried out nationwide. This includes 894,915 RT-PCR tests and 381,806 rapid tests.

Similarly, as part of preparedness and response, hand washing and safe drinking water stations were installed in 83 health facilities, 18 public places, and two institutions (Thimphu Draktsho Vocational Training Institute and Wangsel Institute for Deaf, Paro).

The surveillance includes introduction of mandatory quarantine in government sponsored facilities. This includes quarantine of two weeks for fully vaccinated and three weeks for rest of the international travellers.

A non-compromising seven-day quarantine for travellers from high-risk areas in the country is also enforced.

These measures have served greatly in preventing the disease from entering the communities.

While it was mostly the hotels that were converted into quarantine facilities, under His Majesty's guidance, quarantine facilities with 1,000 beds have been constructed in Phuentsholing, Gelephu, Samtse, and Samdrupjongkhar. These facilities will be used for other essential purposes after the pandemic.

In addition, His Majesty also commanded the conversion of the Druk Green Power Corporation office in Phuentsholing as a Covid-19 Hospital.

It has since been converted into a 200-bed hospital and is being used to treat Covid-19 patients.

Routine healthcare services

The health ministry has been mindful since the beginning that the efforts to fight Covid-19 must run parallel to the routine healthcare services.

Care for the elderly

Our elderly citizens must be offered the best of healthcare services.

To screen older persons (65 years and above) for health conditions associated with old age, we issued a "Health and Wellbeing Handbook" that will maintain record of all the medical conditions, treatment, any home-bound care needs, and follow-up care.

October has been designated as the month for the elderly. Every year, in the month of October, the health ministry will update the line listing of older persons in their respective catchment areas and screen them for Non-Communicable Diseases and other conditions.

To promote compassionate care to older persons and people living with disabilities, we have instituted a mechanism to offer priority to older persons and people living with disability while seeking healthcare services from all health facilities.

Taking services to homes

To transform healthcare services from "provider-driven" to "patient-centric" with components such as home-based care, medicine refill follow-ups and appointment systems

for the sick, we have started Service with Care and Compassion Programme (PEN HEARTS).

The service has been rolled out and implemented in Punakha, Trongsa, Wangduephorang, Tsirang, Zhemgang, Gasa, Dagana, Bumthang and Mongar dzongkhags. This will be replicated in other remaining dzongkhags to take healthcare services to our people's homes.

No dengue outbreak in 2021

Even as we heightened the surveillance because of the pandemic, we were wary that our southern belt was at a high risk of contracting the disease because of the porous border.

With timely prevention activities and enhanced surveillance, we did not see Dengue outbreak from the high-risk areas in 2021. I am happy to report that Dengue cases in the country have reduced from 4,642 in 2019 and 16 in 2020 to just 11 confirmed cases in 2021.

Diagnostic services

To strengthen diagnostic capacity and improve delivery of health services in the peripheral health centres, 45 USG machines, 20 X-ray machines, one Biochemistry and 12 Hematology Lab equipment were installed throughout the country. We are confident that this will significantly enhance coverage of Ultrasound, X-ray and lab services.

Mother and child services

The government accords one of the highest priorities to the mother and child health services. I have always insisted that a pregnant woman in a remote corner of the country must have access to the same healthcare services as the one in an urban dwelling.

In ensuring these, we have taken major decisions on behalf of our mothers and children.

Policy to Accelerate Mother and Child Health Outcomes

We endorsed the Policy to Accelerate Mother and Child Health Outcomes in September 2020. The policy much acclaimed as the "breast-feeding allowance" is aimed to cater MCH services to all our pregnant women and mothers. This is also expected to increase the uptake of MCH services through more holistic and comprehensive approaches.

The health ministry has completed the Operational Guideline detailing the delivery platform, key target beneficiary population, disbursement modality and eligibility criteria, among others, to implement the policy.

The finance ministry and Gross National Happiness Commission are presently working on the financing modalities for the final implementation.

Mobile cardiotocography services

Celebrating the birth of His Royal Highness Gyalsey Jigme Ugyen Wangchuck and as a gift from Her Majesty The Gyaltsuen, we had pledged to offer mobile cardiotocography service to all our expecting mothers.

Since then, the mobile cardiotocography or iCTG services have been introduced in the country and are being implemented in 46 health centres. iCTG is an innovative form of conventional CTG based on Internet of Things (IoT) technology. It can monitor the health condition of an expectant mother and her fetus.

Gyaltsuen Jetsun Pema Mother and Child Hospitals in Thimphu and Mongar

To improve the quality of mother and child healthcare services in the country and offer specialised MCH services, we are constructing a 150-bed Gyaltsuen Jetsun Pema Mother and Child Hospital in Thimphu.

The hospital is expected to be complete by June 2022. To date, over 53 percent of the work is complete.

Similarly, we recently awarded the construction work for 65-bed Gyaltsuen Jetsun Pema Mother and Child Hospital in Mongar. The hospital, which is an expansion of the Royal Guesthouse, is a gift from His Majesty The King to the people and

the noble initiative of Her Majesty The Gyaltsuen to secure the health of our women and children. The site development works have started and the hospital will be completed by April 2025.

Upon completion, the two hospitals will provide identical pre- and post-natal care to all our pregnant women and mothers.

Reproductive, New-born and Child Health

The health ministry has also achieved remarkable progress in the area of Reproductive, New-born and Child Health (RMNCH) over the years.

The institutional delivery coverage has seen a drastic increase from 10 percent in 1994 to over 94 percent in 2020. The immunisation coverage has been sustained at over 95 percent nationwide for the past 10 years. The high coverage in the RMNCH services has translated into drastic reduction of maternal and child morbidities.

Reaching the unreached

Our rugged terrain and difficult topography have often deterred our people from availing timely health services.

In order to take specialised healthcare services to the unreached population in an efficient and comprehensive manner, we have continued with the health camps.

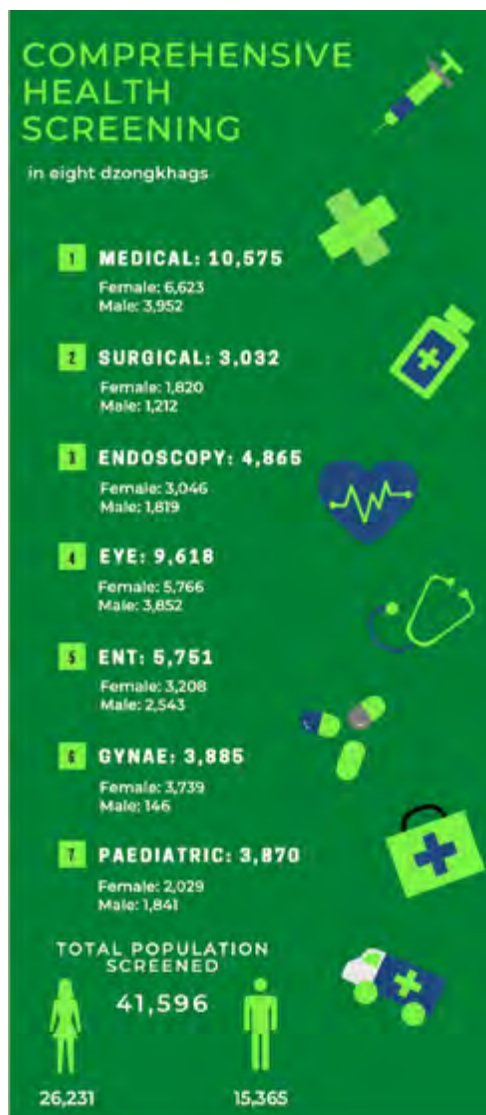
A total of 564 oral health camps were conducted where 25,004 people were screened. The top services received by the people through the camps were filling and restoration followed by extraction and scaling.

We also conducted 23 mobile operative eye camps and screened 8,529 patients. The maximum eye-related morbidities were cataract and pterygium, followed by eyelid surgeries.

Similarly, three pediatric camps were conducted in Sakteng, Merak, and Khaling Muenselling Institute. This offered pediatric care to 519 children.

Additionally, for high risk area residents of Samtse, Chukha, Dagana, Zhemgang, Pemagatshel, Samdrupjongkhar, Trashigang and Trashiyangtse, comprehensive health screening including specialist services camp is being conducted.

The camp will provide a comprehensive package of health services such as general medical screening, gynecological, pediatric, ENT, endoscopy, and ophthalmology services. The camp started on 18 October and was complete by 14 December this year.



Flagship programme

When we drafted the flagship programme for health, our focus was clear. We did not want to lose lives to cancers that are easily preventable, detectable and curable.

For this, the health flagship is focused on ensuring that no person loses life to gastric, cervical, and breast cancers. Our focus is on enhancing a robust screening programme for these cancers which is carried out based on the screening guideline developed by the Technical Working Group for the Health Flagship Project.

The flagship aims to:

- » Screen all population aged 18-75 years for H.pylori;
- » Screen all women aged 25- 65 for cervical cancer, and;
- » Screen all women aged 40-65 for breast cancer.

In the last one year, the flagship programme has achieved the following:

Screening gastric cancer:

- » H.pylori stool antigen test has been rolled out in all districts. As of now, 42,741 people have been screened for H.pylori.
- » 17,033 individuals have been screened by endoscopy in nine districts of Mongar, Bumthang, Trongsa, Punakha, Paro,

Wangduephodrang, Sarpang, Haa, and Samtse as well as at the National Referral Hospital in Thimphu.

- » Additional procurement of surgical equipment (laparoscopy, endoscopy, and consumables) have been completed to conduct camps and continue the services. The team is also working on options for eradication of H.pylori in the country.

Screening cervical cancer:

- » A total of 8,068 women have been screened for cervical cancer with a coverage of over 90 percent. A total of 619 women have been treated for abnormal tests.
- » HPV DNA and LBC (spell this out) testing system have been installed in three referral hospitals.
- » Procurement of additional gynecology equipment (portable colposcopy, thermo coagulator, LEEP, and consumables) has been completed.

Screening breast cancer:

- » A total of 8,068 women have been screened for breast cancer with over 90 percent coverage.
- » Installation of mammography machines at Mongar and Gelephu Regional Referral Hospital has been completed.

- » All women aged 40-65 with risk factors will be screened by mammography.

Digitilisation of health system

Digitalisation is the way forward and it is most relevant in the health sector.

To improve efficiency, we continue to pursue digitalisation of the health system. Some key initiatives include development and operationalising of the Bhutan Vaccine System, Druk Trace App, Stay Home App, and Health Facility System which were critical to fighting the Covid-19 pandemic.

The ministry is also implementing the Electronic Patient Information System Project (ePIS) as component of Digital Drukylul Flagship programme to streamline the health information system. The development of ePIS has been outsourced to Thimphu TechPark and will be rolled out in 10 health centres in the first phase by February 2023.

Mental health

Mental health and well-being are essential to everyone regardless of age, gender, race, and religion and it is linked to personal wellbeing, productivity in the community, and society as a whole. The government accords high priority to promoting mental health of the population.

Various initiatives are being taken

to create awareness by the Ministry of Health and different agencies on mental health issues. Media platforms are being used to create awareness through responsible reporting and information dissemination.

Global days like World Mental Health Day and Suicide Prevention Day are observed every year to create awareness and encourage help-seeking behaviour and to sensitise people on the availability of mental health services. Such awareness programmes help in reducing treatment gap, stigma and discrimination.

Health workers are trained to provide mental health services as well as to create awareness. Similarly, policymakers and relevant agencies advocate for mental health awareness and create an enabling environment for promoting mental health.

The life course approach is used to promote mental health and wellbeing across the lifespan of an individual. Since mental health is multidimensional, we are coordinating efforts from all relevant agencies.

Under the patronage of Her Majesty The Gyaltsuen, we launched the Pema Center, a hospital for mental health and wellbeing.

Under this, the construction of a 60-bed hospital inclusive of outpatient consultation and counselling, emergency services, treatment and procedure rooms, pharmacy,

and inpatient wards along with human resources development are underway to optimise the tertiary care for mental health.

Communicable disease prevention

The prevalence of HIV among adults (15-19 years of age) stands at around 0.8 percent which is considered a modest burden in the region. We have targeted to eliminate mother-to-child transmission of HIV. This year we detected 54 new HIV cases and the patients have been put under care and treatment.

