



# STATE OF THE NATION

Eighth Session  
The Third Parliament of Bhutan  
8 December 2022

**DR LOTAY TSHERING**

Prime Minister  
Royal Government of Bhutan





“

The ongoing national efforts for transformation give me hope. For the first time since I became King 16 years ago, I see a new dawn over the horizon. There is a perceptible difference in our efforts this time. There has been a shift in attitudes towards work, and a greater sense of concern, seriousness and urgency, even as we tackle the increasing volume of work.”

His Majesty's Address  
Opening ceremony  
8<sup>th</sup> session of the Third Parliament  
4 November 2022.







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# Introduction

With deep reverence to my King, and sincere prayers for the country and the people of Bhutan, it is with honour that I present the fourth State of the Nation report.

As always, the report nudges us to ask ourselves the pertinent question- where are we as a nation today? The biggest awakening came last year, during the National Day when His Majesty articulated the true state of our nation.

We, as a country and as a Bhutanese, were not on track. Years have gone into rhetoric and formalities. Our systems and priorities have been misplaced, professionalism and accountability almost non-existent, and all opportunities of growth and economic dreams for the people and the country compromised.

Along with the rest of the nation, I bowed in guilt and acknowledgement. And during the task to present the third State of the Nation report a few days after the Royal address, I offered my pledge to make every minute of my days thereon count.

More lockdowns followed during the first months of 2022 to prevent the spread of COVID-19. Spiralling cases meant adoption of aggressive testing, tracing and treating across the country. Our children sat for board examinations amid the most difficult circumstances.

After we secured enough vaccination coverage and booster dose administration, and upon ascertaining that Omicron was milder than its preceding variants, we finally leaped to the second phase of COVID-19 management.

All through, His Majesty guided, implored, motivated and led us through the pandemic. If we follow the Royal command and implement every word and intent, the outcome is an obvious success. That is clearly visible today as we look at the way Bhutan has successfully managed and come out of the pandemic.

And all along, His Majesty kept imparting the message that as we fight the pandemic, we must not lose the overall sight of national goals and objectives.

Thus came the era of historic reform. This time, His Majesty is showing us how to do it, after years of prodding and reminders. The nation miserably failed to follow all the warning signs and guidance over the years.

No country has witnessed reform initiatives of such magnitude at a time. The governance, civil service, public sectors and institutions, and in fact, the whole nation, are undergoing systemic change. So where are we as a nation today? No other year is more pertinent than this time to delve deeper into the state of our nation.



We are at a critical cusp as a nation. As His Majesty reminded us during the opening of the Parliament session on 4 November that we are at an “inflection point”.

“Our actions today will determine the course of our future, and put us either in the path of success or failure. There will not be any more opportunities, and we have no choice but to work with the greatest sense of urgency”.

In a way, my government feels immensely fortunate that the historic reform is happening during our tenure. This too demands an excessive amount of merit and blessings. We are selfless and unconditional about doing what is possible for us to fulfil His Majesty’s desires for Bhutan.

My outlook and approach to governance have completely flipped from what it was before the pandemic. I now understand my King and his visions for Bhutan more. I also realise the urgency to act like we did during the pandemic. We need to test and trace all the viruses in our system, and correct them if wrong and nurture them if right.

I have realised that almost every Bhutanese has given enough opinions on the need to make Bhutan self-sustainable, high-income and a first world nation. But all the while, the key ingredients have been missing. I feel Bhutan has tried to nurture democracy without

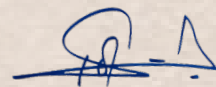
even maturing economically for one’s strength and sustainability.

This time around, His Majesty is putting the materials together that will not just propel Bhutan to the high-income destination but keep us there for always.

As I present the details of activities we pursued in the last one year, my prayer is that the final year that remains for my government and team be as meaningful as His Majesty expects. One distinct motivation for me since the beginning was to do what is good for the country and not what is seemingly popular. When we held the helm of the governance in 2018, we determined that enough public pandering has been done already.

I see a stark difference in what comes as five-year plans and pledges, and the generational needs of the country. I will always be guided by the latter. After all, that is what Bhutan needs and that is what Bhutanese appreciates.

With the leadership of His Majesty, who has the ability to foresee and overcome all challenges as we saw during the pandemic, we are confident that we will realise the dreams of Bhutan. We pledge to work together until we do so. May Bhutan win always.



Dr Lotay Tshering  
Prime Minister of Bhutan





# IN GRATITUDE









# His Majesty The King

**A**s I humbly seek to offer my gratitude to His Majesty on behalf of the people and the government of Bhutan, I am mindful that the highest sense of thankfulness is not the words but to live by them.

As much as we are lacking and seek forgiveness for that, we offer prayers of gratitude today and always for His Majesty's presence in our lives, for all that he is, and for everything he does for us.

Like an enlightened master nurturing his pupils, the government received the Royal guidance in every step of the way. It was His Majesty's leadership and tenacity that motivated and pushed us to do better every day. We couldn't have done it without the understanding and insights from His Majesty, for which we remain indebted.

During the opening of the Eighth session of the Parliament, the Royal address underscored the role of building a better Bhutan for our people and our future. Your Majesty is transforming Bhutan and recreating a national brand for the world to believe in.

The government and I am privileged to be a part of the grand undertaking. It fills us with the sense of contentment. For leading the national transformation and for bringing these changes during our tenure, we thank you. We pledge to give our best to fulfil these aspirations.

When the country was confronted with the COVID-19 pandemic, we saw a compassionate leader who risked his own life and sacrificed everything to protect the country and the people.

I have said this often that of all the Bhutanese, His Majesty must have undergone the maximum number of quarantines and COVID-19 tests. All these while leading by example and ensuring non-compromising strategies to lift the country out of the COVID-19 turmoil.



We may fail to realise this, but the fact that we live with our loved ones today, in the warm company of our parents and elders, is all thanks to His Majesty. During the simulation of possible fatality from the Delta wave, an estimated 20,000 deaths were drawn for Bhutan. That was the worst nightmare and only His Majesty felt the pain and desperation to protect every life possible. And we managed. Thank you, Your Majesty.

Before the pandemic, most of us would have assumed that we know our King, but our comprehension was nowhere close. The magnanimity of Your Majesty is boundless and now we feel even more confident, and ever more blessed.

Today, as we gradually emerge from the pandemic, our people are safe, vaccinated with almost four doses of the best COVID-19 vaccines available. Our lives have returned to normalcy and we owe our mere being on this earth to Your Majesty.

## Kidu-gi-pham

Our *Kidu-gi-pham* has always considered the wellbeing of the people and their priorities as a sacred duty.

In the last 14 years of His Majesty's reign, we witnessed unprecedented land and citizenship *kidu*, resettlement programs, and countless other *kidus* that touched many homes and lives. It gave people hope during times of misery and motivation to those seeking a brighter future.

We thank Your Majesty for the recent granting of citizenship to 579 individuals, taking the count to 25,000 citizenship *kidu* so far.

## Druk Gyalpo's Relief Kidu

Your Majesty's compassion sees no bound. The Druk Gyalpo's Relief *Kidu* is one such initiative which was instituted to ease the sufferings of people during the pandemic. There was no assessment and everyone who applied received the *kidu* in the form of cash and kind for over two years.

The DGRK expanded to those who lost their jobs to the pandemic, home and abroad, whose income was impacted by COVID-19 measures, especially during the lockdowns, and supported those who came forward to serve as volunteers, including the De-suups and retired personnel of the armed forces.

Since the last report, the DGRK has spread its wings to embrace over 45,000 families and spent more than Nu. 1.6 billion as relief kidu. This does not include the food and ration provided to households during lockdowns.

In over 30 months of operation, the DGRK has supported 59,413 beneficiaries and spent over Nu. 5.2 billion.

On behalf of the people of Bhutan, I thank Your Majesty for offering this life-line to our people. Elsewhere, when governments were doubly burdened by the COVID-19 on one side and sufferings of people on the other, Your Majesty was the spine whose compassion was the antidote to both.

## **De-suung**

With 52 batches so far and over 31,000 De-suups among us, the societal transformation His Majesty conceived through this voluntary institution will go down in the history of Bhutan.

What started as the volunteer-responders during disasters and emergencies is now at the centre of major national activities that anchor youth to meaningful projects.

It is a tale worth telling that from the succes of over 5,000 De-suups, the accelerated programs during the peak of the pandemic saw over 30,000 young men and women coming forward to fight for the nation.

In droves they guarded the country from the disease. They continue to guard our frontiers. They became critical in the COVID-19 medicare support team, management of quarantine and isolation facilities, vaccination campaign, service delivery, and patrolling.

Under the banner of the De-suung National Service, the De-suups are undertaking major national projects. The De-suups were instrumental during the plantation of a million fruit trees throughout the country.

The De-suups have handled numerous drinking and irrigation water projects. What started with small projects have now transformed into full-fledged legacy water projects like the one in Gelephu town.

Similarly, the national dog population management project, the first of its kind, was successfully undertaken by the De-suups.



We have another group of De-suups working in road construction projects and they are making remarkable progress in standardising road works and professionalising the road sector.

And we see an increasing number of De-suups involved in the development of tourism products, beautification works, and waste management to name a few.

It is difficult to spell out all the involvement, but it is safe to say that our communities are safer, cleaner and better because of the orange personnel among us. We offer our gratitude and respect to His Majesty for infusing a sense of purpose among our youth and giving them relevance in our nation's progression.

## **De-suung Skilling Program**

Providing opportunities to thousands of youths, bringing out their passion, introducing them to traits that will change their lives and offering international certifications, the De-suung Skilling Program took off amid the pandemic under Royal command.

Over 6,500 De-suups have been skilled in about 233 different trainings today. In keeping with the standards His Majesty aspires, they were trained by 149 local and foreign experts from over 25 countries.

Placing immense trust and emphasis on the youth, His Majesty has reminded us that the demographically large proportion of young people will make a significant difference if given the opportunity. For giving them the opportunity to serve, reason to live and for making them proud citizens of Bhutan, I bow down in gratitude to His Majesty.

## **Gyalsung**

This Parliament session, the nation witnessed the historic Gyalsung Bill, the first of a kind originating from the Golden Throne. How much it mattered was reflected in the two houses of the Parliament unanimously passing the bill.

I am taken back to the 2019 National Day Address when His Majesty pronounced the word 'Gyalsung' for the first time exactly at 9.55am.



Gyalsung sows the seed of transformation and seeks to build the youth and, through them, the nation.

To meet the profound vision, appropriate facilities are being constructed at five Gyalsung sites. During the one-year Gyalsung training, starting 2024, our children will be blessed with life-long wisdom, while experiencing world-class facilities, all thanks to His Majesty.

## United Nations Peace Keeping

A dharma King in the 21<sup>st</sup> Century is as rare and even more unique is the prayers he has for the world. Despite being a small country, as a nation defined by Gross National Happiness, His Majesty has always said that we must play a part in global peace and harmony.

Bhutan joined the UN peace keeping fraternity in 2014 and on 6 and 10 November, 180 armed force personnel left for the Central African Republic in the first-ever deployment of a contingent from Bhutan for peacekeeping operations.

The Light Quick Reaction Force will support the Multidimensional Integrated Stabilization Mission for the Central African Republic (MINUSCA).

From the minutest details and personal care for individuals, to the unfathomable burden of fostering a nation, Your Majesty is the answer to our collective prayers. For being born in Bhutan around this time and serving during Your Kingship, we Bhutanese are fortunate.

As we see you lead this nation forward, sacrificing the comforts of the palace and embrace of the Royal family, we fold our hands in reverence. Thank you, His Majesty.







# Her Majesty The Queen

**O**n 20 May 2011, during the opening of Seventh session of the First Parliament, His Majesty The King to the entire nation's joy and delight, introduced Her Majesty The Gyaltsuen to the world.

As the precious name “Jetsun Pema” was uttered, the heart-warming moment reverberated in the hearts of all Bhutanese. The rosy sheen of this unforgettable memory was etched in our minds forever with the glorious Royal Wedding of Their Majesties on 13 October 2011.

Since then, the Bhutanese people have continued to revel in a decade filled with blissful celebration of a match decreed by destiny.

Today, as our beloved Gyalseys are raised in Her loving embrace, we stand reaffirmed that our future shines brighter under the glorious reign of the Wangchuck Dynasty.

Over the years, we have witnessed our Queen's steadfast dedication and service to the people expand and deepen. Her Majesty has earnestly devoted efforts to meeting the needs of the vulnerable sections and in placing the mental wellbeing of every individual first so that no one struggles alone.

Her Majesty's deep thoughtfulness and acts of kindness, such as delivering contraceptives and sanitary items to households during nationwide lockdowns, are significant personal interventions that have left an indelible mark on the lives of many individuals. When Her Majesty commanded that a domestic violence helpline be set up, it sent a reassuring message that help was within reach for those who needed it.

In a rapidly modernising world, some of these concerns go unheeded but in Bhutan, Her Majesty's foresight and undertakings on such matters come as timely if not radical interventions. Her Majesty's endeavours create a long-lasting positive impact in promoting the values of solidarity, equity and inclusivity- values that are integral for any society or community's survival.

In addition to having important organisations such as the Bhutan Red Cross Society, Ability Bhutan Society and Royal Society for Protection of Nature under Her patronage, Her Majesty also spearheads the Pema Centre.

It is correct that physical health is important but what is more encompassing, integral and truly reflective of society's wellbeing is mental state of individuals. A healthy society, in which the people are healthy in both emotional and physical spheres, has the maximum impact on nation-building.



Therefore, deriving inspiration from the Lotus flower, which blooms out of murky waters after overcoming odds and dreary conditions, just as a person blossoms when they have overcome adversities in life, the Pema Centre was born.

The Pema Centre, an agency at the forefront of the mental health campaign and dedicated to promoting the mental wellbeing of the Bhutanese population, was inaugurated on 16 June.