Meanwhile, we have also introduced HIV Self-Testing (HIVST) options for our people and will continue the programme in six priority dzongkhags targeting high-risk populations.

Sustained effort has also been made in prevention of Tuberculosis. This has led to substantial increase in TB notification and improvement in diagnostic, adherence, and treatment outcome. Bhutan is considered a relatively low TB burden country in the South-East Asia Region with an estimated incidence rate of 149 per 100,000 population.

Bhutan is now working towards malaria elimination by the end of 2022 and will process for WHO certification by 2025.

We continue to invest in sustaining Leprosy elimination status with prevalence rate of 0.18 per 10,000 population.

Infrastructure

Infrastructure development has significantly improved health accessibility and almost 88 percent of Bhutanese population are within two hours to the nearest health facility.

As of now, we have 48 hospitals, 184 Primary Health Centres, 54 Sub-posts, 552 Outreach Clinics, three thromde health centres, three referral hospitals, and 72 traditional medicine units.

We have also completed the construction of 40-bed Dewathang Hospital in Samdrupjongkhar. In addition to providing routine health services, the Dewathang Hospital will also function as a referral point for Emergency Obstetric and New-born Care (EmONC), trauma cases, and Essential Surgical Centre.

The Royal Bhutan Army (RBA) will take over full management and administration of the Hospital. However, the human resources deployment and maintenance of the Hospital will be carried out jointly by the RBA and the health ministry.

Similarly, with the aim to achieve the intended health outcomes towards enabling a healthy society, a basic health unit was constructed in Panbari in Samtse.

Meanwhile, the preparatory survey, site visits, and stakeholder consultation meetings for the construction of Gidakom Infectious Disease Hospital has been completed.

We expect the construction works to start by December 2022.

We are also working on the Multi-Disciplinary Super Specialty Hospital. So far, we have had expert teams visit the proposed sites. A draft stage one Schematic Design concept and human resource strategy was also reviewed.

Human resource

Apart from administrative and support staff, a major proportion of the health workforce are our 1,517 nurses, followed by 1,170 medical technologists and technicians, and 650 health assistants.

The number of doctors per 1000 population has increased from 0.43 in 2019 to 0.46 in 2020.

Our nurses have increased by 8 percent from the previous year, resulting in an impressive nurse to bed ratio of 1:1.06.

We also have around 1,053 village health workers. They are not a part of the formal health workforce but volunteers from villages playing crucial role in promoting public health activities in their respective community.

Traditional medicine services

We are a land of herbal medicines and our people consider traditional medicine as one important health aspect.

To expand the reach of specialised traditional medicine services, we conducted Acupuncture Health Camps in Tsirang and Mongar. This catered to 2,949 patients. The Lay-nga (five eliminative therapy) service was offered in Tsirang and Khothakha Rinchenling Shedra which treated 1,494 patients.

In addition, two new Traditional Medicine Units were established at Dungkhar Primary Health Centre in Lhuntse and Dorithasa Primary Health Centre in Haa.

Further, two new therapy services Sil Dhug (cold compression) and Khencha Lum (herbal compression) have been introduced.

Likewise, to engage Traditional Medicine in end to life care services, we incorporated palliative care services in Traditional Medicine.

Referrals

After March 2020, referral hospitals in India suspended major surgeries and chronic patients planned for renal transplants at Vellore were withheld in view of the massive Covid-19 outbreak in India.

Despite the prevailing circumstances, regular referrals and services to hospitals outside Bhutan were resumed beginning September 2021 as Covid-19 cases started declining in India.

As patients and their escorts who travelled to India became infected with Covid-19 virus while undergoing treatment, others were detected positive at the quarantine facilities after they had returned to Bhutan upon completion of treatment.

This concern could not be ignored and we had to ensure that ailing patients did not develop severe complications after getting infected with Covid-19.

To prevent inadvertent exposure to the virus, the referrals are held twice a month and Liaison Offices on both sides continue to facilitate and coordinate travel itineraries for patients and their attendees.

Referrals	
March 2020 - November 2021	
CENTRE	NUMBER OF REFERRALS
KOLKATA	561
VELLORE	109
GUWAHATI	46
NEW DELHI	7
TOTAL	723



AGRICULTURE

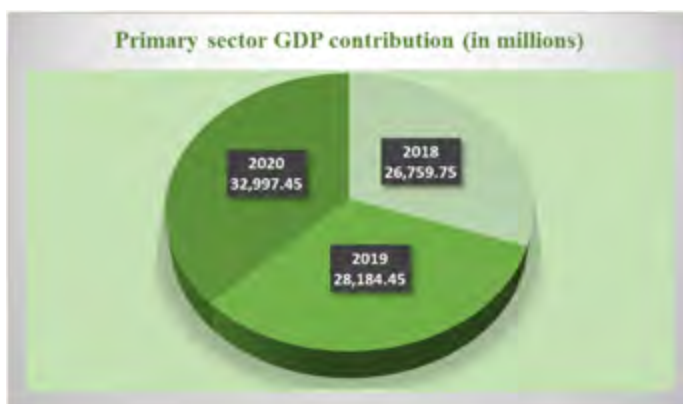
We have always been an agrarian society and the discourse on the importance of food self-sufficiency has been at the heart of our policies. However, when the pandemic disrupted imports and exports, we realised what we produced was not sufficient.

Our import-driven deficiencies revealed that food security was a serious threat. Therefore, the agriculture ministry, as the lead agency for food security, natural resources, and rural livelihoods, provided fresh impetus and initiated numerous interventions.

Growth in agriculture sector

Our economy contracted as a result of the pandemic. Despite this, the primary sector—which includes agriculture, livestock, and forestry—grew at 4.57 percent in 2020, an increase of more than 3 percent from 2019. In fact, this is one of the highest growth rates in the sector in the last five years.

The sector's contribution to GDP increased from 15.78 percent in 2019 to 19.23 percent in 2020. While the share of GDP has largely fluctuated with the performance of other sectors, the contribution of the primary sector to the GDP in absolute terms has been progressive over the years as shown below. Further, the sector exported renewable natural resources products worth Nu 770.66 million in 2020.



Primary sector GDP contribution in the past three years

Agriculture during the pandemic

While the pandemic caused major disruptions around the world, a small country like ours actually saw opportunities in it, especially in the agriculture sector. The sector received renewed attention. With stringent surveillance and safety protocols to control the spread of Covid-19, both import and export of agricultural products were highly regulated.

This required us to boost the domestic production so that our people had access to food. Through the Economic Contingency Plan which was focused on people-centric interventions, we accelerated winter vegetable production, enterprise development, and youth engagement programmes.

Accelerated winter vegetable production in seven southern districts

Under this, our focus was to produce vegetables such as chilli, onion, tomato, and 14 signature vegetables. We were able to produce 6,115.24 MT of winter vegetables which accounts for approximately 56 percent of winter vegetable consumption. To ensure improved market logistics, 15 different infrastructures were constructed. We also improved 326 commercial agriculture farms and extended technical support to eight new commercial farms.

Intensification of poultry and pork production

Realising the importance of a balanced and nutritious diet, we established 147 layer farms including 18 new farms for egg production. Additionally, 242 broiler farms were established with 70 new farms to increase chicken production.

Forty-five broiler farms (3000-bird level), 15 layer farms (3000-bird level), and 57 piggery breeding farms (20-sow level) engaged 167 youths and laid-off employees. Similarly, the ministry established 57 piggery breeding farms and supported the production of value-added pork products like sausage, bacon and ham.

Given that dairy and livestock produce are a major focus of the sector, we enhanced the production and reach of these products throughout the country.

With these interventions, many individuals who were laid off due to the pandemic returned to their villages to work in their farms. Many youth groups also ventured into enterprise development works.

As part of these interventions, 77 acres of land was brought under urban vegetable cultivation which benefitted 583 laid-off employees. Similarly, through Farm Machinery Corporation Ltd., we developed 13,709.39 acres of land that benefited 4,275 households.

We are working to provide technical and grant support amounting

to a maximum of Nu 350,000 each to 200 youths through the Youth Employment and Rural Entrepreneurship project.

Food security

Achieving food and nutrition security has been the guiding policy of the agriculture sector. However, we continue to import huge quantities of agricultural products.

His Majesty the King's addresses to the nation on 12 September 2020 and the 77th Royal Bhutan Army recruits attestation in August this year underscored food security as one critical component of nation building.

Rice, the main staple of the Bhutanese people, is one of the top 10 imports. In 2021, from January to June, rice worth Nu 1.24 billion was imported from India.

Even as we work towards reducing the import of rice, remarkable progress has been made in achieving self-sufficiency in other products. In terms of food self-sufficiency ratio, the sector maintains 100 percent for egg production, 92 percent for dairy products, 88 percent for vegetables, 74 percent for maize, 47.75 percent for meat, 33 percent for rice, and 15 percent for wet fish production.

In 2020, both upland and irrigated paddy production stood at 53,388.41 MT and maize production at 40,946.62 MT. Similarly, the production of other crops like wheat, millet, barley, buckwheat, and quinoa accounted for 7,162.49 MT.

Vegetable production in the same year was recorded at 57,727.19 MT. The total milk production stood at 58,197 MT, egg production at 172 million, and honey at 44 MT. In terms of meat production, 1,835 MT of chicken, 182 MT of fresh fish, 879 MT of pork, and 296 MT of chevon were produced.

In our effort to enhance food security and production, we installed 765.6 KM of electric fencing covering 5,224 acres of land benefiting 3,200 households. Further, we reclaimed 698 acres of fallow land, and developed 13,709.39 acres of land through Farm Machinery Corporation Ltd. which benefitted 4,275 households.

Status of irrigation and integrated water project

Bhutan has one of the highest per capita availability of water in the world. Official figures show that Bhutan generates about 70,500 million m³ per annum, meaning each Bhutanese should ideally have access to about 94,500 m³ per person per year. Ironically our people do not have adequate access to water for irrigation.

There are increasing reports from communities across the country that water sources are drying up. His Majesty the King recently highlighted that around 78,000 acres of arable land was fallow due to the lack of irrigation water.

In response to such concerns from our people, His Majesty designed

the De-Suung National Service Water Management Projects. The agriculture ministry is part of this Royal initiative of sourcing and supplying irrigation water to our people.

Under this, we have completed irrigation water works for Taraythang. Similar projects are underway in Samtse and Lhuentse.

Similarly, we were also part of the integrated drinking water and irrigation projects in Kalapang, Mongar and Semjong, Tsirang.

In last fiscal year, we constructed 34.52 KM of irrigation channels and 17.33 KM of micro-irrigation schemes covering an area of 4,921 acres and 512.25 acres respectively.

Storage and pack house

A main factor in our high import indices is also due to the lack of adequate storage and pack house facilities in the country. To address this, the government decided to invest in the establishment of cold storages and packhouses.

We are working on establishing cold storages and packhouses in strategic locations in the country.

Within this financial year, we will be completing the construction of three integrated cold storages in Samtenling in Sarpang, Rinchengang in Wangduephodrang, and Gomchu in Trashigang with a budget of Nu 38.16 million, Nu 47.72 million, and Nu 41.13 million respectively.

Location	(MT)	Status
Wangduephodrang	300	ongoing
Mongar	200	planned
Trashigang (Khangma)	300	ongoing
Samtse	180	planned
Gelephu	300	ongoing
Pemagatshel (Nganglam)	130	ongoing
Zhemgang (Tingtibi)	160	planned
Dagana (Dagapela)	160	planned
Pasakha packhouse		planned
Nganglam packhouse		planned

Status of cold storage construction

Immediate action plan

We recognise the ministry's critical role in supporting the many transformative initiatives of His Majesty the King. Therefore, our major emphasis will be on the following:

- » National crop prioritisation based on food security, nutrition, import substitution, and export potential for targeted production planning.
- » Review and develop investment plans for critical infrastructure (cold storages, packhouses, food processing plants, irrigation channels, and farm roads).
- » Establish the food demand and supply status for national food security plan development and implementation.
- » Conduct a detailed review of fallow land status and plan immediate utilisation.
- » Re-skill 1,800 youths on agribusiness for employment creation.
- » Establish one window service system for RNR enterprise development.
- » Enhance responsibility and accountability system.

Marketing and allied infrastructure

We recognise the importance of adequate marketing infrastructure for our farmers. To expand market reach for farmers of Samtse, four

sheds were constructed to facilitate marketing of surplus farm produce. A mini agro-processing plant and a dairy enterprise were also set up in Thimphu and Trongsa.

To support vegetables vendors, six medium and eight mini community vegetable sheds were constructed in Thimphu thromde. This allowed vendors to move out of the Centenary Farmers' Market and expand their reach across Thimphu.

An integrated vegetable shed was also built in Gelephu town and a temporary market shed was added to the existing infrastructure in Samdrupjongkhar.

Additionally, the ministry facilitated approval for 89 applicants for the export of 665,472 MT of river-bed materials since December 2020.

School and hospital feeding programme

The school and hospital feeding programme is aimed at enhancing local agriculture production, serving locally produced quality food products to our school children and patients recovering in the hospitals, and promoting youth employment in the agriculture sector.

Through this programme, farmers groups (FGs) and cooperatives (Coops) will be able to supply perishable food items to schools and hospitals. The Food Corporation of Bhutan Ltd. (FCBL) will step in whenever there is a dearth of supply from the FGs/Coops.

We have invested Nu 544.39 million in state-owned enterprises and relevant government departments to increase production capacity as well as to identify and create business linkages.

School agriculture program

The School Agriculture Programme (SAP) was initiated in 2000 for 6 pilot schools. The Programme has since been integrated with RNR activities in 344 schools (60 percent coverage), and the agriculture and food security curriculum (AgFSC) has been regularised in all middle and higher secondary schools from 2017 onwards.

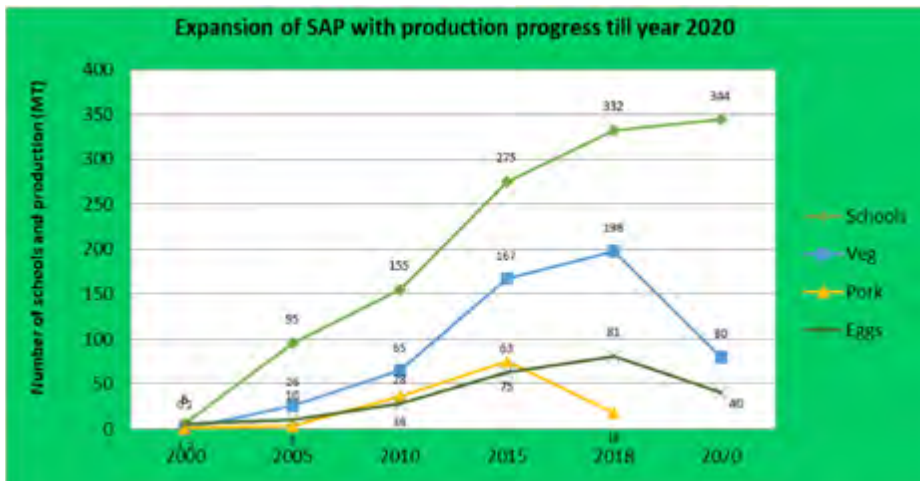
Some of the key achievements of SAP in the last fiscal year are highlighted below:

- » Expansion of SAP activities in seven new schools in four dzongkhags.

- Chapcha Primary School, Chhukha;
- Pachu Primary School, Chhukha;
- Norbugang Primary School, Pemagatshel;
- Shali Primary School, Trashiyangtse;
- Garpawoong Middle Secondary School, Pemagatshel;
- Tshaluna Primary School, Thimphu, and;
- ELC High School, Thimphu.

- » Contribution to food and nutrition security.

Through SAP, about 80 MT of fresh vegetables, 18 MT of meat and 40 MT of eggs were supplied to schools with feeding programme.



» Urban agriculture programme

The SAP has further facilitated the implementation of urban and peri-urban agriculture programme and employed laid-off youths from the tourism and hospitality sector with financial assistance from Food and Agriculture Organisation (FAO). The programme was initiated in four dzongkhags of Thimphu, Punakha, Bumthang, and Sarpang.

The programme engaged 277 youths and 77.15 acres of land was used to grow different kinds of vegetables. As a result, more than 95 MT of fresh and organic vegetables were produced with the financial outlay of Nu 3.171 million.

» Rice fortification

Three significant rice fortification standards for plain rice (PR), fortified rice kernels (FRK), and fortified rice (FR) were approved by the Bhutan Standards Bureau. A rice fortification blending unit has been procured and will be established at FCBL Phuentsholing.

Organic flagship programme

The National Organic Flagship Programme (NOFP) aims to produce four products of ginger, turmeric, buckwheat, and lemongrass for export and to expand the domestic market with end-to-end interventions.

A total of 112 acres of land was developed for organic production and 1,820.5 MT of organic flagship commodities like turmeric, ginger, buckwheat, and quinoa were produced.

Another 814.41 acres of land was certified under the Local Organic Assurance System (LOAS) which is operated by 503 households. Additionally, 12 new organic products were certified and four organic commercial farms were established.

Through the Programme, 477 MT of organic fertiliser was produced. Another 65.79 MT of organic manure was procured and supplied to farmers. A trial shipment of 20 MT of organic produce to Malaysia was also initiated.

Processing units for turmeric and ginger were established in Dagana and Tsirang, and the construction of a microbiology and bio-control laboratory and an organic manure production unit have commenced.

Sustainable land management practices and climate change

Climate change is challenging our agricultural system. Mitigating the impacts have become critical and the ministry underscores this as one of our important mandates.

In Trongsa, Zhemgang, and Wangduephodrang, a total of 518.98 acres of land has been brought under

sustainable land practices through terracing and terrace consolidation.

We have also constructed 273 bio-gas plants in Samtse. Through such

measures, we expect to reduce the pressure on firewood and reuse livestock manure to cut down the release of methane into the atmosphere.





TOURISM

Bhutan has been an exclusive tourist destination, and the country has fascinated people from around the world. Our rich culture and tradition, beautiful and pristine nature, and warm hospitality has made the country a much sought-after destination.

It has been the extraordinary wisdom and farsightedness of our Monarchs to have adopted a sustainable tourism policy right from the beginning. Indeed, the policy has served us very well. Apart from the revenue the tourism industry generates each year, we have also been able to strike a healthy balance between sustainable development and preservation of our natural environment.

Perhaps, the pandemic is offering us a moment to re-look at our dependence on tourism sector. It is time to reflect on how much a nation and the people should depend on tourism for profit and values.

Celebrating five decades of tourism

We celebrated the Golden Jubilee of the industry on 1 December marking five decades of our time-tested “High Value, Low Volume” tourism policy. On this important occasion, we express our gratitude to everyone who has been part of our journey.

Impact of Covid-19

The impact of Covid-19 on the tourism sector has been

overwhelming. The pandemic impacted all aspects of the industry—arrivals, revenue generation, and livelihoods.

However, the tide is turning, albeit slowly. This is the hopeful message that the arrival of a lone tourist (despite the 21-day quarantine) in August gave us. Her visit was a sign that the world is recovering. I am optimistic that we will be able to welcome tourists again but in a measured and careful way.

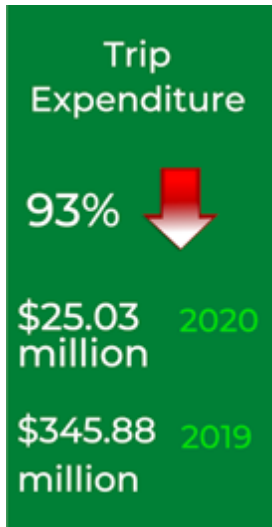
Visitor arrivals

The tourist arrivals dropped by 91 percent in 2020. Of 29,812 arrivals in 2020, the number of tourists paying the minimum daily package rate (MDPR) was 6,376, a drop of 90.5 percent from 72,199 in 2019. The rest, 23,436 visitors, were non-MDPR paying tourists, a 90 percent drop from the 2019 arrivals of 219,195.

The visa cancellations for leisure tourists increased from 1,004 in 2019 to 3,122 in 2020.

Receipt and revenue

In 2020, the total trip expenditure made by tourists during their stay in Bhutan including MDPR and other additional expenses fell by 93 percent. Direct revenue or the sustainable development fee also declined by 88 percent, from USD 23.42 million in 2019 to USD 2.76 million in 2020.



Employment

The pandemic had disproportionate impact on the Bhutanese employed in the tourism sector leading to lay-offs mainly because of temporary closure of tourism businesses and other tourism-related enterprises. According to the Tourism Establishment Census of Bhutan 2021, a total of 52,174 individuals in the sector had been affected.

Reforms in the tourism industry

Sustaining quality service delivery and improving the tourist experience will be important to lure in more visitors to the country. Thus, the pandemic did not stop us from developing local infrastructures.

From construction of three roadside amenities in Bumthang to identification of 10 more village

homestays in Gasa to construction of a bird watching deck in Zhemgang, we gave major facelifts to our local infrastructures. In Zhemgang, we also upgraded the Duenmang Tsachhu, a popular hot springs spot. Additionally, about 91.56 km of trails have been improved in Bumthang and Trashiyangtse.

Tourism Policy

To provide direction to the development and promotion of sustainable tourism driven by the “High Value, Low Volume” policy, the Cabinet in January 2021 approved the Tourism Policy of the Kingdom of Bhutan.

The Policy aims to address issues related to clarity in planning, coordination, promotion, and regulation of the industry. Further, the Policy provides guidelines for the sustainable growth and development

of tourism sector through an integrated and holistic engagement of all stakeholders.

Regulatory frameworks

- » The Tourism Levy Rules and Regulations has been developed and existing regulations reviewed in consultation with the stakeholders.
- » Guidelines for Management of Domestic Tourism 2020 was developed in consultation with relevant government agencies, tourism sector associations, and tour operators currently promoting domestic tourism.
- » Standard Operating Procedure (SOP) for Trekking and Pilgrimage tours and online registration system for domestic tourists were developed. The SOP facilitates trekking and pilgrimage tours in compliance with the health and safety protocols including contact tracing of domestic tourists in the event of a Covid-19 community outbreak.
- » The Disaster Management and Contingency Plan for the tourism sector was developed to promote Bhutan as a safe and high-end tourist destination. Among others, the plan will guide the tourism sector in strengthening planning, preparedness, and response to disasters and emergencies.
- » In February 2021, the Cabinet initiated the standardisation

and regulation of non-star rated (budget) hotels in the country. The minimum standards for Blue Poppy hotels were developed to improve the standard and quality in line with the overall accommodation standardisation and classification system. Currently, the nationwide sensitisation on the standards of Blue Poppy Hotels is underway in six dzongkhags.

Tourism post-Covid-19

Re-opening

- » The SOP for tourism service providers under the new normal was developed in preparation for the eventual reopening of the industry. This will ensure the health and safety of tourists and service providers while improving travel experience for tourists through "Clean and Safe" certification. Currently, training on the certification is being conducted for hoteliers and tourist restaurants in Thimphu, Paro, Wangduephodrang, Punakha, Haa, and Bumthang.
- » In order to leverage technology to improve service delivery, we have developed a blueprint for the digitalisation of Bhutan's tourism sector with assistance from the United Nations World Tourism Organisation (UNWTO) and UNDP. Further, enhancement of the online visa system, Tashel costing

system, system integration with other agencies, and the development of tourism portal and statistics dashboard have been initiated.

Nation branding

The promotion of Brand Bhutan is being carried out in two parts:

- » Keeping the Brand Bhutan visible and alive in the minds of potential tourists by engaging in selective promotional activities, including social media platforms.
- » Promotion of domestic tourism to encourage Bhutanese to explore different places within the country and generate income and employment opportunities.

The following are some of the activities implemented to promote Brand Bhutan locally and internationally:

- » Launched the Druk Kora platform (www.tourism.gov.bt/drukkora) for people seeking tour packages to travel within Bhutan and those looking to promote domestic tour packages. An agreement has been signed with tour operators to promote Dagana, the least visited dzongkhag, by organising familiarisation tours.
- » The presence of Brand Bhutan has been made visible on selective leading media outlets like The Economist and Conde

Nast Traveller.