Set in a country that propagates peace and harmony, the Pema Centre will likely become one of the most wholesome mental health institutions in the world to provide professionally sound counselling services, internationally acclaimed courses, high-end rehabilitation facilities and turn into a favoured education institution for international students and researchers.

The sacred values of Gross National Happiness permeate in all avenues of development and the happiness of the citizens is the highest attribute of all decision-making aspects. Against this backdrop, the Pema Centre is the right agency that will lead the national response for mental health, construct a 60-bed psychiatric hospital in Thimphu to begin with, and establish channels through which necessary support and help would be provided to patients along with their families and caregivers.

Committed to mitigating the existential crises imposed by climate change as the ambassador for United Nations Environment Protection for Ozone, Her Majesty delivered a compelling statement for the Bhutan Climate Action Conclave 2022 held in Bumthang on 18 October.

Her Majesty attested that the impacts of climate change are manifold and can have devastating consequences on the flora, fauna and human beings the world over. Her Majesty distinctly voiced the pressing concerns of mountainous countries like Bhutan while calling for a unified global action to fight the pernicious effects of climate change.

I convey this with an immense, overwhelming sense of pride and deference that we, as Bhutanese, are blessed beyond measure to have a Queen who is the epitome of kindness, grace and altruism. In Her Majesty's form, we witness the collective answer to the Bhutanese people's prayers and wishes.

Her Majesty's reassuring presence by His Majesty through the ebbs and flows of life, Her motherly compassion for our precious Gyalseys, Her quiet fortitude and endurance and Her boundless love for the people present a constant reminder that there is, among us, a living embodiment of the universal mother, Goddess Jetsun Dölma.





## Spirituality

Our nation is unique in a sense that our deep spiritual values continue to define the conduct of our daily routines. Most of us begin the day with a prayer on our lips– both for the wellbeing of our family and all sentient beings.

Even in the midst of changing times characterised by ever-expanding horizons of scientific knowledge, innovation and technological advancements, the Bhutanese way of life continues to revolve around shared spiritual practices and morals.

Where nations possessing immense material wealth and military might performed poorly in the face of the grievous pandemic, the blessings of our powerful guardian deities and our faith in the precious Buddha Dharma served as a powerful, reckoning force that sheltered us from looming dangers.

For centuries, the guardians of our spiritual traditions, the Zhung Dratshang, under the virtuous leadership of His Holiness the Je Khenpo, has played an imperative role in keeping these fundamental time-honoured values intact and flourishing.

This year marks the 400-year anniversary of the Zhung Dratshang's establishment which also coincides with the golden jubilee of Dechenphodrang Lobdra.

His Holiness has led countless spiritual endeavours and sacred initiations that reinforce our beliefs in the power of Buddha Dharma to heal and soothe our minds during trying times.

His Holiness bestowed a month-long Kuenkhyen Kabum Jaklung at Kuenselphodrang beginning 9 October followed by a five-day Moenlam Chenmo starting 6 November. We have and are witnessing Moenlam Chenmos in Samtse, Gedu, Trongsa and Punakha.

After two long years the Tendrelthang and places across the country, witnessed throngs of Bhutanese and international visitors alike in a celebratory mood. The return of tshechus brought with it a revitalising air of exuberance as families and friends gathered in joyful reunion to witness the festivities.

In a landmark ordination ceremony, His Holiness conferred the solemn Gelongma vow to 144 nuns from Bhutan and other countries of the region on 21 June at Ramthangkha, Paro. The auspicious ceremony is of historic significance as it marks the first step towards realising greater gender equality within the Buddhist institutions in the country.

Towards expanding learning opportunities and enhancing educational qualifications of the



monks, His Holiness inaugurated the Lekshed Jungney Buddhist College in Punakha on 14 May.

Founded in 2002, the Buddhist school taught enrolled monks until the fourth *zindra* (grade). The school has now been upgraded to a higher-level learning institute to impart teachings to monks until the seventh *zindra*.

As a part of the De-suung Skilling Program, four batches of De-suups underwent a month-long introductory course on Buddhism. Such an endeavour will promote Buddhist values centred around loyalty, compassion and understanding to complement the duties performed by our guardians of peace.

For the first time, the Zhung Dratshang recorded the graduation ceremony of four doctorate monks who successfully received their PhD in Buddhist Studies from Dorden Tashithang Buddhist University, Thimphu on 3 May.

I want to express my deep gratitude to the Zhung Dratshang for their compliance to COVID-19 protocols when the nation was grappling with setbacks imposed by the pandemic. The smooth transition to and acceptance of online teaching and learning contributed substantially to controlling the spread of the virus. The Dratshang has been an important partner in our fight against the pandemic.

On 11 November, His Holiness presided over the consecration of the newly constructed Wangduephodrang Dzong which was destroyed by a disastrous fire in 2012. The Dzong has been restored to its former glory heralding renewed hopes and signalling that what was once lost could be rebuilt and regained.

His Holiness consecrated the nine-storey tower, Sekhar Guthok Tsuglakhang, on 26 November in Phuentsholing. It took 12 years to be completed and is a replica of the iconic tower built by Jetsun Milarepa during the 11<sup>th</sup> century in Lhodrak, Tibet.

His Holiness's prevailing wisdom and resoluteness will remain an eternal source of inspiration and confidence for this government to shoulder an equal measure of responsibilities and struggles that have, and will, come our way. With folded hands I would like to offer my profound prayers for His Holiness's long life, wellbeing and happiness. May the Buddha Dharma flourish for aeons under His Holiness's all-knowing gaze.

## Partners

Focused wholly on bringing greater good for the country and the people of Bhutan, our partners adopted a unified approach which greatly supplemented the government's efforts in successfully

managing the COVID-19 pandemic.

This success story is a visible result of our combined efforts. It is deeply heart-warming and gratifying to note that our partners continued to shoulder their individual and collective roles responsibly in delivery of important national goals even during unprecedented times.

I take this opportunity to thank our colleagues in the premises today- the National Assembly, the National Council, and in particular our Opposition- for putting the nation first in this collective journey. I humbly thank you because without your support we would have had very different, perhaps unfortunate, endings to our stories.

I would like to thank the Judiciary, for upholding the sacred rule of law and administering justice in accordance with high moral standards and principles.

My commendations to our local governments and its leaders for keeping the people at the grassroots informed and meaningfully engaged through the communities. With your support, we have been brought closer to and able to reach the remotest of settlements.

As we slowly but steadily transition from the pandemic to forge a new path of economic revival, the support and cooperation of our development partners will become even more indispensable.

Bhutan derived strength and critical resources from our development partners in fighting the pandemic and has emerged stronger than before. For this, I remain ever grateful.

I would like to express my gratitude to the Constitutional bodies, government agencies, civil societies, non-governmental agencies, corporations and the private sector.

My gratitude also goes to our civil servants who worked beyond their mandates during the pandemic and without any qualm, embraced the ongoing reforms.

I have high hopes that, hereon, as transformation unfolds in our governance system, your support and dedication will spell progress, self-sufficiency and prosperity for our beloved Kingdom.

## National Council

A sense of honour as well as nostalgia surges from within, as we share the august hall with the esteemed members of National Council who sit through the final session of their term today.

As we are all aware, the election process for the National Council kickstarts early next year, to be reconstituted as the continuous house in May, 2023.



Led by Chairperson Tashi Dorji, the inspiring team of the third National Council has been a source of wisdom and insight since the day we took over the responsibility of governance.

They merit a special mention here, as we thank them for their contribution to Bhutan's democracy and enrichment of our legislation process.

The NC members have been responsive to all the efforts the country put in during the pandemic. And today, especially during these critical times of reform, their participation will remain inscribed in the pages of Bhutan's history.

I also take the opportunity to offer my wishes to those who choose to recontest. It goes without saying that they bring the valuable experience and knowledge back to the House of Review.

For members who embark on a different journey, we see you carrying the treasure of knowledge and comprehension imbibed over the five years at the Council to other fields.

As we progress as a nation, the presence of the members who serve in the National Council will go a long way in spawning innovation, knowledge and conscience in society. No matter how you choose to serve, the nation stands to benefit. Thank you once again.

## Security

Our armed forces are stationed in some of the most unforgiving of landscapes in which they brave severe weather conditions to protect the security and safety of the Bhutanese people. Our compact but accomplished security forces gallantly safeguard our borders from external threats and keep impending dangers at bay.

Our gratitude for their peerless sacrifice of personal comforts and months of absence from their homes can never be adequately expressed in words. Because of them, we are safely harboured in the confines of our houses, shielded from unknown perils to our lives.

As we usher in the events that will follow suit after the implementation of the Gyalsung Project, our armed forces will serve as a valuable inventory to meet both theoretical needs and field experience for the youth who will go on to become knowledgeable, dedicated and loyal defenders of the Kingdom we call our home.

Even in our fight against the pandemic, our armed forces- Royal Body Guards, Royal Bhutan Army and Royal Bhutan Police- have been a critical partner. Without their contribution, the hard battle against an invisible enemy such as COVID-19 would have cost us much more dearly than we initially bargained for.

We would like to express our gratitude and deep appreciation, especially to our retired armed forces personnel, who dutifully responded to the call of duty and are patrolling our porous frontiers. Their service extends well beyond their time in service.

We remain indebted to and inspired by your unwavering sense of duty and service to the *Tsa-Wa-Sum*.

## People

Under all circumstances, no matter how challenging or difficult, the Bhutanese people, in particular our frontliners, have exhibited commendable resilience and fortitude.

As the pandemic wreaked havoc across the country, our people demonstrated a remarkable strength of character and solidarity in aligning themselves to a collective goal to withstand the ravages of the deadly virus. The government's efforts in saving lives were supplemented by the people's unequivocal acceptance of COVID-19 norms and restrictions.

Circumstances prevailing during the course of the pandemic were not ideal, especially when it spelt massive economic downturns and social repercussions.

The people of Bhutan, however, endured against all odds in the last two years and have quickly set out to rebuild their lives again.

The happiness of the people is paramount and even when conditions are not ideal, the government will strive to do everything within our reach to enrich lives by making people's welfare the highest attribute of all decision-making.

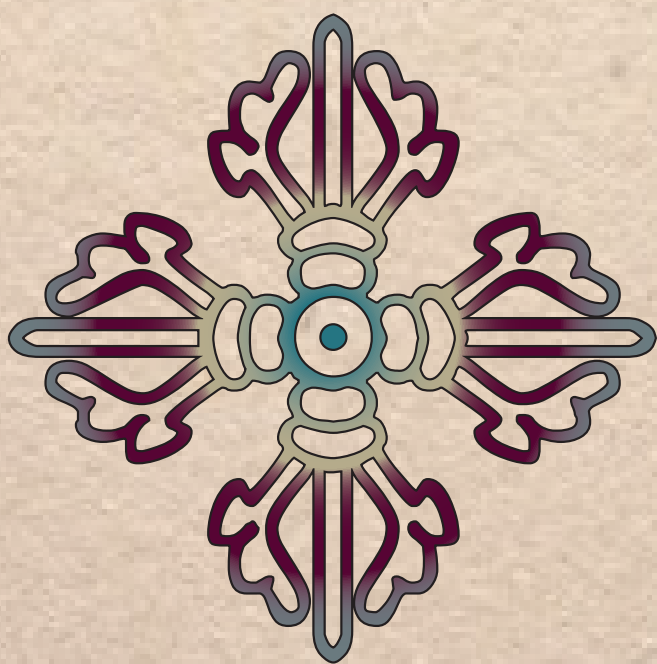
As we traverse into the final year of governance, I have complete faith that our people will continue to align themselves to the national objective of socio-economic empowerment of the country and develop a positive awareness of the tasks that lie ahead as our country's narrative undergoes the broadest shift.

The fruit of our labours today might seem far-fetched, but I assure you that all transformative initiatives we are undertaking will create meaningful longer-term impacts as envisioned by our noble Monarchs.

For more than a century, the Bhutanese people have remained united under the extraordinary leadership of His Majesty the King. Our people's unswerving confidence in our Monarchs serves as a constant source of inspiration for me to work harder and serve the people as best as I possibly can.

I would like to offer my earnest appreciation and deep gratitude to the people of Bhutan and frontliners – for displaying exemplary courage and grit in the face of difficulties and being our ultimate source of strength.





# THE PAST



If we rewind to the first State of the Nation report presented to the Parliament in June 2019, seven months after the third elected government was formed, the journey had kickstarted by intuitively reflecting on Bhutan's developmental status against the backdrop of a fast-changing world.

We felt it was important to come to terms with reality first, in order to act right.

As highlighted in the first and subsequent reports, we as a nation were stuck in rhetoric. True, we had come a long way as a nation. A lot of hard work and sacrifices had gone into building a Bhutan that is today.

But in recent years, the pace, complacency and indifference that had seeped into our system and ways of life were now proving to be costly. We realised that and committed to bring about the change Bhutan needs.

Therefore, with blessings and guidance from His Majesty The King, we embarked on a journey that was about learning, doing the right thing in larger interest and making a difference in the lives of our people.

It has been slightly over four years since. This section of the report is an attempt to encapsulate some of the key initiatives that we took, which have been impactful in bringing the nation back on track.

The pandemic spans over a substantial period, but there too was a world of discovery for the nation, our system and our priorities.

## Closing the political divide

From our experiences on the ground during the elections, the pain and disharmony it generated among the people was one of the most discomfiting factors. In just three parliamentary elections homes, neighbourhoods and communities were bearing the brunt of divisive games political parties had pursued.

If we didn't switch gears soon, it would be too damaging for a small country like ours.

Which is why during the first meeting with the local press on 7 November 2019, the day we assumed office, I went on record to say that this government will always be called the Royal Government of Bhutan and not the "DNT" government, a habit we had imbibed over the years.

Identifying with the party not just asserted the notion that the government belonged only to the electorates who voted for that party, it also encouraged the idea that the politically elected government pursued only the pledges and interest of the party and not that of the nation.

Our intention was to close any divisions arising along political lines. The government has been mindful that our mandates did not pander to voters or create further division.

We adopted fair and balanced approaches across all constituencies. We made sure there was no denouncing of former governments or other political parties during our time. In our governance, it is always the country first.

## The flagship programs

To inject focus and impetus to some of the priority areas, we identified nine programs to deliver immediate and tangible impacts on our people. Nu. 15 billion was allocated for the flagships that covered health, education, tourism, waste and water management, organic, CSI and digital sectors.

One program, the footprints of National Day, was later subsumed under other areas.

The programs have seen fruition of a wide range of initiatives and infrastructure over the years, the details of which are highlighted under respective agencies in the present section.

## Health and education

The government has recognised health and education as our primary agenda. They are the critical ingredients of a progressive society on which all other developmental activities thrive.

Many important programs and policies were rolled out in health and education in the last four years.

In health, 10 cluster hospitals were established that offered four specialised services in medical, gynaecology, paediatric and general surgery, alongside GI endoscopy and ultrasound services, with mother and child and mental health receiving renewed focus.

In education, schools across the country were digitalised, students' nutrition improved through day feeding programs and the curriculum and assessment system reformed.

The two sectors were also at the heart of the pay revision in 2019, making them the highest paid civil servants in the country.

The two sectors also saw a major shift in functioning and delivery to cope with the disruption and challenges brought about by the pandemic. Securing COVID-19 vaccines, rolling out the vaccination campaigns and ensuring booster





doses nationwide, ascertaining that routine health programs were unhindered, are some examples.

In education, teaching and learning online, conducting board examinations amid the lockdown, accelerating construction of ICT labs and review of curriculum, were some activities pursued.

## Block grants for LG

The annual block grant comprising 50 percent of the budget outlay gives financial autonomy to the local government and empowers them to prioritise and approve developmental activities.

Local leaders were encouraged to get innovative and efficient with the fund at their disposal, focusing more on economic activities to create employment for youth and villagers.

Over the years, the local leaders have acknowledged the convenience such arrangements offer them and have worked objectively to derive the maximum out of the budget.

## Mines for SOE

In a major shift from the norm, the government allocated Khothakpa Gypsum Mine and Chunaikhola Dolomite Mine to State Mining Corporation Limited (SMCL) for a lease period of 15 years earlier this year.

This came about despite the Mines and Minerals Bill encountering an indefinite deferment at the Parliament in June 2021.

However, the revision of Mines and Minerals Management Regulations empowered the government to handover mines directly to the SMCL on lease. This enabled, for the first time, for those mines to be managed by the State.

All the coal mines were also directly given to SMCL, given that it is a strategic resource used only by domestic industries. Rishore in Dewathang, Samdrup Jongkhar, was the latest mine handed over to the company.

Among others, it was the lessons from the pandemic and in keeping with the sector's potential to generate revenue for the government during economic slowdown that these moves were made.

## Fighting the pandemic

When the second State of the Nation report was presented to the Parliament, the nation was in the middle of the pandemic. Saving lives from COVID-19 was our priority while also supporting livelihoods of the people affected.

Since the first case in March 2020, we heightened surveillance,

relentlessly pursuing testing, tracing and treating. In what was unheard of during our lifetime, lockdown and social distancing became part of our routine.

Though it posed immense challenges for the people, these were effective methods to break the chain of virus transmission.

It was the leadership in His Majesty that persuaded us to act with such will and strength. Our COVID-19 protocols were one of the toughest in the world. For every detection of a case, we announced lockdowns.

For international travels, we enforced a 21-day state sponsored mandatory quarantine and seven-day for domestic travel from high-risk areas. Leading by example, His Majesty must have undergone the maximum number of quarantines, given the frequent visits His Majesty made to border districts to ensure the safety of the people.

If not for the guidance from His Majesty and the concerted efforts from all corners, we would not have been able to effectively implement the stringent measures that lasted not just months but more than two years.

In March this year, having secured more than 90 percent vaccine coverage, including the second

booster dose, we moved to a new phase of disease management.

This was considered after confirming that the Omicron variant in circulation was of minimum risk, though highly contagious. Focus then shifted to clinical management of cases.

Since then, all restrictions were formally lifted on September 23 when Bhutan finally opened borders to tourists. The tapering days of quarantine requirement came down to test-and-go.

Today, while we are yet to see the formal end of the pandemic, the country has successfully come out of it. However, surveillance measures are still in place and the health ministry is closely monitoring developments around the world.

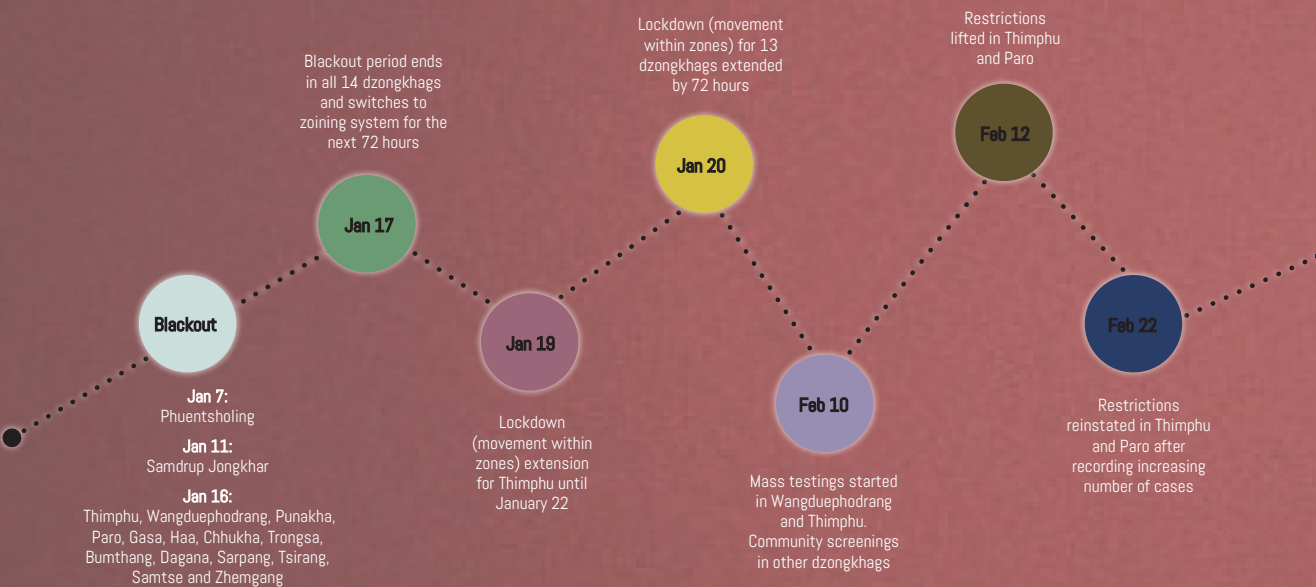
## Redefining politics

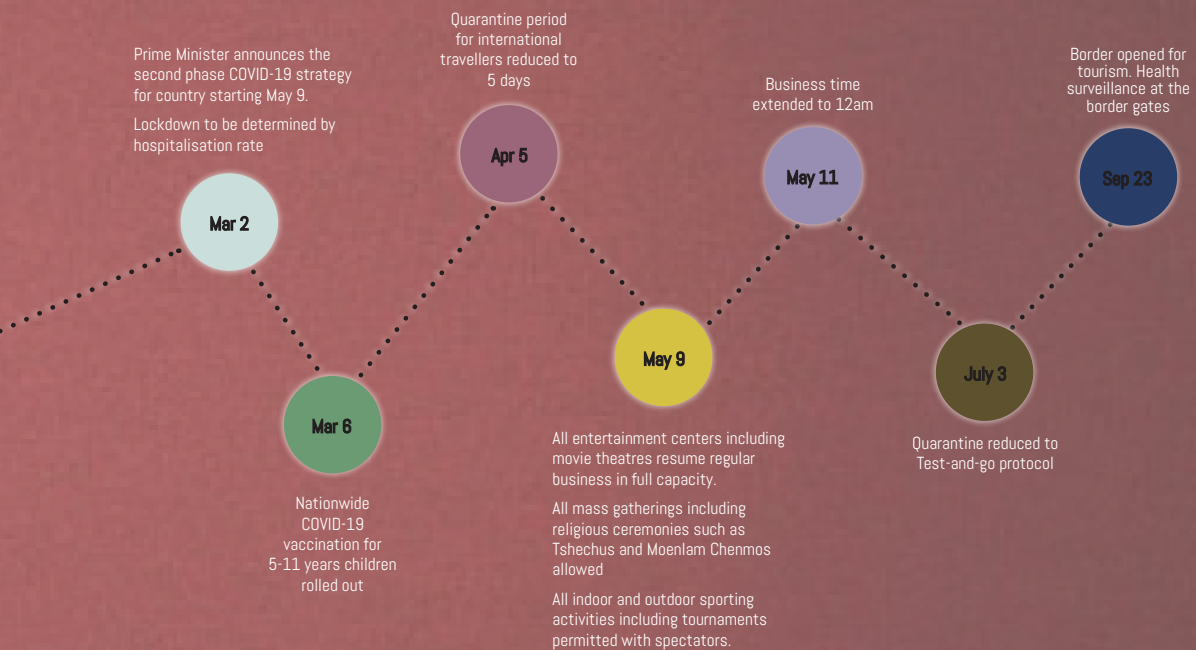
For some reason, the word politician has accrued negative connotations- viewed mostly as individuals who are consumed in promoting oneself and one's interest. Such notions make it difficult for sincere efforts to breakthrough, let alone be appreciated.

But Bhutan and Bhutanese are always known to be unique and so shall be our ways of politics. From day one, we ensured that the government will be motivated to do



## Timeline on COVID-19 measures for 2022









what is right for the nation, and not necessarily what is to the liking of individuals and interest groups.

We started with decisions like doing away with the so-called “cut-off” percentage, which allowed all class X students who passed the board examinations to continue higher education in any government school.

This decision definitely impacted private schools in the country that catered to students who did not make the “cut-off” percentage to continue education in government schools.

But times have changed, and our children need at least a minimum Class XII level education to be in a better position to explore opportunities in life.

We are of the view that as long as private schools offer quality and standards, far better than government schools, there will always be takers.

Initiating hydropower projects is viewed as a success of the government, understandably so because of the economic activities it generates for the communities and revenue it brings to the nation.

But overtime, we have encountered major hurdles and

unimaginable cost escalation with a few projects.

Our stand is to resolve the complications first, before we initiate the new ones. This is the best way forward.

During the pandemic, amid numerous reforms, one sector that came to our attention was the entertainment centres called the “Drayangs”.

After a series of reviews, we decided to close operations of about 61 Drayangs across the country, affecting more than 1,500 people working in those centres.

Despite the responsibility of having to provide other avenues of livelihood for those losing jobs weighing heavy on the government, we went ahead because the business was becoming the headwater of many societal problems as it hinged on compromising norms and values. If we didn’t act now, tomorrow would be too late.

Similarly, the contract appointments of Gaydrungs, gewog clerks, that the successive governments had kept extending was discontinued in April.

While the Royal Civil Service Commission’s exercise of the gewogs in 2016 clearly suggested

non-requirement of the post, it was also found redundant amid evolving needs and components of the local government functionaries.

This affected more than 190 individuals whose livelihood depended on the job. But if not this time, the country would never resort to more innovative and professional approaches to doing this.

In both the cases of *Drayang* and *Gaydrungs*, the government offered financial support and skilling opportunities as they transitioned.

The most recent example is the reform of the tourism sector much to the aversion of most tour operators, hoteliers and related industries. But it was time we realised that the much-paraded policy of “high value, low volume” was being undermined over the years. The industry needed a revamp.

This was not just for Bhutan but also for all visitors who deserved the best value and experience while visiting the country .

Therefore, with the best of intentions, a bill was introduced in Parliament that proposed a new Sustainable Development Fee and

higher standards to realign with the country's tourism vision.

Today, we also saw legislations of huge significance being deliberated in Parliament and it is in the spirit of the reform the country is going through.

The Property Tax Bill for example is being tabled to revisit a practise put in place 30 years ago. It is a wonder how such an important legislation was overlooked all these years.

These and many other initiatives give us satisfaction that the government has adhered to conscious decisions that benefit the country, today and in the years to come. We understand that every decision will impact certain groups. Change is never easy.

But if we practise acceptance and work together, we will be able to sail through the transformation being initiated today. Having said that, it may not be a popular decision.

But the people of Bhutan love our King and the country, and any government who contributes to that selflessly will be appreciated. That is our motivation to keep making the “right” decisions.



## Nation in transition

When we look back, a decade or two later, today will be the moment that set in motion the change we desired.

We saw a pandemic that was unthinkable in our lifetime. The best of health systems crashed, millions of lives across the globe were lost to the virus, thriving economies and countless livelihoods caved in.

His Majesty said from day one that COVID-19 will leave behind a different world. And for Bhutan, we had to get our priorities right. But even before that, reminders constantly came from His Majesty on every National Day.

All through, the message was “reform”. Words still ring aloud from the last address in Changlimithang during which His Majesty gave us the ultimate sense of urgency and need for systemic, professional and mindset changes. With enough already said, His Majesty is now leading the transformation himself.

Experts and professionals from within and outside the country are working round the clock, reviewing the public sector.

It covers the civil service, companies under Druk Holding

and Investments, State-Owned Enterprises, financial institutions, judiciary, and other public institutions and agencies. Hydropower, tourism and other economic sectors are also being redefined.

The institution of Gyalsung is another landmark move that will engage youth in becoming, in His Majesty’s words, “strong, independent thinkers, capable of serving the country”.

At the heart of the reform is systemic efficiency, accountability and coordination that must culminate in a dynamic public service and progression of a nation into a developed society.

We Bhutanese have assumed for years that we know everything. We all talked so much about attaining a prosperous status, becoming a first world nation or a high-income society.

But all the while, the true ingredients were missing. His Majesty is now putting together the reform packages that will not just take us there, but also keep us there.

As we discuss this, the 13<sup>th</sup> Plan is being drafted, aligning with the spirit and intentions of the reforms.