- » Participation and involvement in selective online virtual tourism events such as Global Travel Weekly organised by The Connections based in the United Kingdom and Outbound Tourism International in India.
- » Videos such as “Virtual Journey to Taktsang” was aired. More than 980,000 people viewed the video within a week. Similarly, another video titled “Bhutan for You” engaged over 990,000 viewers.
- » “Wishing happiness from Bhutan” campaign was initiated through postcards and personalised stamps in collaboration with the Bhutan Postal Corporation Ltd.
- » The MICE (Meetings, Incentives, Conferences, and Exhibitions) Tourism Strategy was developed to promote Bhutan as an exclusive high-end destination for business tourism.
- » To facilitate visitors, a tourist information centre was set up at the Paro International Airport.
- » Bhutan participated at the World Expo 2020 in Dubai.
- » A webinar in collaboration with UNWTO for the member countries from the Asia and Pacific region on “Digitalisation in Tourism” was initiated with key presentation from Bhutan.

Research on tourism development

- » A carrying capacity assessment was conducted with focus on selected sites for Thimphu, Paro, and Punakha dzongkhags.
- » To understand the perceptions and concerns of future travellers to Bhutan post Covid-19, an online Post Covid-19 Travel Behaviour Survey targeting potential tourists was conducted.
- » To compile data on tourism establishments and employment statistics in the sector, the Tourism Establishment Census of Bhutan (TECOB) 2021 was conducted from March to April 2021.

Product diversification

- » With the development of Druk Neykor, 181 nominated visitor sites were received from cultural officers out of which 113 sites were selected. So far, field visits to validate information have been completed for five dzongkhags while information validation for the sites are underway.
- » The assessment and evaluation for introduction of Sowa Rigpa services at Gasa Tsachhu have been completed.

- » The development of ecolodges along popular trek routes have been approved. This is expected to improve trekking services and visitor experience.

Tourism flagship programme

The Tourism Flagship Programme aims to increase the contribution of tourism to the national economy and improve rural livelihoods through balanced and regional tourism growth.

Under the Program, Tourism Economic Contingency Plan Phase I and II have been successfully implemented. These engaged 1,573 displaced employees under the tourism sector by means of training, construction and development of roadside amenities, cleaning campaigns along trekking routes, and surveys.

Domestic tourism has been promoted through the development of integrated circuit products and infrastructures for which a Druk Neykor platform with focus on Thimphu dzongkhag has been launched. Through this platform, we will work on upskilling as well as reskilling of tourist guides.



FOREIGN RELATIONS

Despite being a landlocked country, we have made commendable efforts in expanding and strengthening our bilateral and multilateral relations through sustained goodwill and friendship.

We are known to the world not only because of our rich cultural heritage and stunning natural beauty but also because of the values of human dignity and happiness espoused by our Monarchs. Our Kings have positioned Bhutan as a progressive country that's capable of providing strong global leadership.

And on our part, we have continued to strengthen the existing goodwill and friendship with our international partners. We will make sure our external relations are not affected by the pandemic and will continue to participate in all meaningful global events that will bolster our nation's international standing.

Expanding our scope

The foreign ministry is continuously expanding its mandates, from offering consular services to facilitating trade and transit. Our Embassies, Missions, and Consulates (EMCs) are already working towards enhancing trade and economy, and are exploring investment opportunities and promotion avenues for Bhutanese products.

Coinciding with the 114th National Day, all EMCs launched their own

websites. One prominent feature on these websites will be the sections on "Investment Opportunities in Bhutan" and "Visit Bhutan" geared towards promoting FDI and tourism.

Our embassies are discussing Free Trade and Preferential Trade agreements with our partner countries. They are exploring market viability of Bhutanese products and seeking dedicated space for Bhutanese products in super-stores abroad. The EMCs are also recommending master trainers for recruitment in our TVET institutes.

The foreign ministry continues to review and facilitate trade- and commerce-related disputes and grievances from Bhutanese individuals and business establishments. The ministry has forwarded 14 such cases to authorities and agencies in the respective countries for speedy and amicable resolution.

Enhancing diplomatic relations

State visit to Bangladesh

As the special representative of His Majesty The King, I had the honour and the privilege to visit Bangladesh in March this year to celebrate the Birth Centenary of the Father of the Nation of Bangladesh, Bangabandhu Sheikh Mujibur Rahman. The event coincided with the Golden Jubilee of Bangladesh's independence.

Royal Bhutanese embassy in Australia

One of our major mandates has always been to protect and promote the welfare of Bhutanese, here and abroad. Realising that about one percent of our Bhutanese population are living in Australia, we have established the Royal Bhutanese Embassy in Canberra making it Bhutan's 10th resident mission abroad.

With this, we will be able to effectively extend consular services to 5,417 Bhutanese living in Australia.

The Embassy is exploring and coordinating with relevant agencies in Bhutan to provide insurance and better services for remittance for Bhutanese living in Australia.

We also look forward to strengthening the existing bilateral relations and expanding areas of cooperation between the two countries. Human resource development remains one of the main areas of cooperation between Bhutan and Australia.

Major events

10th expert group meeting on Bhutan-China boundary issues

Despite the challenges posed by the pandemic, the 10th Expert Group Meeting on Bhutan-China Boundary Issues was held from 6—9 April in Kunming, China.

During the meeting, the two sides discussed on measures to expedite the boundary negotiations. An agreement was reached on a Three-Step Roadmap which was put up for approval by the two governments. Following the approval, a Memorandum of Understanding (MoU) on the Three-Step Roadmap was signed on 14 October 2021 in a virtual format.

The MoU on the Three-Step Roadmap that was built on the 1988 Guiding Principles is an important milestone of the boundary negotiations which began in 1984 between Bhutan and China. The Roadmap will enable the two sides to have more focused and systematic discussions driven by a spirit of goodwill, understanding, and accommodation towards bringing the boundary negotiations to a successful conclusion.

Covid-19 vaccines

Through our diplomatic channels, we were able to reach out to 25 countries, including India, for vaccines.

Denmark donated 249,600 doses, Bulgaria 172,500 doses, and Croatia 10,000 doses of AstraZeneca (AZ) vaccines to Bhutan. The Emergency Response Coordination Centre of the European Union and UNICEF facilitated logistics for the vaccines.

The United States of America donated 500,000 doses of Moderna vaccine to Bhutan through GAVI COVAX Facility.

Another 550,000 doses of COVISHIELD was donated by India.

Bhutan also received 50,000 doses of Sinopharm vaccine from China, and 5,850 doses of Pfizer/ BioNTech vaccine through COVAX Facility.

There were also other countries who were keen to support us with vaccine donations, but we decided to humbly decline given that the countries themselves were running short of vaccines.

Since we were successful in mobilising enough vaccine for our eligible population, we were able to donate 230,000 doses of vaccine to Nepal and 150,000 doses to Thailand on a returnable basis.

Major multilateral events

76th session of the United Nations General Assembly

Bhutan virtually participated at the 76th Session of the United Nations General Assembly (UNGA) held from 14-27 September in New York.

This year, the UNGA theme was on “Building resilience through hope: to recover from Covid-19, rebuild sustainably, respond to the needs of the planet, respect the rights of people, and revitalise the United Nations”.

At the general debate, I shared the story of Bhutan’s successful handling of the pandemic and the leadership of our Monarch in steering our nation to safety and transformation.

I participated in the UN Secretary General’s Climate Summit and Food Systems Summit on the sidelines of the UNGA including other high-level events such as the Transformative Action for Nature and People Event, President Joe Biden’s Global Covid-19 Summit, and the World Economic Forum (WEF) Sustainable Development Impact Summit.

50th anniversary of Bhutan's membership to the United Nations

This year marked the 50th anniversary of our membership to the United Nations. Bhutan's admission to the UN in 1971 as its 128th Member State was historic in many ways.

Our membership to the UN was a result of the wisdom and singular vision of His Late Majesty The Third Druk Gyalpo during whose reign Bhutan embraced modern socio-economic development. To this day, it remains one of our most important foreign policy initiatives.

Our UN membership has reinforced Bhutan's status as a sovereign nation and provided a global platform for small developing nations to proactively engage and contribute as a sovereign equal in the multilateral fora.

Observing five decades of UN membership provides us an opportunity to reflect on our nation's journey over the last 50 years, to celebrate 50 years of successful partnership between Bhutan and the UN, and more importantly, to reiterate our efforts in collectively working towards meeting emerging global challenges.

United Nations Population award 2020

Her Majesty The Queen Mother Gyalyum Sangay Choden Wangchuck

was awarded the individual laureate for the 2020 UN Population award during a virtual award ceremony held on 10 December 2020. The award was presented to recognise Her Majesty The Gyalum's outstanding contribution towards raising awareness and devising solutions to population and reproductive health issues.

United Nations Peacekeeping deployment

Bhutan's participation in the UN peacekeeping operations has enhanced the country's image as a responsible member of the international community.

As of December 2021, 215 Bhutanese peacekeepers, 191 men and 24 women, have successfully completed their assignment and 29 Bhutanese peacekeepers, 25 men and four women, are currently serving in various UN Missions.

Our involvement with the UN peacekeeping continues to grow. We are now set to deploy a Bhutanese Quick Reaction Force for the first time this year.

Data on Bhutanese living abroad

When the pandemic unfolded, one of our focus areas was to repatriate Bhutanese citizens. We were at that time constrained by the lack of accurate data on Bhutanese living abroad.

Therefore, we immediately started tracking Bhutanese living abroad and collected their data. We have now completed the preparation of a comprehensive report on Bhutanese living abroad. Our data shows that there are over 15,904 Bhutanese living abroad in 88 countries as of 22 December 2021.

The foreign ministry has now assigned a dedicated desk to look into the welfare of the Bhutanese diaspora.

Major regional events

Bhutan-India development cooperation talks

The third Bhutan-India Development Cooperation Talks for the 12th Five-Year Plan was held virtually on 28 June. Our delegation was led by the foreign secretary and the Indian delegation by the Secretary of Economic Relations.

The Government of India has formally approved the reprioritisation of the 12th FYP Project-tied Assistance (PTA) proposed from our side. The entire Nu 28 billion allocated for PTA in the 12th plan has been programmed for 82 projects, including new priority projects. The priority projects include interventions related to Covid-19 and projects in other critical areas such as water, farm roads, and the health sector. The majority of the new priority projects are intended to boost our economy.

We extend our deep appreciation to the people and Government of India for their continued and unstinting support towards Bhutan's socio-economic development despite their own battle against the pandemic.

BIMSTEC 17th Ministerial Meeting

The 17th BIMSTEC Meeting held on 1 April this year endorsed the draft text of their Charter, BIMSTEC Convention on Mutual Legal Assistance in Criminal Matters, Memorandum of Association on the Establishment of BIMSTEC Technology Transfer Facility in Sri Lanka, MoU on Mutual Cooperation between Diplomatic Academies and Training Institutions of BIMSTEC Member States, and the Master Plan for Transport Connectivity in the BIMSTEC Region, among others. Under the reorganised sectors of cooperation, I am pleased to share that Bhutan has been assigned the lead role in Environment and Climate Change.

17th Asia cooperation dialogue ministerial meeting

Bhutan attended the 17th Asia Cooperation Dialogue Ministerial Meeting held virtually on 21 January and hosted by the Republic of Turkey. The foreign minister led the Bhutanese delegation. The key highlight of the meeting was the adoption of the Ankara Declaration.

The key highlight of the meeting was the adoption of the Ankara Declaration.

It is a comprehensive declaration that would not only serve as a roadmap but lay the ground for action in the next decade under the six pillars of cooperation of the ACD (Connectivity; Science, Technology and innovation; Development of education and human resources; Food, energy and water security nexus; Culture and tourism; Support for comprehensive and sustainable development).

It also reaffirms the need for deepening cooperation and strengthening multilateralism while stressing on the importance of informal dialogue, inclusiveness and complementarity.

Sixteenth Informal Meeting of the SAARC finance ministers

The Sixteenth Informal Meeting of the SAARC Finance Ministers under the theme “Economic Recovery from Covid-19: Towards Inclusive and Resilient Growth” was held on 5 May on the sidelines of the 54th Annual Meeting of the Asian Development Bank.