The Key Performance Indicators look at long-term goals for the country that will retain focus for successive governments to work towards. And then there are short-term specifics that serve as stepping stones for the nation to arrive at the ultimate targets.

At this stage in the reform, there are sentiments of uncertainty. To change is not easy. It demands that all of us transcend beyond the self

and it becomes our responsibility to closely follow His Majesty's lead.

We have to believe in the leadership, in ourselves, our wisdom of the past and the promise our future holds.

We are a nation in transition, and we need to believe in each other. We have done it during the pandemic, and the results were remarkable. We will be able to do it again!

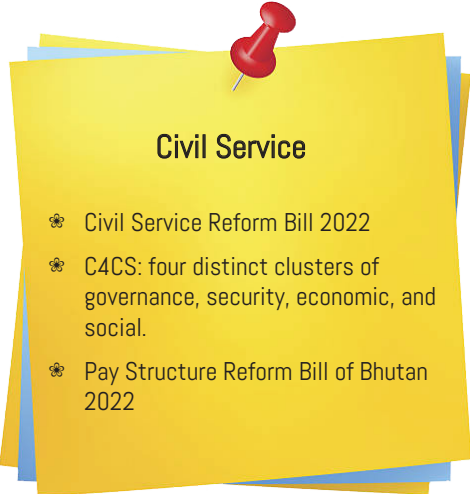






# THE PRESENT

# At a glance



## Civil Service

- ✿ Civil Service Reform Bill 2022
- ✿ C4CS: four distinct clusters of governance, security, economic, and social.
- ✿ Pay Structure Reform Bill of Bhutan 2022



## Tax

- ✿ Fiscal Incentives (Amendment) Act of Bhutan 2022
- ✿ Property Tax Bill of Bhutan 2022
- ✿ Tax Bill of Bhutan 2022




## Health

- ✿ Nationwide cancer screening
- ✿ Draft National Health Policy
- ✿ MBBS program



## Economy


- ✿ Energy: Solar, Green Hydrogen, Multi-purpose reservoir hydropower
- ✿ Technology: Digital government, Digital economy, Digital society
- ✿ Infrastructure: High quality and efficient infrastructure



## Employment

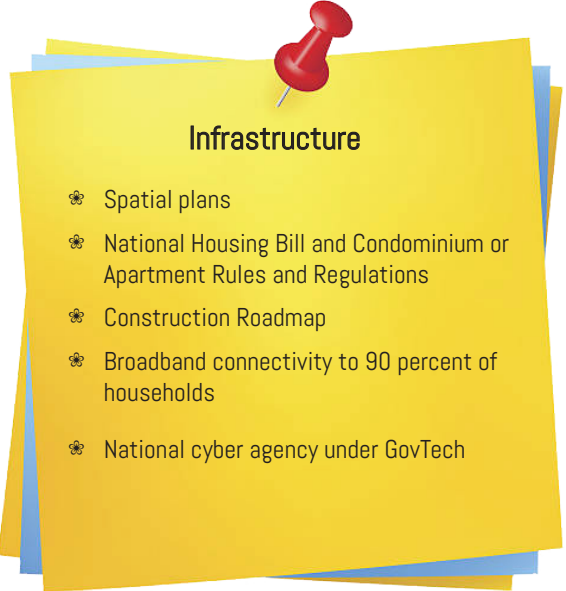
- ✿ Civil service restructuring
- ✿ Addressing underemployment
- ✿ TVET Reform Plan: 4Ps (Product, People, Place, and Process)





## Foreign relations

- ✿ Ministry of Foreign Affairs and External Trade
- ✿ Department of Economic and Tech Diplomacy established




## Infrastructure

- ✿ Spatial plans
- ✿ National Housing Bill and Condominium or Apartment Rules and Regulations
- ✿ Construction Roadmap
- ✿ Broadband connectivity to 90 percent of households
- ✿ National cyber agency under GovTech



## Tourism

- ✿ Tourism Levy Act of Bhutan 2022
- ✿ Rebranding Bhutan **BHUTAN**  
*Believe*
- ✿ MDPR pricing policy lifted
- ✿ SDF revision to USD 200/night
- ✿ New online visa system
- ✿ New Destination Portal



## Education

- ✿ National Commission for Education
  - ◇ ICT masterplan
  - ◇ Competency-based education
  - ◇ Reforms in the colleges
- ✿ 21<sup>st</sup> Century ready





# GOOD GOVERNANCE





**G**ood governance is the cornerstone and the medium for a nation's progress. It is the collective reflection of the policies, plans, people's mindset, and goodness of our laws.

The principles of good governance manifest in the sublime form of our astute leader, His Majesty.

Deriving strength and inspiration from His Majesty, we have tried our best in upholding the highest level of accountability to ensure our ways of working do not erode the values of good governance but is instead attuned to furthering it.

Major executive orders pertaining to closure of *Drayang*s and *Gyadrungs* were issued, which invited a lot of backlash yet did not deter us from taking bold decisions for the greater good.

We have heavily deliberated on a set of extremely important bills that were submitted to the ongoing Parliament session, including the historic *Gyalsung* Bill, and bills on civil service, pay structure reform, tourism, and property tax among others.

## Lhengye Zhungtshog

Since the presentation of the fourth State of the Nation report to the Parliament on 24 December 2021, 23 Lhengye Zhungtshog sessions (109<sup>th</sup> to 132<sup>nd</sup>) were conducted.

From 24 December 2021 till date,

516 meetings over zoom including meetings during in-country tours and lockdowns were held.

## Withdrawal of duty free quota

During the 132<sup>nd</sup> Lhengye Zhungtshog held on 29 November, the Cabinet decided to discontinue the Duty Free Quota system with effect from January 2023.

The Duty Free Shops were started in the 1990s to provide access to consumer goods of third world origin and selected local products, support the tourism sector of Bhutan, operate as an enterprise on a commercial basis, provide a source of foreign exchange, and to provide revenue to the government.

As we reviewed the “duty free quota”, the differentiated hand-outs was also seen to be misused, deflecting from its intended purposes.

The membership had also proliferated over the years leading to loss of revenue, and with the steady growth of economy, goods that are available in the Duty Free Shop are also now adequately available in the open market.

## Uniform electricity tariff

Before the Cabinet decision on uniform electricity tariff, consumers who were divided into the Low Voltage, Medium Voltage and High Voltage had to pay different rates per



consumption which ranged from Nu. 1.28 to Nu. 4.14 per kWh.

During its 125<sup>th</sup> Lhengye Zhungtshog on 9 August, the Cabinet decided the application of uniform domestic tariff of Nu. 2.66 per unit for all the consumer categories (LV, MV and HV) for the tariff cycle-2022-23 to 2024-25 with effect from September.

With this, over 2,20,000 consumers will have cheaper access to electricity. The government has also decided to continue and offer subsidy to the rural villages and highlanders.

Under the LV category, urban consumers will be offered a subsidised rate of Nu. 1.28 for 100 units. For the rural and highlanders consumers, it is fully subsidised up to 100 and 200 units respectively.

## Legislative reforms and outcomes

During the Eighth session of Third Parliament of Bhutan, the following bills were put up for deliberation:

### Urgent Bill

- ✿ Civil Service Reform Bill of Bhutan 2022

### Money Bill

- ✿ Pay Structure Reform Bill of Bhutan 2022
- ✿ Property Tax Bill of Bhutan 2022

### ✿ Tax Bill of Bhutan 2022

A country's economic quality is reflected in its taxation system. We have been mindful of Bhutan's low tax to GDP ratio, which is one of the lowest in the world.

As we reform our nation and target to become a high income nation, we needed to appropriately and efficiently relook at our taxation system.

In doing so, we introduced the Property Tax Bill of Bhutan 2022 this session. The intent was to modernise the property taxation system and inculcate progressive taxation based on principles of equity and fairness.

Upon receiving Royal Assent, the Act will come into effect from 1 January 2023. For both land and buildings, an annual payable tax is 0.1 percent on the taxable land or building value.

Similarly, in the wake of rising inflationary pressures on essential food items and to ensure food and nutrition security, the Tax Act of Bhutan 2022 was also introduced.

Irreversible damage has already been afflicted on health, economy and environment from our changing consumption patterns. We have passed the Act in an effort to curtail future imports of harmful factory-made imports that are infiltrating our markets.

Trade disruptions resulting from the pandemic is a wake-up call in



disguise for us to start investing and developing priority local industries.

With the passing of the Act, the BTC code, commodity description, customs duty, sales tax and green tax rates of the goods classified under Bhutan Trade Classification and Tariff Schedule 2022 was amended.

We have retained zero customs duty and sales tax on essential commodities whereas tax for non-essential commodities range between 10-100 percent depending on the type of product.

With the best of intentions, we have deliberated on these significant Acts. We are confident that these are steps to building a resilient and robust economy.

## Private Member Bill

- ✿ Civil Liability Bill of Bhutan 2022

## Ordinary Bill

- ✿ Deliberation on the disputed clauses in the Royal Bhutan Police (Amendment) Bill 2021 (Joint Sitting)

The Royal Bhutan Police Amendment Bill 2021 was deliberated during the Joint Sitting of this session.

A total of 11 bills were deliberated during the Seventh session of the Third Parliament of which nine received the Royal Assent:

## Ordinary Bill

- ✿ Forest and Nature Conservation Bill of Bhutan 2021
- ✿ Royal Bhutan Police (Amendment) Bill 2021
- ✿ Biodiversity Bill of Bhutan 2022

## Money Bill

- ✿ Fiscal Incentives (Amendment) Bill of Bhutan 2022.
- ✿ Goods and Services Tax (Amendment) Bill of Bhutan 2022
- ✿ Tourism Levy Bill of Bhutan 2022
- ✿ Budget Appropriation Bill for the financial year 2022-23 and Supplementary Budget Appropriation Bill for the financial year 2021-22

## International Instrument

- ✿ United Nations Convention against Transnational Organised Crime
- ✿ Framework Agreement on the Establishment of the International Solar Alliance (ISA)

## Private Member Bill

- ✿ Civil Society Organizations (Amendment) Bill of Bhutan 2022
- ✿ Anti-Corruption (Amendment) Bill of Bhutan 2022

## Acts passed during the Seventh session of Third Parliament

- ✿ Fiscal Incentives (Amendment) Act of Bhutan, 2022
- ✿ Budget Appropriation Act for the financial year 2022-23
- ✿ Supplementary Budget Appropriation Act for the financial year 2021-22
- ✿ Goods and Services Tax (Amendment) Act of Bhutan 2022
- ✿ Framework Agreement on the Establishment of the International Solar Alliance (ISA)
- ✿ Biodiversity Act of Bhutan 2022
- ✿ Anti-Corruption (Amendment) Act of Bhutan 2022
- ✿ Civil Society Organizations (Amendment) Act of Bhutan 2022
- ✿ Tourism Levy Act of Bhutan 2022

## Improving public service delivery

Our job as public servants is to offer services to our people in the most efficient and seamless ways. Daily efforts are being put in to streamlining and making services as convenient and efficient as possible.

We acknowledge that issues ranging from paper works to erratic online system dot the services for now.

To address such issues, a project on public service delivery (PSD) improvement has been identified and a Monitoring and Assessment Framework (MAF) developed.

The new approach to service delivery looks at engaging service users to co-create ideas for effective and efficient delivery of public services.

The MAF takes an ecosystem approach to address current challenges and requires both service providers and recipients to be mindful of their duties and responsibilities.

To assess performance of service providers, users are randomly selected from a list generated by the Service Evaluation Tool (SET) and their feedback sought through a set of structured questionnaires using Computer Assisted Telephonic Interview (CATI).

Agencies will be notified of SET findings on a quarterly basis and these reports will provide timely reminders to agencies to address service gaps and help build a culture of customer care and service orientation.

Moreover, service performance from these reports will have bearing on the overall performance evaluation of agencies.

As of now, the nine commonly availed services (CAS) have been on boarded to the SET and 50 more



services are scheduled to be onboard by the end of the fiscal year 2022-23.

Further, to complement services delivery improvement efforts, empathy skills trainings are also being imparted to service providers.

The Public Service Delivery division analyses and brings changes and improvement in people-centric Services.

One such was the removal of requirement of hard copy household/ personal information for the following services:

✿ **Passport services:** The application for passports had gone online but this had not eased the process. One had to first download and print the application form, fill in the details, scan the form and then upload it to the online passport system portal. Most scanned copies failed to meet the purpose due to compromised colour quality. So it was easier submitting the form in-person. This had to change.

In May this year, the passport application process was simplified. One can now fill the details in the system and even upload the photo there. The need for a nationality certificate to process passports for children under 15 years has also been done away with.

✿ **Birth certificate:** Similarly, in availing of a birth certificate from the Jigme Dorji Wangchuck National Referral Hospital, one had to produce either the household information, a nationality certificate or a birth record book. This has also been removed.

JDWNRH now has access to citizen information through the application programming interface-based web portal.

✿ **Notary services:** Paper-based household information for obtaining marriage certificate has been removed for those using online platforms.

✿ **School admission:** Parents and guardians can apply online for admissions and transfers to schools of their choice through the eMIS online portal, which was made available by the Ministry of Education in collaboration with Department of Information technology and Telecom and Department of Civil Registration and Census. Information on citizens applying online will be available to the Dzongkhag/ Thromde education sectors through the citizen portal (g2c website).

✿ **Simplified Business Licensing Procedures:** As a part of the economy recovery exercise, the Public Service Delivery Division (PSDD) in collaboration with Ministry of Economic



Affairs reduced the document requirements. While this is a manual process, integrated business licensing system (IBLS) will be rolled out soon.

- ✿ Online payment has been integrated into g2c gateway for 11 agencies and SMS for 10 agencies.

## 13<sup>th</sup> Plan

Drawing inspiration from the Royal Vision of “Developed Bhutan”, we have initiated the formulation of the 13<sup>th</sup> plan for the period 2024 - 2029.

We have identified 10 tentative national Key Performance Indicators (KPIs) with target dates spanning from 2024 to 2034, which are categorised into three focused areas of Prosperity, People and Progress (3Ps).

The national KPIs cover medium and long-term goals such as:

### Realising economic prosperity

- ✿ USD 10 billion economy with GDP per capita of above USD 12,000 by 2035;
- ✿ Creating full employment with high-end jobs by 2027; and,
- ✿ Quadruple income of the poorest bottom 40 percent by 2030.

### Securing people's wellbeing

- ✿ Raising life expectancy to 75 years by 2030;
- ✿ Providing pre-employment training and continuing education and training to 80% of 65 years and below by 2030; and,
- ✿ Reversing the Total Fertility Rate from 1.9 to 2.1 by 2034.

### Ensuring societal progress

- ✿ Bhutan ranked among top 20 countries in terms of safe and livable cities and trustworthiness on global indices by 2030; and,
- ✿ Ensuring highly efficient public service delivery beginning 2025.

To recast these national goals into implementable programs on the ground, each national KPI will be cascaded down to economic, social, governance and security cluster level KPIs which will be supported by well-designed national transformative programs.

While the 13<sup>th</sup> Plan will be for a period of five years starting from February 2023, it will be a part of a longer term 10-year perspective plan. Upon completion of the 13th plan, resources and plans for the next 10 years will be projected, which will include the 14<sup>th</sup> Plan.

The planning exercise is being spearheaded by the Committee of Four Coordinating Secretaries (C4CS)



with technical guidance from the Transformation Initiatives Steering Committee. The 13<sup>th</sup> plan formulation exercise is expected to be completed by the end of March 2023.

## Electoral reforms

The Learning from Experience Program (LEP) was held from 11-15 May, after the third LG elections in 2021. LEP is conducted after every major election to understand the issues and analyse challenges from past experiences to come up with appropriate solutions and measures for the future.

The recommendations shared by stakeholders are being incorporated in the strategies for the conduct of upcoming national elections in 2023.

In preparation for the upcoming Fourth parliamentary elections in 2023, the 'Rules on Elections Conduct in the Kingdom of Bhutan 2022' has been adopted and, the general public, political parties and aspiring candidates have been notified.

The five registered political parties participated in a briefing session on the new rules at the Democracy House on 14 November. About 17 participants, including general secretaries and party members of all registered political parties, attended the session.

The main purpose of the rules is to strengthen the electoral processes

and create an enabling environment for qualitative participation. In preparation for the upcoming parliamentary elections, the training of trainers on civic and voter education was held for officials of 20 dzongkhags from 11-29 September.

## Office of the Attorney General

As the legal arm of the government, the Office of the Attorney General (OAG) is the central prosecuting and litigating agency.

Through its prosecution and enforcement process, the OAG restituted Nu. 11.84 million from corruption offences and Nu. 8.81 million from the cases referred to it by the Royal Bhutan Police.

It restituted Nu. 29.5 million to other agencies, ensured victims received compensation amounting to Nu. 17.7 million and rehabilitated six cases of children in conflict with law through diversion programs.

Undertaking its constitutional mandate, 46 existing laws were reviewed in relation to the current civil service reform.

As the Civil Service Reform Bill 2022 is proposed as a transitional bill, preparation to introduce 35 bills in pursuit of consolidating 46 Acts is underway.

The bills will provide clarity on the roles of the ministries and

agencies and ensure coherent implementation in accordance with the Civil Service Reform Bill 2022.

As part of institutional capacity building and up-skilling of government lawyers, numerous manuals were developed including a child justice training manual and legal due-diligence framework, training modules in finance and corporate, public procurement, criminal, environmental and international, and civil laws.

To streamline the justice delivery system, improve coordination and upgrade standards, the uniform charge-sheet drafting manual, uniform criminal investigation report drafting manual, induction and internship manual and five SOPs were developed.

To leverage technology and e-governance, the Enterprise Legal

Management System (ELMS) and legal advocacy materials were developed to enhance legal awareness among the general public and civil society organisations.

## Audit

During the fiscal year 2021-22, the Royal Audit Authority (RAA) conducted 387 financial audits, 59 compliance audits and seven performance audits. It also issued 343 financial, 49 compliance and four performance audit reports.

Due to robust auditing measures, a significant amount of audit recovery has been achieved.

Of the Nu. 176.89 million recovered into the audit recoveries account, Nu. 150.81 million were from budgetary agencies including armed forces and Nu. 26.07 million from corporations into their own accounts.

# 25,986

## Audit clearance certificate issued

4,809 Retirement benefits/  
Repatriation

7,868 Promotion

1,324 Studies/Training

6,432 Service regularisation/  
conversion, secondment and  
contract extension

1,148 Interviews

4,395 Election



## Fighting corruption

As per Transparency International's Corruption Perceptions Index 2021, Bhutan is ranked 25<sup>th</sup> least corrupt country among 180 countries and territories with an overall score of 68.

While the rank dropped from the previous year (24<sup>th</sup>), the score has remained the same. For the last nine years, Bhutan has been consecutively placed at sixth position in the Asia and Pacific region.

With the score stagnating at 68 for the past four years, it calls for an unprecedented whole-of-government approach to bring significant improvement in terms of governance, integrity, accountability and performance in tandem with the incisive Royal Command of the 114<sup>th</sup> National Day.

From July 2021 to October, 547 complaints were received of which 57 complaints qualified for investigation. Within the same period, 53 cases were investigated of which 27 cases were referred to the Office of the Attorney General for prosecution.

The Youth Integrity Assessment (YIA) 2022 study, which was first done in 2012, assessed youth (aged 15-24 years) for behaviours and actions that are consistent with a set of moral values or ethical principles and standards.

The overall youth integrity score for the country was 63.46 out of 100 indicating just a 'Good' level of integrity.

Complementary corruption prevention measures undertaken were the implementation of mandatory indicators for the Annual Performance Agreements and Targets (APA/APT) on Organisation Integrity Plan (OIP).

For the financial year 2021-22, the APA and APT signatories scored an average of 81.28 percent and 75.69 percent respectively against a score of 60.81 percent for non-budgetary agencies indicating the importance of including OIP implementation in the agreements.

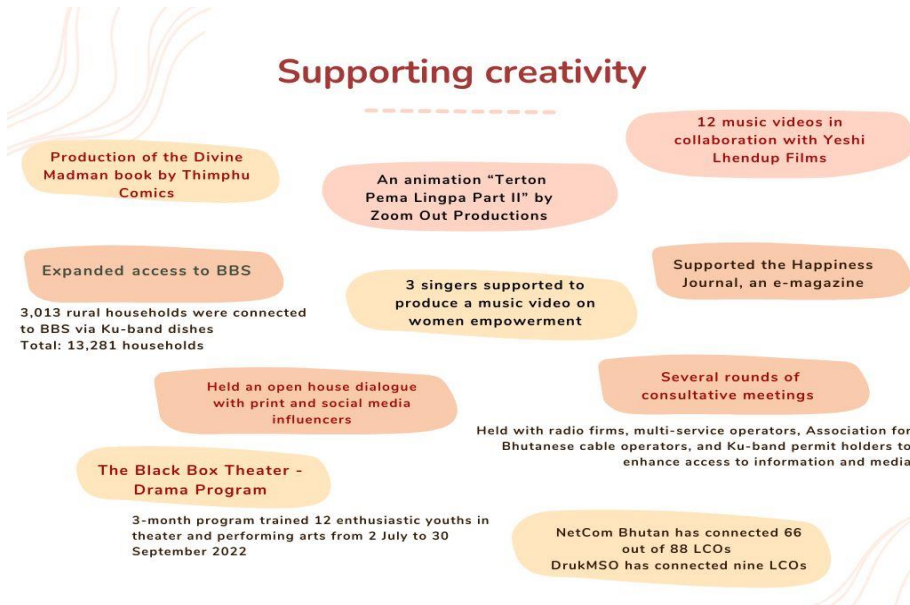
## Media

Media is one of the most critical sectors for effective governance. Bhutan's global ranking in freedom of media has seen a significant leap from 65<sup>th</sup> in 2021 to 33<sup>rd</sup> in 2022.

One of the biggest supports we can give to media is the access to information, for which the government makes ourselves available as far as possible.

As of date 47 formal Meet the Press sessions have been conducted, the highest in the last 15 years. This does not include the sector specific press conferences, press briefings, press releases and interviews by the Cabinet.





Among the many initiatives to support the media sector, Nu. 4.3 million was provided to the Bhutan Media Foundation (BMF) for the media enterprise program.

In collaboration with BMF, a media survival strategy is being prepared with the media houses on five key aspects of content development, online transition, widening reach and circulation, media endowment fund and policy response.

Further, to support holistic development of the media sector, the government has approved the concept note to develop a media policy for Bhutan.

Under the Media and Information Literacy (MIL) program, a sensitisation workshop was carried out for gewog administrative

officers of Zhemgang, Pemagatshel, Chhukha, Samtse and Samdrup Jongkhar.

A workshop was also conducted for final year students of Paro College of Education where 216 students attended. Additionally, Training of Trainers (ToT) for MIL resource persons was conducted with emphasis on social media.

Considering our limited economy of scale, one sector that has potential to contribute significantly to our economy is the creative industry.

To this, the development of a concept note and roadmap for the creative industry has been initiated to create jobs and generate income opportunities.



Additionally, a creative industry database system called ‘Creative Bhutan’ has been developed. Once the system matures, exhaustive data and information on the industry would be easily available for targeted policy interventions.

## Civil service

His Majesty, during the 113th National Day celebrations in 2020, announced the priority to reform the civil service to meet the needs of a “developed Bhutan”.

During the 114<sup>th</sup> National Day Address in 2021, His Majesty reiterated that transformations in the civil service were mandatory to achieve this vision by revitalising the lost “Ngar”.

To overcome the issues and challenges highlighted in the Royal Kasho, we collaborated with the Royal Civil Service Commission (RCSC) and worked closely with all relevant key stakeholders. Four outcome areas have been identified for the reform:

### Restructuring of the civil service

These initiatives are expected to lead to greater accountability, productivity, better collaboration and coordination amongst government agencies, enhanced clarity of roles and responsibilities and enhanced service delivery that is citizen centric with timely feedback on performance.

### Nurturing leadership program

In partnership with the Ulrich Allen Leadership Capital, the Nurturing Leadership Program (NLP) was launched on 19 October 2021 to strengthen leadership in the civil service.

This new leadership capability building initiative was designed and implemented for 65 executives and 60 school principals. The NLP was a new, exciting and unique endeavour where leadership capacity building was carried out through a year-long experiential training.

The program facilitated performance coaching and peer-to-peer learning to create a high performing work culture and bring about behaviour transformation in their respective agencies. At the end of NLP, 125 projects were implemented which will be upscaled and implemented in all other agencies.

### Clean wage system

We are jointly working with RCSC on a proposal to replace the current civil service pay and allowances system with one that is based on the principles of a clean wage system. Under a clean wage system, civil servants will get a pay package without hidden benefits.

The proposal, is to first move towards a clean wage in the initial years. Performance-based incentives fostering meritocracy will be gradually introduced.

#### ✿ **Senior civil service performance management framework**

Performance management system (PMS) is a critical management tool to ensure accountability and Performance. After a review of the existing MaX-GPMS link, it was concluded that the current annual performance agreement evaluated scores were used as proxy scores for executive performance management leading to misrepresentation of actual performance. This propagated a culture of weak accountability and inflated performance score.

Therefore, the system of proxy scores for executives, P1 (management and specialist) professionals and officiating heads was done away for the fiscal year 2021-22 and will be discontinued thereafter.

Going forward, leaders in the civil service will use dynamic performance management dashboard to continuously engage with their direct reports through constant feedback and monitoring.

Starting 12 November, leadership assessment exercises were conducted for officers in P1 position level as part of the process to identify potential candidates for executive-level positions.

The assessment was based on the RCSC's leadership capability framework (LCF) and will be conducted at regular intervals. Officers will be provided with the option to apply for subsequent leadership assessment sessions.

### **Leadership development and assessment program**

To systematically enhance leadership and management competencies at all position levels, the leadership development and assessment program has been identified and training will be conducted at the Royal Institute of Management and Royal Institute of Governance and Strategic Studies for various position levels.

The year-long post graduate diplomas in administration and finance are being discontinued starting 2023 and replaced with structured training.

The capacity development program is expected to spot and groom talent.



## Institution of robust structures

The civil service agencies are being organised into four distinct clusters of governance, security, economic and social.

Each cluster will be led by a coordinating secretary appointed from the secretaries heading the clusters.

The coordinating secretaries will form the Committee for Coordinating Secretaries (C4CS) and will report to the Cabinet.

The C4CS will be accountable for ensuring coordination of plan and policy implementation through an integrated national perspective.

## Civil society

The Civil Society Organisation Authority (CSOA) was constituted as an apex body for all civil societies in Bhutan through the amendment of the Civil Society Organisation Act of 2007 during the Seventh session of the Third Parliament.

The Authority approved and certified the registration of the Financial Institution Association of Bhutan (FIAB) on 12 January.

The association functions as a mutual-based organisation on behalf of registered financial institutions.

In consultation with the registered CSOs and ACC, an accountability and internal governance standards for CSOs has been drafted. This will strengthen the internal governance mechanisms for a transparent and accountable civil society.

In the previous year, the CSOs implemented programs amounting to Nu. 313 million, exclusive of their operational costs, to reduce poverty, conserve nature, rehabilitate youth, promote and preserve culture, healthcare, address gender-based issues, and promote good governance and media, among others.

## Local governance

### Upscaling of community engagement platform

The Department of Local Governance (DLG) with technical assistance from Japan International Cooperation Agency (JICA) has designed and implemented a project to Strengthen Community engagement in Local Governance (SCLG).

The project piloted the Community Engagement Platform (CEP) in six gewogs of Dagana, Punakha and Mongar dzongkhags. The CEP is expected to form a firm basis for enhancing community engagement and decentralisation in Bhutan.