The meeting discussed the initiatives and financial commitments made by the ADB for the SAARC region along with the status of collaborations between the two bodies. The ADB has reaffirmed its commitment towards economic development and prosperity in the SAARC region.



WOMEN AND CHILDREN

It is important that we ensure our children, the future of our country, grow in safe and enabling environments, and pay utmost importance to the hands that nurture them.

Our Kings have always emphasised the importance of progressive interventions to empower women and children in all aspects of life—from girls' enrollment in schools and participation of women in all areas of nation-building.

However, gaps continue to remain, particularly in employment, women's participation in decision-making, and violence against women and children. The situation has been further aggravated by the pandemic which has had a disproportionate impact on women and children. Besides disrupting people's lives and livelihoods, we saw an increase in gender-based violence and violence against children.

International days related to women and children

We have joined the global community in observing the International Women's Day, International Day for Ending Violence Against Women, International Day for the Girl Child, National Children's Day, and International Children's Day every year to reiterate our commitment towards protecting and

promoting the rights of women and children, and creating awareness on key issues related to women and children.

The International Day for Elimination of Violence against Women this year was observed on 25 November. The day is observed to bring the nation together to acknowledge and reiterate the commitment to create safe places for women and girls in our homes and communities.

The National Children's Day this year was observed at Zilukha Middle Secondary School, Thimphu, in collaboration with Nazhoen Lamtoen.

Cases on women and children received during the pandemic

As of October this year, the Royal Bhutan Police and RENEW received more than 700 cases of gender-based violence against women and girls during the pandemic. The National Commission for Women and Children (NCWC) also received 396 cases to date. The NCWC attended to a total of 4,033 calls through its 1098 women and child helpline in the last fiscal year. This reminds us that there is an urgent need to reinforce our collective efforts to eliminate the menace of gender-based violence from our society through comprehensive, multi-pronged, inclusive, and equitable approaches.



Remote case management

To increase access to case management and other specialised services for women and children during the pandemic, we started a remote case management system. The initiative includes the development of guidelines for provision of online services, awareness on online services, and capacity building of services providers.

Her Majesty The Queen Mother Gyalyum Ashi Sangay Choden Wangchuck launched the NCWC mobile app during the International Day for Elimination of Violence Against Women on 25 November 2021. It has features to report cases as well as apply for child adoption and alternative care which includes foster and kinship care services. The app also acts as a medium for dissemination of information related to women and children.

Contingency plan on gender and child protection

The contingency plan was developed and implemented in April 2020 to prevent and respond to issues of gender-based violence and child protection during the pandemic. It comprises two main components: gender and gender-based violence, and child wellbeing and protection.

Some major initiatives taken under the contingency plan include establishment of a remote case management system, provision of support to frontline workers (particularly women), and strengthening of institutional capacities to provide services.

Continuous support and capacity enhancement opportunities were also provided to all relevant government and non-government agencies to provide uninterrupted and quality services for women and children from April 2020 to date.

Shelter services

Upon the Royal Command of Her Majesty The Gyaltsuen, shelters were set up in 20 dzongkhags for the survivors of domestic violence and abuse who were unable to live with their spouses and families during the second national lockdown.

The 1010 helpline was open 24/7 during the entire lockdown period. Counselling services were provided in collaboration with dzongkhag and thromde gender and child focal persons under the guidance of the Covid-19 task forces who also took part in managing the cases in the dzongkhags.

Skills development programme

We carried out various skills development programmes and vocational training for women and girls whose livelihoods were affected by the pandemic, as well as for the survivors of gender-based violence in collaboration with NCWC and RENEW. They were trained in mushroom cultivation, horticulture, home and care services, baking, and tailoring, among others.

Mainstreaming gender in the private sector

To ensure that interventions for economic recovery in the private sector takes into consideration the needs of women and children, a sustainable development services project is being implemented by

the Bhutan Chamber of Commerce and Industries in collaboration with NCWC.

The programme is an innovative approach to help private sector companies increase employee satisfaction, realise the full potential of all workers regardless of gender, and have a more inclusive, healthier, and equal work environment.

To complement this effort, a number of targeted trainings on gender-based violence and sexual harassment are being carried out so that companies commit to address sexual harassment in their workplaces.

Tax exemption on sanitary products

To increase access to affordable and safe sanitary products, we approved the proposal to do away with the 30 percent customs duty on sanitary products and five percent sales tax during the summer session of the Parliament. In addition, free sanitary napkins and menstrual hygiene products continue to be distributed in schools and nunneries.

National child policy

A National Child Policy has been drafted to provide an overall policy directive on child wellbeing and protection and is currently being reviewed by the Gross National Happiness Commission. The Policy will ensure a systematic and coordinated approach to adequately respond to our children's needs and to make them feel valued, cared

for, and supported. This will go a long way in helping our children grow up to become responsible and competent citizens in the service of the Tsa-Wa-Sum. It will also provide policy directives to mainstream child-related programmes across all sectors which is essential for designing targeted interventions.

Child care and support

To meaningfully engage children during the pandemic, the NCWC supported the childcare centres, early childhood care and development centres, and special education needs schools across all dzongkhags with learning materials such as audio and printed story books. Support was also accorded towards establishment of five creches to provide a conducive environment for working parents at their workplaces.

Studies, assessment and surveys

To understand the differentiated impact of the pandemic on women and children, a nationwide study on the impact of Covid-19 was carried out with support from the Japan International Cooperation Agency.

The study provides important information on how livelihoods and circumstances of women and children have been affected by the pandemic. The study has created room to rethink and reprioritise the interventions that will integrate gender-differentiated and child-sensitive needs in all policies, plans, and programmes including economic rebuilding interventions.

Going forward, the findings will guide us to address issues faced by women and children in a much more coordinated and effective manner.

Trafficking in person

Under His Majesty's Command, the government rescued 184 women from the Middle East. Of this, 165 were referred to NCWC for psychosocial support in line with the standard operating procedure on multi-sectoral response to trafficking in persons. We have also provided livelihood training, medical examination, shelter services, and other necessities to these women.



INFRASTRUCTURE

For our rural communities, access to better roads and increased connectivity means quicker service and timely marketing of surplus farm produce to bigger towns and wider public.

In this regard, in the first phase of farm road improvement works in 201 gewogs, I'm delighted to report that a total of 893.129 km of farm roads have been layered with granular sub-base (GSB) spanning across 128 gewogs in the 20 dzongkhags.

Before the end of the current fiscal year, the remaining farm road improvement works measuring 653.051 km in 73 gewogs will be completed. A major portion of these farm roads are already at an advanced stage. After completing the first phase of farm roads improvement assessment, the second phase will be initiated based on the findings.

The most notable achievement is the construction of a 15.5-km farm road from Sephu to Goentsa. This is expected to shorten distance to one of the farthest gewogs in the country, Lunana, and benefit 192 households.

Additionally, a total of 80.12 km new farm roads were constructed adding to the existing inventory of more than 11,200 km along with the construction of 141.74 km of chiwog connectivity roads. Including maintenance works carried out on the previously blacktopped gewog connectivity (GC) roads, another 65.51 km of roads were blacktopped.

A total of 36 km of new GC roads (6 km in Naro, Thimphu, and 30 km in Phuntshopelri, Samtse) were constructed and 10 new bridges (six bailey, three RCC, and one suspension) were built.

Infrastructure development

Adding an aesthetic component to the town of Bajo in Wangduephodrang is the Gaden Lingka Park. The people of Bajo now have a beautiful place for leisure.

In Damphu, Tsirang, the town's newest attraction is the swimming pool. It not only churns out revenue for the dzongkhag but also serves as a healthy entertainment option for the town's residents.

The Bazam at Changjiji in Thimphu has been restored to its former glory. The pedestrian bridge has helped in reducing commute time for Changjiji residents as well as added a traditional ambience to the area.

It is unfortunate that the hot springs in Gasa, a popular site frequented by locals and tourists, were washed away by a flash flood in August. However, restoration works are already underway. About 30 percent of Mochhu has been diverted, while the remaining works will be carried out during winter when the river volume decreases.

Thromde infrastructure

In Thimphu thromde, the construction of a sewer network connecting Zilukha, Changangkha, Kawajangsa, Changedaphu, Upper Changzamtog, Olakha, Yangchenphug, and Taba LAPs have been completed.

Additionally, for pedestrians' ease, a footpath connecting Lungtenzampa to Semtokha along the old highway has been constructed. The four-laning of the road between the Bhutan Telecom Junction until Taba has also been completed.

Street light installations have been completed in Phuentsholing thromde's Kabraytar and Tin-kilo areas. In Gelephu, the urban road development in LAP VI at small Aipoli has been completed. Construction of internal roads at LAP II and LAP IV in Samdrupjongkhar thromde is also complete.

Other major initiatives in the pipeline include:

- » Construction of ring-road to connect Changbandu and Debsi; and bus terminal constructions in North and South Thimphu areas;
- » Infrastructure design and urban design for Amochhu LAP, Phuentsholing thromde;
- » Construction of a four-lane 3D arch bridge over small Aipoli, Gelephu thromde, and;
- » Construction of sports stadium and centre under Samdrupjongkhar thromde LAP-II.

Construction of national highways

- » The double-laning of the Simtokha - Trongsa segment of Northern East-West national highway was completed in March 2021. About 67 percent of Ura-Serpang—Yongkola section has been widened which accounts for 46.83 km out of 69.746 kms.
- » The preliminary feasibility study towards preparation of a detailed project report for construction of road from Sherichu - Gongrizomsa has been completed.
- » Meanwhile, the first formation cutting for Samrang - Jomotsangkha stretch was completed on 8 February 2021. Improvement works at Gomtu - Tading road is in progress and is expected to be complete by June 2022.
- » The Ossey bypass construction measuring 3.7 km on the Gelephu - Trongsa primary national highway (PNH) was completed in June 2021.
- » The construction of an integrated checkpoint at Bumpagang has been completed, and the checkpoint at Rinchending is expected to be complete by December this year.

Construction of bridges

A 16-meter Banglapokto bridge (reinforced concrete deck girder) on Chuserbu - Trongsa PNH was completed in September 2021, and a

10-meter Buyang bridge on Duksum - Trashiyangtse PNH was completed in March 2021.

Connecting Haa and Samtse road is the 90-feet Phutsena Triple Single bailey bridge which was completed in August 2021. Moreover, construction of the 280-meter Daina Khuenphen Zam connecting Samtse - Tendruk Highway commenced this August. Two other bridges, Nunai (100 feet) and Kalanadi (160 feet) were completed in February 2021 and March 2021 respectively.

Human settlement

The precinct rationalisation exercise of Paro valley development plan is now complete, and the revised precinct plan was approved in June 2021. Spatial planning framework has been prepared and was approved in August 2021. Additionally, the preparatory works such as data collection and analysis for the review of Thimphu structure plan is completed.

Street addressing systems for Gelephu and Phuentsholing thromdes have been initiated and an automated system was developed allowing planners to assign building numbers automatically using building points.

A housing demand survey was conducted in the country. Through this survey, the housing supply gap and rental burden have been determined for each of the 40 urban centres.

Meanwhile, the spatial zoning of four thromdes and seven dzongkhags of Samdrupjongkhar, Pemagatshel, Dagana, Zhemgang, Paro, Sarpang, and Chhukha have been completed.

Mapping roads

Bhutan currently has around 18,000 km of roads (1,531.09 km of PNH, 1,160.74 km of SNH, 11,257.16 km of FR, 2,072.86 km of dzongkhag roads, 417.08 km of thromde roads, and 1,676.58 km of access roads).

The identification of road networks for development was guided by the Road Sector Master Plan (RSMP) 2007-2027. With the timeframe of the masterplan coming to an end in 2027, the RSMP 2007-2027 needs to be updated for future road network requirements and to explore and adapt newer technologies for road construction in the country.

Therefore, we are initiating the development of a Roadmap of Roads with a timeframe until 2040 in line with the Bhutan Transport 2040.

Pothole-free roads initiative

Thimphu has one of the highest urban road networks among all the thromdes in the country. To ease the daily commute of the residents, Thimphu thromde aspires to achieve pothole-free roads. The realisation of this vision has been difficult given the limited human and capital resources and vast mandates in terms of urban municipal services.

We are assisting Thimphu thomde in achieving this objective through the Ministry of Works and Human Settlement (MoWHS). Under this arrangement, the thomde will repair the roads via mechanisation of pothole repairing works using newer technologies, machineries, and equipment through the technical support of the ministry.

Geodatabase management

The ongoing geotechnical and geophysical studies of Thimphu valley will be completed within this fiscal year. The reports and maps generated from this study will be used for revision of the Thimphu structural plan.

Public transport

Surface transport services

Today, 151 gewogs are connected with public transport services. From December 2020 till 6 December 2021, passenger transport (bus) services across the country facilitated the movement of more than 180,343 passengers.

Seven new passenger transport service routes have been introduced connecting various places and enhancing the mobility of people. The routes include Thimphu to Gasa; Damphu to Thimphu; Nimshong to Thimphu; Nimtola (Dorona) to Thimphu; Lhuentse to Mongar; Thimphu to Sombaykha via Haa; and Thimphu to Pemagatshel via Mongar.

With the approval of five temporary routes, public transport operators affected by the suspension of services due to the pandemic were able to continue services for travellers from high to low-risk areas. The identified routes were Thimphu to Trashiyangtse; Thimphu to Samdrupjongkhar; Thimphu to Samdrupjongkhar via Mongar; Thimphu to Pemagatshel via Mongar; and Thimphu to Sombaykha via Haa.

To make commuting quicker, reliable, and more efficient for the public, the turnaround time for public transport services in Thimphu has been reduced from 15 to 5 minutes. This was made possible with the procurement of additional city buses. To address traffic congestion in Thimphu, 27 smart buses equipped with smart card systems and GPS technology, procured at Nu 3.4 million each, were added to the city bus service.

A service centre at Babesa was opened to provide vehicle and license-related services. This initiative has helped us take services closer to the public and reduced congestion at the Lungtenzampa Road Safety and Transport Authority (RSTA) office. In the last four months, the centre catered services to 4,830 clients generating a revenue of Nu 7.49 million.

Escort duty and emergency transport services were provided for supply of medical and essential goods in the country since the outbreak of the pandemic. About 22 RSTA officials continue to provide daily escort

services along the Indian highways and in high-risk areas within our international borders.

The electronic registration and licensing system (eRaLIS) system was introduced to take services online. Except for two RSTA services, new vehicle registration and roadworthiness certification, all other services can now be availed online.

In order to accommodate the needs of an increasing number of online users, reliable service server load-bearing capacity has been increased. Further, the mRSTA App was revamped with additional features for seamless online service delivery and facilitating traffic compliance and enforcement. It is no longer necessary for drivers to carry a physical driving license.

The database for all government and almost all private vehicles have been cleaned, updated, and validated. We have initiated a vehicle ownership transfer exercise with a grace period starting May until the end of December. As of 6 December 2021, a total of 25,552 vehicle ownerships have been transferred generating a revenue of Nu 75.8 million. This exercise is important not only in terms of validation of the vehicle registry system but also for road safety, national security, and macro-economic policy planning and development.

Meanwhile, the Road Safety and Transport Regulations 2021 has been revised to ensure a safe, reliable, efficient, inclusive, and environmentally friendly surface

transport system. The revised regulations will come into effect from 1 January 2022.

We are currently in the process of drafting the Surface Transport Policy. The policy will holistically direct overall development of the transport sector including the development of an alternate mode of transport in the country.

Air transport services

The transformation of the Paro International Airport terminal building and its surroundings through the beautification project was completed on 10 October 2021. The airport now sports a garden, an automated car parking system, and an art gallery.

The response to emergencies has been further enhanced with the setting up of an emergency operations centre and emergency access gate, renovation of fire training area, increased water hydrant points, and procurement of rescue tools and equipment at the airport.

Moreover, the turnaround time for departing and arriving passengers was reduced from 40 minutes to 35 minutes, and from 45 minutes to 35 minutes respectively.

Water flagship

The Water Flagship Programme aims to provide households with access to 24/7 drinking water and irrigation supply. Since December 2020, 131 rural water schemes and five urban water schemes have been

completed that have benefited both rural and urban residents.

A notable feature of this flagship programme is the implementation of key water flagship activities through our partnership with the De-Suung National Service. Our common objective is to engage the youth as well as provide access to water for our citizens across the country. For this, 26 water projects are implemented by the De-Suung programme, of which 19 water projects have been completed and handed over to the communities as of 26 November 2021.

To ensure integrated water resource management, the watershed assessment and interventions for Gelephu thromde were completed while the assessment is underway for Samdrupjongkhar thromde.

In Rangjung, the water supply works were completed in September 2021. For Shechamthang in Sarpang, LAP infrastructure development including water supply, road, footpath, drains, and flood protection works were completed in July 2021.

In Babesa Thimphu, a 12-million litres per day (MLD) capacity wastewater treatment plant construction was completed and commissioned in November 2021. The construction of a water supply and sewerage project in Samdrupjongkhar is in progress.

Going forward, the Water Flagship Programme will focus on expediting the implementation and completion of ongoing water supply infrastructure schemes to

ensure access to water for all and execute critical water projects through the water partnership. Further, watershed assessment and interventions will also be carried out for Thimphu thromde.

The flood management plans for National Service Centres at Tareythang (Sarpang), Bondeyma (Mongar), Pemathang (Samdrupjongkhar), Samtse dzongkhag, Technical Training Institute at Rangjung (Trashigang), and Dhamdum Industrial Park (Samtse) have been developed.

For Gelephu, the detailed feasibility study for the flood protection project and the environmental and social impact assessment for Mow river and its tributaries is complete. For Thimphu thromde, a stormwater management plan has been developed.

The Water Flagship Program has connected 6,252 households with water supply out of which 3,900 are rural and 2,352 are urban, and has engaged a total of 1,589 De-suups so far.

Establishment of National Water Commission

Bhutan has one of the highest reported water availability per capita in the region. Yet, issues regarding water accessibility continue to persist across the country. The Water Act 2011 delineates clear roles and responsibilities of the key actors within the sector. However, various issues and challenges such

as lack of coordination, budget constraints, poor infrastructure quality, inadequate services, and lack of core competencies, among others, still exist.

To mitigate these issues, we have developed a proposal to establish a National Water Commission. Under this Commission, all mandates pertaining to water for drinking, irrigation, and sanitation purposes would be integrated. The proposal was approved on 19 May 2021.

The Program Management Unit (PMU) of the Water Flagship Programme will function as an interim water agency. We are currently developing a Water Road Map which includes the formation of the water agency as one of the milestones.

Institutionalising certified builders

The construction industry is growing at a rapid pace. Besides the infrastructure development projects we are undertaking, an increasing share of construction is taking place in the private sector. For example, Thimphu alone has more than 14,000 buildings today, a majority of which are private that have been recently constructed.

Taking this figure into perspective, we can conservatively estimate that the construction of buildings alone is a multibillion-ngultrum industry. Despite its value and volume, construction of buildings in Bhutan has not evolved to keep pace with

modern scientific and technological advancements. We are continuing with the same practice as our predecessors, which are outdated, slow, and uneconomical. It is a labour-intensive activity with minimal mechanisation and the adoption of new materials and technology has been taking place at a snail's pace.

To address these issues, a proposal to institutionalise certified builders was initiated towards professionalising private building constructions, ensuring the quality and safety of the structures built, and reducing the cost of construction. In addition, it will also contribute to the development of a group of skilled construction firms and professionals. The proposal was approved last October and will soon be implemented after receiving further approval on the proposed incentives.

Establishment of Engineering Council of Bhutan

The interim Engineering Council of Bhutan (ECoB) was established under the MoWHS to professionalise and provide a platform for specialisation, knowledge-sharing, and up-gradation of construction professionals. It is aimed at regulating and assessing the competencies of professionals through (de)registration and certification processes.

It encompasses a code of conduct and ethics for uniform application of rules and regulations

across the board including the government, corporations, and private organisations. The ECoB will also prioritise professional development and technical capacity of professionals as well as serve as a grievance redressal mechanism.

Bhutan Schedule of Rates (BSR) 2021

The Bhutan Schedule of Rates is prepared and published primarily as a tool to assist in the estimation of project costs at the end of the financial year. Owing to substantial changes in the market, particularly because of the increase in labour and material costs because of the pandemic, the BSR 2021 was published in December with a notable improvement. We approved the revision of labour rates used in BSR 2021 based on the Build Bhutan Project in view of the increased labour rates in the market.

Digital transformation flagship

During the National Day address, His Majesty once again reminded us of the importance of riding on technology and the risk of remaining behind if we fail to do so.

To this end, the Digital Drukyl Flagship Programme aims to harness the power of ICT to transform Bhutan into a smart and inclusive society. A key component of this flagship is the implementation of National Digital Identity (NID), towards which the

biometric data of over 70,000 citizens has been collected.

A collaborative effort is underway among the Ministry of Information and Communications, the Department of Census and Civil Registration, Department of Immigration, and the De-Suung Office. It paves way for development of a nationwide biometric database essential for the NID and has many other future applications.

As part of enhancing digital connectivity across all government agencies, 781 of 1,084 agencies (72 percent) have been connected with fibre optic and one ring closure for Kanglung to Dewathang has been completed. We initiated this network to bridge the digital divide and enable inter-agency collaboration while fostering research and education. We are working towards connecting the remaining 303 agencies with fibre optic, carrying out the closure of three rings, and rolling out the NID initiative nationwide. The NID is expected to be complete by 2023.

Various professional development courses for ICT professionals have also been initiated. To build ICT capacity and capability, 95 ICT professionals were trained on emerging technologies such as blockchain, DevOps, and microservice architecture, while another 3,000 individuals were trained on digital literacy. The programme aims to create a pool of tech professionals towards achieving a digitally literate society.

We are also developing a prototype for an Electronic Patient Information System (e-PIS) to strengthen health service delivery. The current percentage of completion achieved for the development of the e-PIS is 15.7 percent, while another system identified under the flagship program, the Bhutan Integrated Taxation System (BITS), has achieved a 27.2 percent completion.

ICT sector

The ICT sector is a crucial driver of economic and social growth. It is equally important for the government and regulators to ensure a conducive environment is created to support the healthy growth of the industry, and evolve to create a new ICT ecosystem for modern economics.

The National ICT Household Survey 2021 was published with an objective to broaden the current understanding of national ICT access, use, perceptions, penetration levels, and their impact on socio-economic development.

To address concerns related to the digital divide, the cost of leased line Internet bandwidth has been reduced from Nu 9,477 to Nu 1,286 per Mbps. Towards increasing access to ICT services, the connectivity reliability has been increased from 90 percent to 98 percent.

So far, 3,000 individuals across the country have been educated and trained with the intention to improve digital literacy and enhance ICT adoption. We have also

developed the draft national cyber security strategy.

Tech and industry developments

In recognition of the importance of keeping pace with emerging technologies, various tailored-training programs were conducted for non-ICT Small and Medium Enterprises (SMEs). Furthermore, an annual ICT Industry meet was conducted to discuss the issues and challenges hindering the industry and, subsequently develop a concrete action plan to address these issues and challenges.

eGov Governance

The eGov Governance review process that is guided by six eGov principles: digital by default, re-use and sharing, single source of truth, information security and privacy, need-driven initiatives and sustainability, is an important priority of the information and communications ministry. It was instituted to enable a coordinated approach towards ICT efforts and to reduce duplication of efforts and wastage of scarce government resources.

During the fiscal year, a total of 92 proposals were received, from which an e-Gov review committee endorsed 55 proposals with a total budget of Nu 128.56 million.

Bhutan Computer Incident Response Team (BtCIRT)

The BtCIRT was established to effectively identify, defend, respond to and manage cyber threats within the Country. For this fiscal year, the team successfully drafted the first National Cybersecurity Strategy (NCS) with the concerned stakeholders.

Cybersecurity advocacy programs were also carried out through various mediums to create awareness among the users on the security threats and risks looming online such as e-mail phishing, identity theft, Facebook scam, etc.