A CEP handbook was also prepared to disseminate the concept and replicate CEP throughout Bhutan.

CEP promotes citizen participation, enhances ownership of public goods, and increases transparency and accountability.

An advocacy program to strengthen chiwog zomdus at local governments through the CEP

covered 37 gewogs and 185 chiwogs.

## Disaster response

In preparations to efficient disaster response, the government is collaborating with the Royal Bhutan Police to construct a National Search and Rescue Training Centre (NSART) at Tashigatshel, Chhukha. It is expected to be completed by next year.







# EDUCATION





Education has always been a top priority for Bhutan with the Constitution guaranteeing free education for all. From ensuring primary to tertiary education, and almost 100 percent enrolment at the primary level, our education sector has come a long way.

Even during the pandemic, huge strides were taken to ensure uninterrupted access to education.

However, like other sectors, the education sector was confronted with realities and challenges. The Royal Kasho on education reform reset the focus on education.

Where have we gone wrong? Did we forget educating our children as we shifted our focus to achieving numbers – number of schools and number of students? Did we have our children memorise content while compromising analytical learnings? Was our education system examination-centred and not learning-oriented?

The answer to all these questions is a simple ‘Yes!’.

A relevant and progressive education is the answer to all issues we face in our system, be it service delivery, employment or economy.

Realising these, a new impetus is being set to ensure education for lifelong learning, lifelong skilling and 21<sup>st</sup> century readiness.

The education sector is bolstered to assert renewed focus on making education relevant to the 21<sup>st</sup> century needs through skilling, ICT and STEM education, while continuing to build competencies of both our teachers and students.

## Reorganising the education ministry

As one of the biggest agencies in the country dealing with close to 170,000 children and about 10,000 teachers, the erstwhile education ministry was bifurcated into many departments, divisions and sections leading to duplication and coordination challenges.

Similarly, a culture of poor coordination among stakeholders such as the Royal University of Bhutan, labour and education ministries, have gravely compromised the education quality.

Therefore, as part of the civil service reform process, the education ministry has been reorganised with only two departments that will look after school education and education programs.

Skills development, which was often clubbed with the labour and employment sectors have also been integrated within the education system to provide wholesome education to our children.



## National Commission for Education

In the reform process, the National Commission for Education (NCE) is being established to provide overall guidance and strategic directions to ensure education programs adhere to the national policies, regulations and development goals in fulfilling the national aspirations.

It will establish linkages between institutions overseeing schools, technical and tertiary education institutions. The NCE will be the highest body to guide and determine overall system of education in Bhutan.

This will ensure the real wholesome education for our youth, the nation's future.

## ICT in education

ICT has become an indispensable tool and in educating our children, relevant knowledge is critical. The next yardstick to measuring literacy will perhaps be ICT literacy.

Bhutan is investing a major portion of our resources in ICT and within it, education has become a priority. Some of the major component in promoting ICTisation are the education flagship program and development of the next ICT masterplan.

## ICT flagship and learning infrastructure

Under the ICT flagship, I am excited to share that 100 percent of our schools now have well-equipped computer labs and fibre optic connection.

In 2020, the average student to computer ratio was 21:1 and only 64 percent of schools had access to internet connectivity.

In just two years, 120 new ICT labs have been constructed and 11,000 computers supplied to schools including extended classrooms, bringing student to computer ratio to 1:15.

The education ministry has also developed a learning management system - MySherig. It will be implemented in schools after completion of training in all dzongkhags.

The successful implementation of the iSherig 2 has equipped our teachers and students to positively blend technology and education.

The Learning Management System (LMS), and EMIS are also being developed. The LMS, now ready for operationalisation, will allow teachers to upload education materials online while the EMIS will be the single source of truth for all education-related information.

The development of EMIS has been completed and is being implemented in phases. A total of 24



resource persons, 799 school focal teachers, and 48 dzongkhag and thromde education officers have been trained to use the EMIS.

Going forward, the entire cohort of teachers will be trained to use the EMIS.

Two innovative ICT integrated classrooms have also been established at Dechencholing Higher Secondary School and Loselling Middle Secondary School in Thimphu.

An ICT masterplan is also being developed by the education ministry. The plan among other areas of ICT development will also focus on providing reliable internet access to all schools across the country.

## TVET and skills development

TVET is being promoted as part of mainstream education to create diverse educational pathways.

Somehow, in our systemic inefficiencies, we had treated TVET as a completely different entity. Our focus on traditional teaching learning barred our youth from realising the merits of skill-based education.

And so, from 2020, TVET has been introduced as clubs in primary schools and as an optional subject in classes IX and X in seven pilot schools that are close to the technical training institutes.

In 2021, the TVET curriculum was extended to classes X-XII. Schools have been equipped with resources, skilled instructors, and provision of nine trades.

The first batch of TVET students appeared the Bhutan Certificate for Secondary Examination (BCSE) examinations achieving a 100 percent pass rate.

With the education reform, TVET will become a part of our mainstream education.

## Assessment for students

### Class X and XII examinations amid lockdowns

The board examinations for classes X and XII were delayed by the pandemic and were conducted from 26 February to 12 March during the peak of the Omicron outbreak.

Schools conducted the board exams in containment Mode. For Thimphu thromde it was conducted in mega zone mode.

In Wangduephodrang, Samdrup Jongkhar, Gelephu, Sarpang and Thimphu dzongkhags, where there were outbreaks, examinations were conducted in isolation and quarantine modes.

The 2022 academic session resumed on time with an 82 percent pass percentage in class XII and 70.12 percent in class X.

## Revamping the assessment modality

The education ministry altered the assessment criteria for students from classes IV to XI to make them future ready and be able to compete with students internationally.

The previous assessment criteria considered the average percentages of both end-term examinations and continuous assessment for promotion to the next grade. In the new criteria, a student has to score a minimum of 40 percent in both end-term examinations and continuous assessment.

This change resulted in about 12,000 students failing in schools across the country.

For example, only 70.12 percent students passed the class X board exams. This was the poorest performance in 11 years.

As we look at improving the standards of education, the assessment modality change is a stepping stone. Our teachers have welcomed this new modality as this requires students to do well in both class and end-of-term examinations.

This assessment will continue and as things improve, the marks would be raised from the current 40 percent to specialised marks for every subject.

## STEM education

STEM education is regarded as the lifeline to the future knowledge-based society. This corresponds to the visions shared by His Majesty to make it an everyday language in Bhutan.

However, we have trends of lesser students opting for STEM subjects. We need to reverse this trend.

Towards this, a compilation of open access educational resources such as online courses, videos, worksheet, and simulation for STEM have been made available to teachers and students in schools through various platforms.

## HRH Gyalsey National Mathematics Test for students

In collaboration with the Druk Gyalpo's Institute, the education ministry initiated the HRH Gyalsey Jigme Namgyel Wangchuck National Mathematics Test for students of middle and higher secondary schools.

The test will be conducted annually on 1 November coinciding with the Coronation Day of His Majesty The King.

The test is designed to underscore mathematics as a language in understanding the universe by interpreting patterns and process formation of patterns in nature.



## Piloting CK-12 platform

CK-12 is an interactive online-learning platform. It is a site that has the ability to augment the quality of STEM education.

STEM teachers of Kuzugchen MSS in Thimphu have been introduced to the CK-12 platform to complement and strengthen teaching-learning resources.

In the coming years, STEM teachers from other schools will also be introduced to the CK-12 platform.

## Assessment of mathematics teachers

The PISA-D assessment of 2019 indicated that the poor performance of students in STEM subjects can possibly be attributed to the low professional maturity of our education system.

The assessment of mathematics teachers has been completed and the findings will be used for designing interventions to enhance teachers' competencies in mathematics and to improve teacher education programs in education colleges.

Similar assessment will also be conducted for science teachers across the country.

## Curriculum development

The COVID-19 pandemic enabled the education sector to review the existing school curriculum.

During the pandemic, a new normal curriculum was introduced. In an attempt to make educational practices versatile, dynamic, and 21<sup>st</sup> century relevant, the school curriculum was transformed to Competency-Based Education (CBE).

### Competency-Based Education

The curricula of 22 subjects for all classes have been aligned with the principles of CBE.

The CBE will empower our students with the competencies of intellectual, social, emotional, and physical as socially responsible and productive citizens inspired by the philosophy of GNH and Bhutanese values of *Tha-Dham-Tse*, *Ley-Judrey*.

The major components of a competency-based curriculum include:

- ✿ Focus on competency development
- ✿ Child-centred learning experiences
- ✿ Contextualised assessment
- ✿ Use of multiple resources and ICT platforms



This new curriculum shifts our focus from ‘teaching of what’ to ‘learning of how and why’.

The reformed curriculum will provide experiential learning on the principles through which teachers facilitate, motivate, evaluate, and guide learners to generate new knowledge and ideas for application in diverse situations.

## STEM curriculum

In enabling our children to learn better in today’s age of technology and recognising the need for creativity and innovation, the education sector is prioritising STEM subjects.

For this, the education ministry has reviewed and revised the mathematics curriculum framework in alignment with concepts and ideas of 21<sup>st</sup> century education.

Alongside, conceptual and pedagogical competencies of mathematics teachers have also been assessed to identify the need areas for improvement in the field of mathematics.

## Teacher development

Our teachers remain the cornerstone of our education system and for any reform to take root, we need to accord priority to our teachers first. For this skilling, reskilling and upskilling of our teachers are underway and will continue.

Every year, our teachers are facilitated to undertake master’s degree programs in the two colleges of education through mixed-mode or regular programs.

Currently, 303 teachers are undergoing masters in Dzongkha, Science and Mathematics, English and Geography, Inclusive education and Primary education.

## ICT competency

In our efforts to upscale the ICT competencies in teaching practices, a five-week training program ‘Digital Teacher’ has been completed by over 100 teachers.

The 100 teachers will start to teach other teachers early next year. To keep pace with advancements in educational technology, a continuous professional development program will be provided to our teachers based on the needs.

The program will equip the teachers with the knowledge and skills to effectively integrate ICT into teaching and learning to enrich learning experiences and learning outcomes.

## Mathematics competency

To build the existing capacities of our teachers in STEM education, all mathematics teachers from classes PP to VIII have been trained on the mathematics mindset program.



The program revamps the way mathematics is taught and interpreted making it engaging and exciting for students. The program enables teachers to expose students to assess their own potential in mathematics and create different strategies to enjoy and succeed in the subject.

## Teacher preparation for CBE

In order to facilitate the effective implementation of the school curriculum, 10,900 teachers across the nation have been trained on competency-based curriculum, instructional pedagogy, competency-based assessment, and roles of teachers and learners in the context of CBE.

Teachers' competency on digital technology as a tool of learning and teaching with an emphasis on content creation and curation were also enhanced.

## Early childhood care and education

### Better access to ECCD services and program

This government has accorded significant attention to early childcare development. The 1000 golden days plus program under the health ministry and the ECCD services in the education ministry were proposed as ideal models of childcare from conception to

formal education.

The ECCD program caters to children aged between three and five years. Around 10,872 children are enrolled in ECCD centres across the country. Over the last few years, 137 new ECCD centres have been established.

## Professionalising the ECCD workforce

We understand the importance of ECCD centres, yet the lack of adequate facilitators continues to pose an issue. It would be an easy task for the government to recruit anyone as facilitators.

However, our intention is to provide professional ECCD facilitators specialising in childcare with knowledge of psychosocial needs, first aid and nutritional requirements.

For now, the education ministry offers basic training at the beginning of the year to the newly recruited ECCD facilitators.

Similarly, parents, school principals and district education officers have also been trained on quality monitoring tools and ensuring quality care at the ECCD centres.

Work is underway to recruit additional facilitators so that our children have better access to learning from a tender age.

## Inclusive and special education

We have always strived to offer equal access, equity, and quality education for children with disabilities. Today, we have 26 inclusive schools across the country positively impacting enrolment of children with disabilities.

Additionally, inclusive and special education resource centres have also been developed in 11 schools. We have trained 200 teachers, principals and district education officers on inclusive education, leadership and educational assessment tools.

Training of 150 teachers in inclusive education standards, educational assessment and intervention strategies are underway to enhance basic awareness, capacity and confidence of teachers placed in inclusive schools.

However, the shortage of expat teachers continue to persist for inclusive schools. To this, the education ministry will facilitate alternative learning programs and provide quality transition programs for teachers.

## Tertiary education

### Ex-country scholarships

A total of 158 students were selected and placed in various colleges, institutes, and universities in India, Bangladesh, Sri Lanka, Canada, United Kingdom, United

States, Singapore, Cuba and Canada for undergraduate studies.

The scholarships include medical and engineering among other courses. Among these, nine are recipients of the prestigious King's Scholarship who will undergo studies in big data, applied economics, public policy, mathematics, agriculture science and education.

## Reforming our colleges

As we discuss reform in education, we are looking at lifelong education that starts from ECCD centres to our tertiary colleges.

Like our schools, colleges have been offering the same courses and the readiness of the students to face the job market has been compromised in the process.

We realised all these through His Majesty's concerns and since then, our colleges are undergoing a vigorous review process for all courses and human resource.

## Introducing new courses and discontinuing irrelevant courses

Towards ensuring quality and relevant education at the colleges, new programs such as MSc in Conservation Biology and PhD in Climate Studies were introduced besides reviewing existing courses



for discontinuation if no longer relevant.

To expand opportunities to faculty and students in entrepreneurship, incubation centres have been established in colleges in collaboration with the labour ministry.

It will provide services to aspiring entrepreneurs in business, management, leadership, economics, agriculture, life science, technology, energy, climate, culture and environment.

## Gyalpoizhing College of Information Technology

The GCIT is the country's only ICT college and His Majesty's vision on the role of ICT in the emerging world has placed GCIT at the helm of college reforms.

Unlike other colleges, GCIT is headed by an expert career educationist. The students now have access to two new programs, Bachelor of Computer Science and Bachelor of Digital Media and Development. These programs are based on emerging technologies and students will be learning through projects and online certification courses.

GCIT is also seeing infrastructural reform. As construction works continue, GCIT will be relocated to Kabesa, Thimphu, from January 2023 until the new campus in Gyalpoizhing is developed. Work are ongoing in Kabesa to prepare the premises.

## Sherubtse College

Sherubtse College is also working on renewing its curricula and digitising core pedagogical operations.

Some existing programs in the college will be relocated to other colleges based on relevance while some will be re-designed and re-packaged in view of the challenges and opportunities of the 21<sup>st</sup> century.

In order to produce future-ready graduates, three programs are being designed and will be launched in 2023:

- ✿ Bachelor of Data Science and Data Analytics
- ✿ Bachelor of Digital Communications and Project Management
- ✿ Bachelor of Economics and Political Science

## Other colleges

The RUB has started decreasing enrolment in arts and humanities while enrolment in STEM programs will be increased to the extent possible.

Existing programs are being reviewed to integrate values and 21<sup>st</sup> century skills such as collaboration, critical thinking, communication and learning to learn.

The Departments under the Office of the Vice Chancellor (OVC) has been reduced to three, namely the Department of Academics



and Research, the Department of Planning and Resources, and the Registry. The two Colleges of Education are fully engaged with Druk Gyalpo's Institute, Pangbisa, to improve the curriculum and pedagogy programs.

Discussions have been initiated with the National Institute of Education International, Singapore, in carrying out a comprehensive transformation of the two education colleges in the long run. A project to train the STEM faculty in the colleges is being finalised and will be rolled out soon.

## Youth wellbeing

### Scouts

Recognising the importance of the scouting program, His Majesty commanded the revitalisation of the Scouts through leadership trainings in 2013.

This year, 23 scouts made history by becoming the first group to walk the 403-kilometre Trans Bhutan Trail that spans across nine dzongkhags. They completed the trail in 35 days. Their experiences will be included in the development of the Gyalsung experiential learning curriculum.

### Counselling

The education ministry continues to provide regular face-to-face and online clinical supervision of 173 school guidance counsellors who

provide counselling support to students.

This year, 166 schools initiated the parenting education program, and 170 schools began 'I Support My Friends'- a peer-to-peer psychosocial support service program designed for peer helpers to support their friends going through distressing situations.

Similarly, an adolescents' enrichment camp was also conducted for 61 vulnerable students from dysfunctional families to provide need-based intervention in areas of social-emotional learning and academic domain.

## Adult literacy and lifelong learning

Non-Formal Education (NFE) remains a vital means of taking learning opportunities closer to our rural families. Complementing this effort, the education ministry in collaboration with RENEW continues to provide skilling opportunities to Community Learning Centres (CLCs) for learners who have completed basic literacy and post literacy courses.

Lifelong learning and livelihood skills such as tailoring, embroidery, carpentry, baking, and other relevant skills focused on financial empowerment are provided to the NFE learners. Currently, there are 26 CLCs in the country.





**HEALTH**





**N**otwithstanding the numerous challenges presented by the pandemic, significant policy and programmatic achievements were made in the health sector in the past year.

Guided by its vision for “a nation with the best health”, our health ministry has enhanced access to quality health services in both traditional and modern medicines.

These achievements can be categorised into six health system building blocks: leadership and governance; service delivery; health human resource; health financing; health infrastructure; and health research, information, medicine and technologies.

A special initiative, the health flagship program, has made significant accomplishments in allied health agencies each with its own set of unique mandates and achievements.

## Transformations in the health sector

We have embarked upon the health governance transformation initiative to bring together limited clinical resources and professionals under a common management system.

The initiative aims at the consolidation of clinical services through clear deliniation of

responsibilities and accountabilities in ‘building a people centric, resilient, and sustainable health system’.

Under this, the Jigme Dorji Wangchuck National Referral Hospital (JDWNRH) will become the nodal agency for clinical services in the country.

The heads of departments of JDWNRH will manage the respective departments across the country.

With this, the aspiration of JDWNRH to become a centre of excellence in healthcare services and medical education, and its real mandate of providing quality tertiary healthcare services and technical backstopping to other hospitals in the country will be ensured.

## 75<sup>th</sup> RC of WHO SEARO

Bhutan hosted the 75<sup>th</sup> session of the World Health Organisation (WHO) regional committee (RC) for South-East Asia in Paro from 5-9 September. This is the third time Bhutan has hosted this important regional convening.

The RC is the WHO’s governing body in the region and comprises representatives from the region’s 11 member states. The RC meets annually and decides on important policy issues to advance health in the region.



## Adoption of Paro declaration

The 75<sup>th</sup> RC adopted the Paro declaration on universal access to people-centred mental health care and services.

The declaration aspires to build technical capacities of member states, raise awareness on mental health, mobilise financial resources to bridge the treatment gap, and establish a regional knowledge and training hub for technical cooperation in mental health and psycho-social support.

The declaration is timely and highly significant for Bhutan with the recent institutionalisation of the Pema Centre for harmonising mental health programs and services in the country.

Specialised services were expanded to designated cluster hospitals in phases to enhance equitable access to quality health services for the entire Bhutanese population.

The cluster strategy is expected to significantly reduce in country patient referrals which will cut down on patient waiting time, decongest the three referral hospitals and improve providing timely care.

The cluster hospitals offer specialised services of medical, gynaecology, paediatric, anaesthesiology, orthopaedic, and general surgery, alongside the GI endoscopy and ultrasound services. Under phase I, the following hospitals are included.

- ✿ Bumthang: General surgery, gynaecology/obstetrics, and paediatrics
- ✿ Dewathang: Gynaecology
- ✿ Samtse: General surgery, gynaecology/obstetrics, and paediatrics
- ✿ Tsirang: General surgery, anaesthesiology, gynaecology/obstetrics, paediatrics, and medical
- ✿ Trashigang: General surgery, anaesthesiology, paediatrics, and medical
- ✿ Wangdue: General surgery, gynaecology, and paediatrics
- ✿ Phuentsholing: All six specialised services are offered.

## Service Delivery

### Secondary healthcare

A major segment of our population reside in far-flung communities and constrained by geographical barriers, they do not have adequate access to specialised services offered by the national referral hospital.

In an effort to ease these difficulties, specialised services were expanded to designated cluster hospitals in phases to enhance equitable access and distribution of quality health services for the entire Bhutanese population.



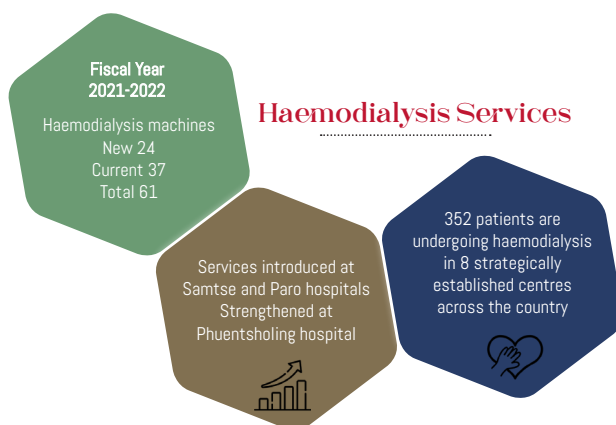
Taking specialised services closer to the grassroots will also reduce financial pressures and social burden on the economically disadvantaged sections of our society.

Before the cluster hospital initiative, specialised services were available only at the regional referral hospitals in Mongar and Gelephu and the national referral hospital in Thimphu.

Phase II cluster hospitals include Pemagatshel and Yebilaptsa hospitals.

## Expanding haemodialysis services

Haemodialysis services have been expanded to eight hospitals in light of the increasing cases of end-stage renal diseases in the country, the need to prevent premature deaths, and to ease congestion at the existing haemodialysis centres.



## Strengthening emergency medical services

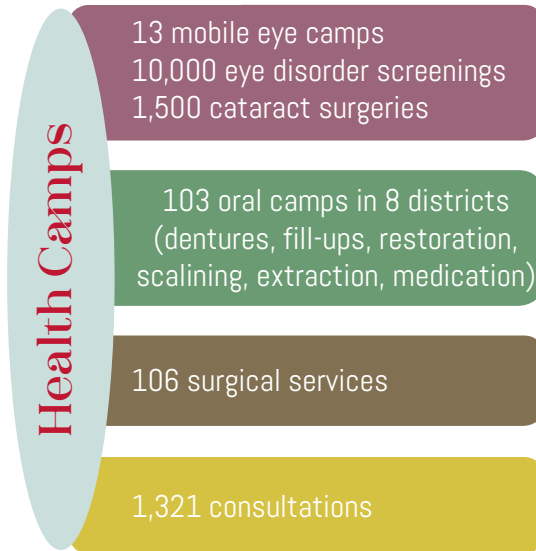
Ambulances are essential for the delivery of immediate medical services to those requiring emergency care. The demand for land ambulances has been increasing with the improved road network and expansion of medical services.

Many of the existing ambulances are almost 15 years old (maximum lifespan) and need to be replaced.

In January, 12 advanced ambulances were secured with support from the Government of Japan.

## Combating antimicrobial resistance

Globally, antimicrobial resistance (AMR) is recognized as one of the greatest public health threats and often referred to as 'the silent pandemic'.



To prevent AMR, improvements in surveillance and access to appropriate antimicrobials will be undertaken under the recently developed national action plan.

One health governance structure to implement the AMR program has been established. So far, laboratory-based AMR surveillance has been established at nine sites.

External quality assurance and antimicrobial stewardship programs have also been established at JDWNRH, ERRH and CRRH to reduce the inappropriate prescription of antimicrobials.

### Equitable service delivery

The government has always accorded the highest priority to take healthcare services to the unreached population in far flung communities

through specialised health care camps.

### Expansion of diagnostic services

Quality diagnostic laboratory and radiology services are important for making accurate, reliable, and timely diagnosis of patients. All 10-bed and above hospitals in the country have been equipped with biochemistry and haematology services.

At the regional and district hospitals, the capacity of microbiology services has been strengthened and histopathology services have been expanded to two regional referral hospitals.

In addition, histopathology services will be introduced at



Wangduephodrang Hospital where refurbishment works are currently underway.

Radiology services such as x-ray and ultrasound have now been expanded to 98 percent of 10-bed and above hospitals.

Computed tomography (CT) services are available in all regional hospitals and will further be expanded to Samtse and Dewathang hospitals for which pre-installation works are being done.

An additional CT machine will be added to the JDWNRH to expand services.

## Specialised traditional medicine services

While allopathic healthcare services persist as a popular choice, certain segments of the Bhutanese population across the country still prefer traditional Sowa Rigpa services.

To take such services to the unreached communities, acupuncture health camps were conducted in Gelephu, Lhuentse, Trashigang, and Trashiyangtse dzongkhags covering a total of 4,400 patients.

A total of 4,550 individuals were provided *Laynga* (five eliminative therapy) services through camps conducted in Bumthang, Mongar, and Punakha Dzongkhags.

## Palliative care

As a country deeply rooted in Buddhism, traditional medicine-based palliative care services have had significant and profound effects on the mental health and wellbeing of individuals suffering from terminal illnesses.

Traditional medicine-based palliative care services have been piloted in Gidakom, Haa, Paro, Mongar ERRH and Wangduechholing hospitals. This intervention offers an alternative choice of care for terminal patients to reduce pain and improve the quality of life in their final days.

## Private sector engagement in Sorig wellness services

To make Bhutan a centre of excellence for Sorig-based wellness services, four Sowa Rigpa wellness centres will be established in the country.

These wellness centres are mandated to provide traditional medicine-based wellness therapies such as *Lum* (baths), *Jukpa* (massage), *Numtshuk* (oil compression), *DugRig* (herbal compression), *Zhiney*, and *Luejong* to clients.



## Health Infrastructure Development

### Combating infectious diseases

Establishing a state-of-the-art Royal Centre for Infectious Diseases (RCID) at Gidakom has been proposed to build readiness in managing and combating emerging infectious diseases and diseases of pandemic potential.

The Nu. 1722.43 million project is supported by the Japan International Cooperation Agency (JICA) and the grant agreement was signed on 26 September. So far, all preparatory ancillary works have been completed and the centre is expected to be completed during the 13<sup>th</sup> plan.

### Speciality hospital

The multidisciplinary super speciality hospital (MDSSH) has been conceived with the goal to cut down costs associated with ex-country referrals and enable Bhutanese patients to avail specialised healthcare services within the country.

The 500-bed specialty hospital supported by the Government of India (GoI) is estimated to cost Nu. 5.6 billion. It will provide advanced services such as kidney transplants, heart surgery, comprehensive cancer treatment and nuclear medicine.

It will also house are productive health centre to treat infertility

and other reproductive health complications. Consultations with GoI counterparts including final design, drawings and cost estimates have been completed. The project is awaiting the first disbursement of funding assistance.

### The Pema Centre

On the Royal Command of Her Majesty The Gyaltsuen, The Pema Centre was inaugurated on 3 November as the nodal agency to spearhead Bhutan's response to mental health issues.

With guidance from Her Majesty and coordinated efforts from all relevant sectors, the Centre will re-strategise and re-orient national efforts to provide timely, effective, and people-centred mental health services in the country.

The Pema comprises the Pema Centre and the Pema Secretariat, with the former responsible for provision of mental health services and the latter for providing policy and programmatic stewardship.

The Centre will be constructed with support from GoI at an estimated cost of Nu. 326.71 million and construction will begin in June 2023. The project is aimed for a June 2026 completion.

### Preventing and response to sexual violence

The Pema Secretariat has drafted the concept for a national policy on prevention and response to sexual



violence. The proposed policy aims to ensure uniform processes and provide holistic services to minimise harassment of victims.

The policy is expected to meet the need for awareness and sensitisation programs and serve as a single source of information to deliver a consistent message across all boards.

## Gyaltsuen Jetsun Pema mother and child hospital

Empirical evidence indicates that the formative years of any individual is critical in shaping their long-term physical as well as cognitive growth and development.

Bearing this in mind, we have embarked upon the construction of Gyaltsuen Jetsun Pema Mother and Child Hospital (GJPMCH) in two phases.