Communication and collaboration

The successful implementation of ICT initiatives hinges on good communication and collaboration among the ICT professionals. Understanding the need for a good communication platform, ICT heads meeting has been adopted as one of the communication mechanisms to raise issues and seek support.

So far, four ICT heads meetings were conducted for which issues and challenges were discussed and the corresponding working solutions to resolve the problems and issues were also discussed.

Integrated Business Licensing Services (IBLS)

The system for IBLS is being developed under the Digital Drukylul Flagship Program for ease of doing business through one window business licensing approach. This means our people will not require to run between offices to obtain a license.

Through this system, after inserting required information depending on the type of licenses that the applicant wants to obtain, the system will take care of getting sectoral clearances. This will greatly reduce the administrative burden on business licensing procedures.

Third international internet gateway

To harness the power of ICT, it is critical to address the redundancy, reliability, security, and cost of the Internet in the country.

At present, Bhutan has three nationwide Internet Service Providers (ISPs) with international Internet gateways—Bhutan Telecom Ltd., Tashi Infocomm Ltd., and NANO. The current combined total international bandwidth is 51 Gbps and enters Bhutan through three fibre-optic cable connections.

However, all of them pass through the Siliguri corridor in India. This means a single incident at Siliguri

could trigger reliability issues for both primary and secondary connections to Bhutan.

Moreover, a separate international gateway is desirable to make Bhutan an attractive destination for foreign direct investments in information technology and information-enabled services, among others.

We are in the process of consulting with the ISPs/Telecom Service Providers (TSPs) as well as conducting an advanced dialogue with the governments of India and Bangladesh to implement the additional international Internet gateway (IIG).

Earlier in March 2021, during the visit to Bangladesh, we received a friendship rate of USD 3 per Mbps per month for an international private leased circuit (IPLC) from Comilla, Bangladesh, via Kuakata and Bangladesh to Singapore via submarine cables.

We are also expecting an additional IIG link for approximately USD 5 per Mbps per month including the cost of the circuit from India. The rates are defined bearing in mind the international link competitiveness and considering the concerns of citizens on prevailing high costs of Internet connection.

The Internet plays a catalytic role in the socio-economic development of the country. The proposed strategies for the implementation of the IIG and national fibre redundancy plans have become paramount to achieving Bhutan's digitisation goals.

Free Wi-Fi and Sungjoen app

We have comprehensively reviewed the provision of free Wi-Fi and development of Sungjoen app. The major purpose behind this initiative is to boost online public services like government-to-citizens (G2C), business-to-business (B2B), and businesses-and-consumers (B2C), thereby making the systems responsive, easier, and more efficient for our citizens. This initiative is expected to open up access to information and stimulate research as well as cater enhanced access to local content.

Free public Wi-Fi

In line with the government's pledge, alongside the ongoing works to improve access to reliable and affordable ICT and media services, options have been explored in providing free Internet services to Bhutanese citizens.

After consultation with the Cabinet and members of Parliament, we have finalised a mixed-mode deployment of free public Wi-Fi hotspots through Starlink services in rural areas and through local ISPs in urban areas.

We are proposing to establish at least one Starlink Wi-Fi hotspot in each of 1,044 chiwogs and 100 Wi-Fi hotspots in urban areas through local ISPs. The project is estimated to cost Nu 2.930 billion for five years.

Towards implementation of the free public Wi-Fi proposal, the Ministry of

Information and Communications has proposed the following prerequisites:

- » Allowance of around 3,000 Starlink user terminals in the country for both free public Wi-Fi and interested private users;
- » Establishment of Starlink Gateway;
- » Starlink to be allowed as an FDI in the ICT sector (ISP) as required by the Information Communications and Media Act of Bhutan 2018, and;
- » Starlink to be allowed as a 100 percent FDI company as it differs from what the FDI Policy 2019 spells.

We are currently in the process of reviewing and updating the proposal.

The presentation to the Cabinet was made in July this year. The ministry is awaiting further instructions on this.

Sungjoen app

To level up with international instant messaging applications like WeChat/ WhatsApp and video conferencing platforms such as Zoom, we have initiated the design of the Sungjoen app for our domestic users.

The App will later on be redeveloped to function as a universal modular platform with subsequent addition of features like making/ receiving payments, G2C services, and government notifications/ announcements, among others.

We aspire to engage our local entrepreneurs and ICT start-ups in developing the app.

Towards this, we will select the best bidders through an open competition system. The first five shortlisted bidders will be provided with Nu 1 million each as seed money to develop the initial Proof of Concept.

Subsequently, three finalists will be chosen based on their ability to demonstrate solutions to create a Proof of Scale (ability to handle user numbers in the country) and would be allocated Nu 3 million each.

Following this, the first bidder to acquire 10,000 user accounts will be chosen as the App developer and Nu 10 million will be awarded as the prize money along with the operating license towards completing all necessary features of the Sungjoen app.

However, we will not be blinded by our political commitments and push for such programs if it does not benefit the nation. If there is a greater advantage in reprioritising the activities, we will do so unconditionally.

Space initiatives

Bhutan's journey into space has taken off as a result of the vision of His Majesty the King to harness space resources and technologies for the benefit of our country, and to use related activities to create a greater sense of interest and passion in our youth for science, technology,

and innovation. One of the main initiatives under Space was the launch of BHUTAN-1, the country's first satellite to the International Space Station (ISS) on 29 June 2018. After a little more than 2 years and 3 months, and orbiting the Earth more than 13,000 times, BHUTAN-1 has reentered Earth's atmosphere. It is predicted that the satellite may have disintegrated over South America on 19 November 2020.

Bhutan-India joint satellite project

A major achievement for this fiscal year was the initiative taken in collaboration with the Indian Space Research Organisation (ISRO)

to develop a joint satellite that is expected to be launched by the end of 2021.

During a virtual ceremony held on 24 October 2021, Bhutan and India signed an Implementing Arrangement (IA) to jointly develop a small satellite for Bhutan.

The Joint Satellite Project will be implemented as part of the MoU signed on 19 November 2020 between Bhutan and India on "Collaboration in Peaceful Uses of Outer Space" under the purview of the MoIC. With the signing of this IA, a joint satellite will be collaboratively developed and launched towards the end of this year.



ENVIRONMENT

Ecological diversity and resilience are at the heart of Bhutan's environmental policy. In fact, as one of the four pillars of Gross National Happiness, environment continues to receive profound attention from His Majesty the King. The protection and preservation of our natural wealth must define all policies, legislations, programmes, and interventions adopted to forge and maintain a sustainable development pathway.

The state of our environment has been changing over the years with increasing economic developmental activities, globalisation, climate change, and population increase. The pressure these factors inflict on the environment is massive, especially given Bhutan's fragile mountain ecosystem which makes the country one of most vulnerable nations to the imminent threats of climate change.

Therefore, it only makes sense that we adopt the good practice of mindful consumption of natural resources while considering both intra-and inter-generational equities. We must act conscientiously and judiciously to embrace the obligations that come with environmental stewardship.

Climate leadership

Leaders' Summit on Climate

On the invitation of the President of the United States, His Excellency Joe Biden, I attended the virtual Leaders' Summit on Climate themed "Raising Our Climate Ambition" in April. I highlighted our continued

efforts to address climate change. It was a matter of great pride when I conveyed that Bhutan, being already carbon negative, has achieved what the rest of the world aims to achieve by 2050. I reiterated our commitment to continue on this path for the greater global cause.

Forty world leaders were invited to the summit including heads of state/government of major economies. The attendees came from countries that are demonstrating strong climate leadership as well as countries that are especially vulnerable to the adverse impacts of climate change. It was inspiring to note that Bhutan stands at par with countries that are charting innovative pathways towards realising a net-zero economy.

Thimphu Climate Ambition Summit: Momentum for a 1.5°C world

As the Chair of the Least Developed Countries (LDCs) Group to Climate Change, Bhutan convened the high-level virtual Thimphu Climate Ambition Summit on 9 December 2020 to call for higher climate ambition.

The summit discussed critical issues surrounding ambition, climate finance, and the green economic recovery. It provided a platform for the LDCs to showcase their impressive plans towards addressing the shared concerns of climate change.

The high-level event saw participation

by the Prime Minister of Bangladesh, United Nations Secretary-General, Executive Secretary of the United Nations Framework Convention on Climate Change (UNFCCC), Special Envoy of the COP25, and COP26 President-designate, among others.

The summit produced a Chair's reflections as the outcome which was shared with a wider international audience and partners. In the last two years, Bhutan has successfully represented 46 LDCs as its Chair.

Partnering for green growth and the Global Goals 2030 Summit

In May this year, I participated in the 2021 Partnering for Green Growth (P4G) and the Global Goals 2030 Summit hosted virtually by the Republic of Korea. I had the honour to address its leader's session for the non-P4G partner countries on May 30 on the theme "Efforts of the International Community to Achieve Carbon Neutrality by 2050".

Initiatives to address climate change

Formulation of low emission development strategies

The Low Emission Development Strategies (LEDS) identify short- and long-term mitigation measures to provide an overarching framework for low emission development in the four priority sectors of surface transport, food security, industries,

and human settlement. The LEDS for industries was developed as part of preparation of the Second Nationally Determined Contributions (NDC) of Bhutan for the Paris Agreement.

Her Majesty the Gyaltsuen launched the LEDS on 5 June 2021, coinciding with the World Environment Day.

Second NDC and the Third National Communication to UNFCCC

Bhutan's Second NDC and the Third National Communication (TNC) were launched by Her Majesty the Gyaltsuen along with the LEDS on 5 June 2021. Bhutan has since presented its Second NDC and TNC to the UNFCCC.

The Second NDC reiterates our national commitment to remain carbon neutral and highlights mitigation measures that will be implemented through development of low carbon emission actions.

In compliance with the commitments made, the TNC presents the emission inventory of greenhouse gases (GHG) and the strategies of adjustment executed to tackle the impacts of climate change along with mitigation measures employed to reduce GHG emissions. It includes updates on institutional, legal, and political developments since the submission of the second national communication.

Establishment of Bhutan Climate Fund

With technical support from the World Bank Group, a concept on the Bhutan Climate Fund (BCF) was developed.

The primary objective of the BCF is to facilitate the monetisation of our net negative emissions and the carbon offsets from renewable energy generators.

The BCF is basically a trading platform where carbon off-setters will transact their offsets with overseas buyers. The platform will be managed in the form of a “Fund” with a defined legal structure.

We are currently working on the framework and the elements of this fund, which will serve as an additional financing channel to support our climate goals and other development needs.

The sale of these carbon offsets is anticipated to increase the viability of hydropower projects by providing an additional revenue stream.

For example, if we assume a conservative price of USD 5 per ton of carbon dioxide equivalent, the total carbon credits from the existing and planned hydropower projects between 2018-2024 could generate USD 228 million in cumulative carbon revenues.

Cooperation on environment

Bhutan-India MoU on environment

A Memorandum of Understanding (MoU) on Cooperation in the Areas of Environment between Bhutan and Government of India was virtually signed on 18 June 2021.

With the signing of the MoU, both parties have renewed their commitments to further strengthen and expand areas of cooperation in the field of environment covering air, waste, chemical management, climate change, and other jointly agreed-upon areas.

The MoU will enable the two countries in addressing emerging environmental issues through mutually beneficial mechanisms, which will remain in force for 10 years from the date of signing.

Twenty-sixth session of the Conference of the Parties (COP 26)

The annual United Nations Climate Change Conference 2021 was held from 31 October through 13 November 2021 in Glasgow, Scotland, under the conference Presidency of the United Kingdom.

The conference took place against the backdrop of rising global temperature and ever-increasing

incidences of climate-induced disasters around the world.

As the LDC chair, Bhutan presided over the LDC pre-session meeting on 25 and 26 October. In this meeting, the LDC group finalised key LDC positions and strategies for effective engagement in the main session.

The Bhutanese delegation to the High-Level Segment of the COP26 was led by the Minister for Agriculture and Forests. There, Bhutan recalled on the international community to support Bhutan's commitment to remain carbon neutral and address adverse impacts of climate change.

Bhutan's vulnerability to the threats of climate change was highlighted particularly in relation to ensuring food and energy security due to the deteriorating water scenario in the Hindu Kush Himalayan region. Priority areas concerning e-mobility, housing energy efficiency, and cyber security in the interest of national priority for Adaptation and Low Emission Climate Resilient Development pursuance were also discussed.

Waste and stray dog management

Tackling waste

As a response to emerging waste management issues in the country, Her Majesty the Gyaltsuen launched the joint National Waste Management and Stray Dog Population Control Flagship

Programme in June 2019.

The flagship aims to tackle waste generation starting at its source through a comprehensive waste management system.

To this effort, the construction of nine waste drop-off centres in Thimphu thromde and 21 waste management facilities in five gewogs of Thimphu have been completed.

Similarly, nine electric waste collection vehicles have been procured to augment segregation and collection services.

To support the process of managing biomedical and hazardous wastes, a 300-kilogram per hour incinerator was operationalised at Memelakha. Works are underway for installation of 2,300-kilogram per hour incinerators in Gelephu and Phuentsholing thromdes.

The construction of an integrated waste management infrastructure at Memalakha has started with the construction of an access road to the site. At Taba, the construction of a material recovery facility has been initiated.

Stray dog management

Cognisant of the fact that efficient waste management would be unsuccessful without proper stray dogs care, the government clubbed the two as one flagship programme.

For this, an accelerated dog population management programme to achieve 100 percent sterilisation

coverage has been launched in collaboration with De-Suung Project in November 2021. A total of 10,653 dogs were sterilised and another 16,680 have been vaccinated to date.

About 197 De-suups have been trained and the pet dog census has been completed in Thimphu. Going forward, to bring the stray dog population to a manageable level, the accelerated dog population management programme will be rolled out nationwide.

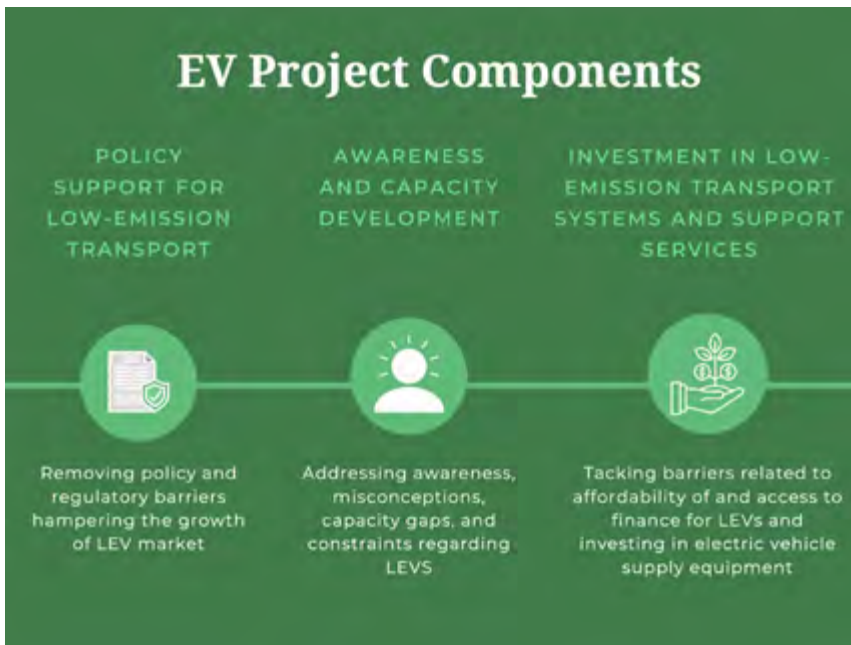
Electric vehicle project

Being endowed with abundant clean energy resources, it only makes sense that we make the best use of it to meet our sustainable development commitments.

To lessen the environmental footprint starting from the transportation sector, we have embarked on a broad-scale adoption of low emission vehicles (LEVs), in particular electric vehicles (EVs).

This is a significant development given its substantial contribution to transitioning from a heavy reliance on conventional urban transport systems to an environment-friendly, low-carbon generating, and renewable energy-based mode of transportation.

For this, the Electric Vehicle Project Management Unit (PMU) under the Prime Minister's Office is in the process of implementing its United Nations Development Programme—Global Environment Facility (UNDP-GEF) assisted project titled “Bhutan Sustainable Low-emission Urban Transport Systems”.



The project was implemented starting September 2018. It aims to roll out 300 EVs as taxis by the end of September 2022. In over nine years, we expect to offset more than 43,000 tCO₂.

The entire project will be implemented at a combined cost of approximately USD 13 million (USD 2.6 million from UNDP-GEF and USD 10.3 million from RGoB).

The project's three main components are illustrated below.

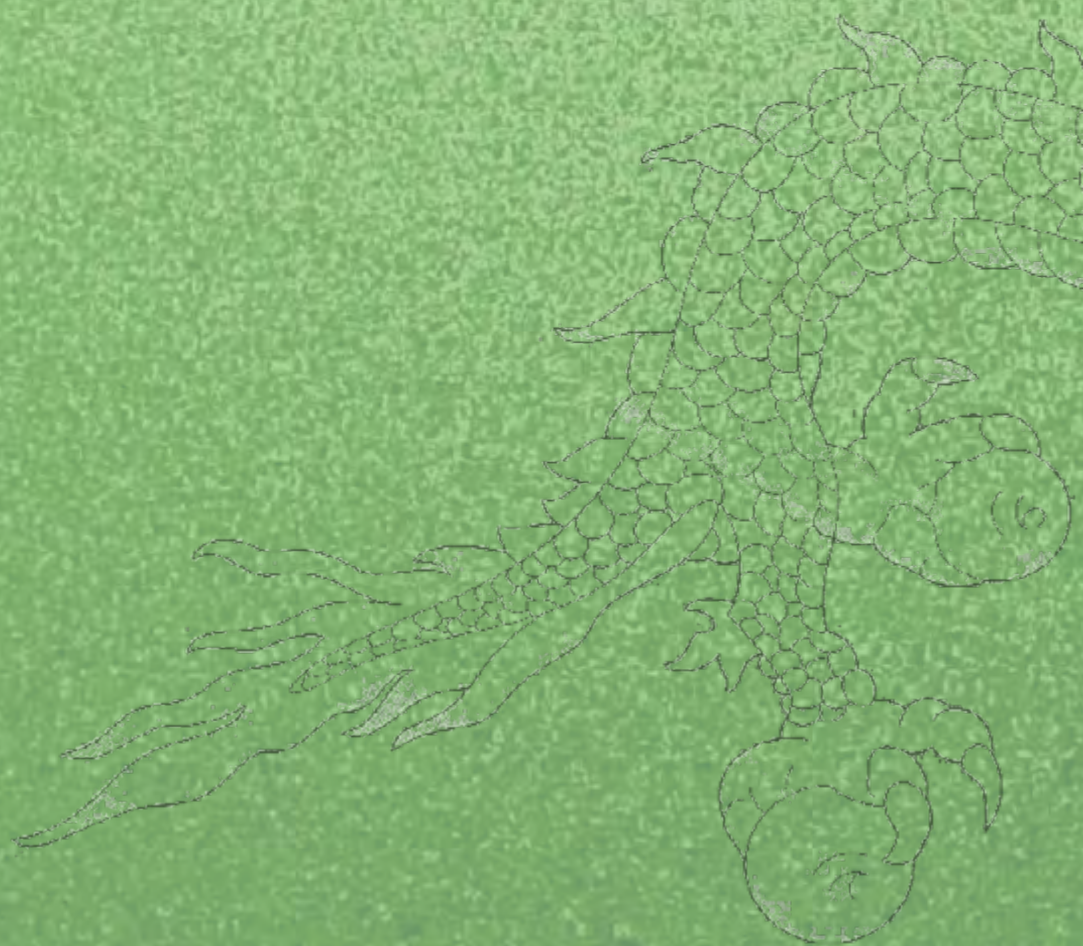
Key achievements

As of date, 221 electric vehicles are on our road, of which 38 are EV taxis. 12 additional EV taxis will be registered in the next few days.

The project has installed 25 EV public charging stations in 15 locations. Each charging machine comprises two outlets: Chademo and Combined Charging systems (CCS) which supports the Japanese- and European-made EVs. The charging stations in the six dzongkhags are all completed. Additional charging stations in Phuentsholing and Paro are being constructed.

In the coming year, the charging stations will be expanded to 14 dzongkhags with additional chargers in Thimphu and Paro.

As a pilot project, we are looking at procuring two electric buses and their charging stations for Thimphu thromde.





THE FUTURE

Moving forward

Addressing the nation on the 114th National Day this year, His Majesty The King commanded a clear and bold path for a brave new country. In spirit and action, the golden words will be the ultimate beacon for the remaining term in office.

It pained to hear the profound enunciation of the word “nGar” and the subsequent deterioration of those qualities during the last 15 years of His Majesty’s reign.

But in truth, it correlates to the unveiling of democratic process and that of elected governments. Despite numerous reminders and guidance from the Throne over the years, the grains of good governance slipped from our grip. We loosely state that Royal Command is binding and indubitable (རྒྱལ་པོའི་བཀའ་ལུ་ལན་གཅིག) and yet we have been deficient.

Therefore, it is the responsibility of the government of the day, to redeem the faith and embrace the ability and the willingness to deliver. In His Majesty’s words, accountability must become the “cornerstone of governance”.

As mentioned in the introduction, in His Majesty is our “true state” of the nation and we will strive towards that. After being commanded many times about what needs to be done, this time we have been shown how to do it. And these are not mere words. We have been assured of all the Royal guidance and support.

With every essential ingredient in place, the “golden yoke of secular laws” is on us and particularly on my shoulder as the Head of government of the day. And just as the ox bearing the yoke earns respite only after completing the work at the end of the day, so shall be my motivation hereon. In all encompassing environment, if we still cannot deliver, it is clear that we are lacking and we must admit - accountability!

If we are unsure on how to go about, our experience with Covid-19 is a perfect reference. We all listened to His Majesty and agreed to a non-compromising approach. It called for stern measures and did not make any compassionate considerations that would be detrimental to our objective of saving lives from the disease.

This is how we should move forward. We will not make excuses or use excuses to shield our failures. When there are circumstances that would deter us from achieving the goals, we will seek means for correction. But we will admit to our wrongs. The era to justify and move on has come to an end. The words of His Majesty must stop at every individual, rather than being passed on. I pledge to that too.

As we depart from the conventional standard, we will redirect our focus and resources to create gainful employment by uplifting the economy, enhancing education quality, and building credible human resource.

We will pivot our mandates towards skilling, re-skilling, and up-skilling of our citizens just as His Majesty has underscored. Undoubtedly, mainstream education will become our foreground to start skilling our youth. To make them world ready, our youth must learn from world experts.

Continuing ahead, the State of the Nation report will present a completely different scenario than what we have been portraying so far. To achieve this tremendous feat, we will have to set aside differences, possibly dispose of them entirely. Together, we must uphold accountability and institute exceptional work ethics. We need to correct the glaring weaknesses and shortcomings infesting our system.

In the process of democratic transition and reflecting on my own experiences, it is true that the elected governments were swayed by political gains by warming up to people for votes and fulfilling pledges. In trying to sustain the goodwill, laxity has set in.

There are times when I have been unable to speak my mind and was unable to do what I wanted to do given the chains of deeply entrenched rules and systems. This pushes me to question the beauty

of democracy scripted in textbooks that may never work beyond, given the human deficiencies and eroding values. Avid academicians have some homework to do on what path should Bhutan really embark on?

Nonetheless, with the Command from the People's King that has transpired from the submission of the citizens, this is the ultimate task at hand – to revolutionise our way of working for the greater good of our people and the country.

As the Head of the Executive, I am willing to listen to our agencies and people. I urge all agencies to come forward with ideas and imagination. I'll invite feedback and welcome criticism equally. Such an honour it is to be a part of nation's new pages of transformation. When we reflect decades down, this event from the pandemic years will stand tall.

While I always believe in hard work and sincerity, this responsibility will be a true test of my character. I will not yield to the fear of failure or be blinded by success. I will strive to achieve more before the term of the government ends and until my last breath in service of the King, country and people.

Tashi Delek!



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