Although the progress of the second phase has been severely hampered by the pandemic, as of October, 85 percent of the construction has been completed.

The construction of the second phase is estimated to cost Nu. 1,158.73 million and will be completed by June 2023.

## Mother and child hospital in Mongar

As a critical step towards executing friendly health services for Bhutanese mothers and children, the construction of a Nu. 935.023 million 65-bed mother and child hospital in Mongar began on 20 December 2021.

As of October, the sub-structure works for block 1 (OPD) and block 3 (IPD) were completed.

The hospital is expected to significantly improve the health of our pregnant women, mothers, and their babies, and contribute to achieving numerous national and global milestones in mother and child health.

## New infrastructure development

While the government has prioritised investments in building adequate health human resources, a dearth of specialists, doctors and nurses remains as one of the major challenges of the health system.

Through renewed initiatives and collaborations with relevant institutions both in-country and overseas, additional recruitments were made to the existing pool of health professionals.

## New Health Facilities

June  
2023

Dremetse Hospital (10-bedded), Mongar to be completed

Pangthang subpost in Gongdu, Mongar to be Completed

Dec  
2022

Pangbesa Hospital (10-bedded) in Paro to be completed

Oct  
2022

Taktse Primary Health Centre in Trongsa

Aug  
2022

Kamji Primary Health Centre, Chhukha

May  
2022

Phagpari subpost in Thrimshing, Trashigang completed

Dec  
2021

Dewathang Hospital (40-bedded) completed and functional from January 2022

Early  
2023

5 satellite clinics in Beben, Semtokha and Mothithang in Thimphu Thromde, Debsi under Thimphu Dzongkhag and Phuentsholing in Chhukha Dzongkhag

Primary Healthcare Centre at Lingden in Chhukha to be completed

Nov  
2022

Bjemichu Primary Health Centre in Darla, Chhukha completed and functional from January 2023

Autsho Hospital (10-bedded) in Lhuentse completed

Trashichoeling Hospital (20-bedded) in Sipsoo, Samtse under construction

July  
2022

Dotey Primary Health Centre in Paro completed

Mar  
2022

Tsirangtoe Hospital (10-bedded completed and functional)

## Health human resources

The Khesar Gyalpo University of Medical Sciences of Bhutan (KGUMSB) annually takes in two general medical doctor candidates for the four-year PG residency program.

Every year, 10 to 15 PG resident doctors graduate from the university as specialists in medicine, gynaecology, paediatrics, anaesthesiology, general surgery, orthopaedic surgery, psychiatry, emergency medicine and general practice.



From this year, KGUMSB started the MD dermatology program.

Undergraduate slots for MBBS under department of adult and higher education scholarships have been increased from 30 to 40 to meet the shortage of general doctors in the country.



Ten specialists (three anaesthesiologists, two general surgeons, two paediatricians, one gynaecologist, one medical specialist, and one nephrologist) from Bangladesh have been recruited under the special pay package scheme and are currently serving in various strategically chosen health facilities across the country.

An additional 10 superannuated and resigned national specialists have also been recruited on contract for two years.

## MBBS program in Bhutan

In collaboration with KGUMSB, the proposal to establish a MBBS college in Bhutan has been discussed.

The college is expected to provide opportunities for Bhutanese and students from the region to pursue MBBS in the country. The university will initiate the MBBS degree program in 2023.

## Health research and information

### Fifth national health survey 2023

Findings of the national health survey (NHS) provide key insights on achieving national and international health indicators and targets.

The NHS 2023 will help assess implementation of the 12<sup>th</sup> five-year plan and provide a baseline for the preparation of the 13<sup>th</sup> plan.

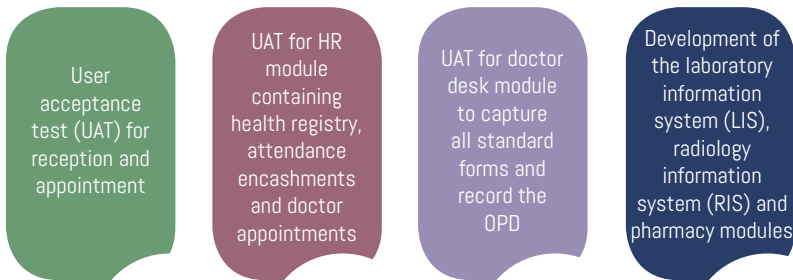
The survey for 2023 will consolidate other health-related surveys to generate key indicators and reduce the number of health surveys and associated human and financial costs.

The technical feasibility assessment and consultation has been completed and the technical working group is working on various aspects of the comprehensive NHS 2023.

## Electronic patient information system (ePIS)

The electronic patient information system project was initiated at the beginning of the 12<sup>th</sup> five year plan to

institutionalise an integrated web-based medical record information system and improve the quality of health and medical data for evidence-based decision-making, across all levels.



### ePIS Development

## The four banks project

The four banks (medical, health, biobank, and household) project is being jointly initiated by the health and information ministries with support from JICA.

The project is expected to strengthen digital health technology capacity and data to attract medical and pharmaceutical researchers, engage private companies and investors, develop new health-tech services and devices, and accelerate data collection by the business entities and domestic private companies.

## Medicine and Technologies

Timely access to medicines and medical supplies are critical to ensure health needs of people are comprehensively addressed.

The COVID-19 restrictions significantly impeded movement of consignments and goods within and across countries, and Bhutan was no exception.

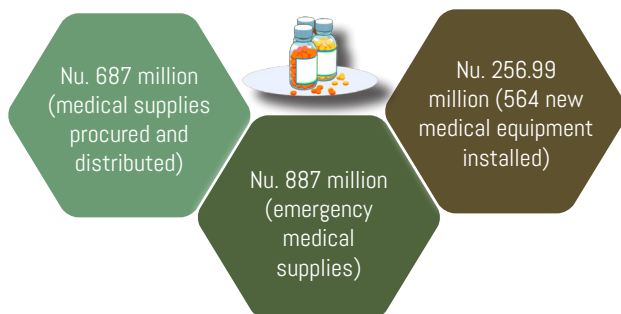
Despite setbacks, the procurement and distribution of medical and emergency medical supplies was continuously facilitated to ensure uninterrupted delivery of essential health commodities.





## Medicine and Technologies

Fiscal year 2021-22



### Health flagship program

Gastric and cervical cancers contribute to the highest cancer related burden and mortality in Bhutan. For Bhutanese women, cervical cancer is the major cause of cancer related mortality.

The health flagship project was initiated to target early detection and treatment of gastric, cervical, and breast cancers. The strategies involve introduction of new and effective screening tests covering more than 95 percent of the target population by December 2023, providing onsite treatment, and early referral.

Through this intervention, we aspire to eradicate cervical cancer by 2023 which will make us the first country in the region to achieve this important goal.

With mass screenings for detecting and treating H.pylori, the flagship program seeks to bring

down gastric cases to a minimum, if not eliminate it entirely.

### H. Pylori test

In collaboration with the Government of Japan, a rapid immunochromatographic test (ICT) for screening of H. Pylori infection will be developed for other vital pathogens and diseases.

This project is expected to reduce incidences of antimicrobial resistance through development of drug susceptibility testing capacity and shorten antibiotics prescription turnaround time.

KGUMSB is also collaborating with Oita University in Japan on a project titled “institutional capacity building for eliminating helicobacter pylori-related gastric deaths” funded by the Science and Technology Research Partnership for Sustainable Development and AMED Grant.

A team of renowned doctors, professors, and leading experts

from both Japan and Bhutan will be working together to develop in-house rapid diagnostic test and molecular testing facilities, early gastric cancer detection services, and improve the effectiveness of H.pylori infection treatment.

## Public Health Achievements

### Care and compassion services

To create an inclusive environment for the elderly members of our society, separate counters and preferential services have been established in all health facilities across the country.

With non-communicable diseases (NCDs) and mental health disorders increasing amongst our elderly population, around 16,400 elderly individuals were screened for NCDs and mental health disorders during the commemoration of the elderly

month in October.

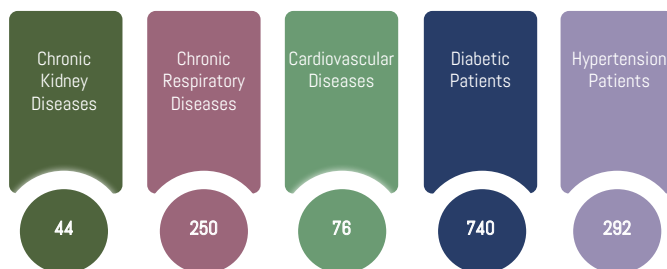
In recognition of the successful implementation of the Service with care and compassion initiative (SCCI), a people-centred approach to deliver NCD services at the community and grassroots level, the Ministry of Health was awarded the United Nation Interagency Task Force and the World Health Organization Special Program on Primary Health Care Award.

The award was virtually received during the 77<sup>th</sup> session of the United Nations General Assembly side event held on 21 September.

The key features of the SCCI such as outreach services, medicine refills, recall and reminders, responsive referrals and timely diagnoses have made it convenient for patients to avail quicker NCD services. The SCCI has also benefited the disabled, elderly and economically disadvantaged sections of our society.

### Services with care and compassion initiative

NCD and opportunistic screening services provided to 2,871 individuals in nine implementing dzongkhags



REGISTERED



## Laboratory and Genome Projects

### Genome sequencing technology

The Royal centre for disease control (RCDC) established a genomic laboratory to carry out gene sequencing amid the pandemic making it the only institution in the country with the capacity to perform genomic analysis.

RCDC is now carrying out SARCoV-2 variant surveillance to monitor new variants. Through this initiative, RCDC will be able to expand genomic work on other pathogens to better understand molecular epidemiology and its impact on public health interventions.

### COVID-19 vaccination coverage

A primary dosage COVID-19 vaccination coverage of 98.5 percent

for the eligible population aged five years and above has been achieved.

Based on prevailing scientific recommendations, the heterologous approach that we adopted resulted in a greater immune response and minimal mortality from COVID-19. Bhutan did not lose a single health worker to the virus.

For children aged 5-11 years, Bhutan rolled out the first booster dose on 19 September, achieving a coverage rate of 100 percent.

The total coverage rate for the first three doses of vaccines for children aged between 5-11 years of age is 93.37 percent.

The second booster dose was administered for over 50 percent of the population. The dosage remains so as the people have been naturally exposed to the virus and acquired immunity.

As of October, COVID-19 vaccination coverage figures in the country are as follows:

Age Group	Coverage			
	1 <sup>st</sup> dose	2 <sup>nd</sup> dose	3 <sup>rd</sup> dose (1 <sup>st</sup> booster)	4 <sup>th</sup> dose (2 <sup>nd</sup> booster)
5 to 11 years	100%	95.36%	85.65%	
12 to 17 years	100%	96.19%	83.92%	
18 years and above	99.9%	97.48%	92.19%	66.17%
5 years above	100%	97.09%	90.51%	51.63%

## Health Policies

### Accelerating mother and child health program

A policy note on accelerating the mother and child health program (AMCHP) was approved by the cabinet in 2019. The policy note captures the rationale for the new policy, current status of mother and child health in the country, existing legal framework, financial implications, policy recommendations, indicative timeline, and stakeholders.

Given its significance in terms of positive impacts it creates on the society, the AMCHP was proposed as one of the key deliverable indicators in the fiscal year 2021-22.

Covering all mothers and children, from pregnancies to deliveries to post-delivery care, the AMCHP prioritises three main components of physical health, mental health, and food and nutrition requirements of mothers and children.

When all these conditions of psycho-social-nutritional requirements are fulfilled, then are we able to create nourishing conditions for our women to bear and raise a healthy generation, the tell-tale sign and essence of real national-building. If implemented well, the AMCHP program will spell outstanding results.

Considering the benefits of this program, we will expedite the

process of exploring and securing resources to roll-out and sustain this program after careful analysis of revenue performance and resource conditions during the budget appropriation act for the fiscal year 2022-23.

### National Health Policy

Revision of the National Health Policy 2011 is underway. This is being done to include new programs and strategies in line with changing health developments, new government initiatives, ongoing health sector transformation, and progress towards achieving regional and global health goals among others.

The revised policy aspires to redefine governance in health, cluster approach for specialised services, Health in All, Health for All, enforcing the triage and gatekeeping system, private participation in health, and synergising traditional medicine system and wellness services.

### National policy for senior citizens

Considering the urgent need to address the challenges faced by our elderly population, we are currently drafting the national policy for senior citizens aimed at fostering productive and healthy ageing, safety and security, housing and age-friendly services, and welfare for our senior citizens.



### Developments in traditional medicine

- ✿ Faculty of traditional medicine has successfully digitised 48 volumes of ancient texts and two volumes of acupuncture references
- ✿ Launched an open journal named 'Bhutan Sorig Journal'

### De-suup plus training

- ✿ KGUMSB's postgraduate medicine and nursing and public health faculties resourced the 10<sup>th</sup> and 11<sup>th</sup> batch of De-suup plus training
- ✿ Around 400 De-suups trained as frontline healthcare workers in preparation for future public health emergencies and crises

## High-level advocacy programs

The health ministry received the highest attention from Her Majesty the Gyalum, Sangay Choden Wangchuck, in conducting the nationwide high-level advocacy on priority public health and social issues.

Her Majesty the Gyalum, accompanied by Her Royal Highness Princess Euphelma Choden Wangchuck, addressed the public of Lunana on the importance of timely utilisation of health services to improve the health of mothers and children; the importance of availing cervical cancer screening services; prevention of STIs and HIV/AIDs; priority youth issues and challenges; and in addressing domestic violence.

Her Majesty the Gyalum also sensitised students on menstrual and personal hygiene, adolescent health issues, education, and gender equality.

## Expansion of integral cardiotocography services

To improve mother and child healthcare services, cardiotocography (ICTG) services were established with the introduction of 55 sets of ICTG devices to complement existing conventional cardiotocography in the hospitals.

These devices can monitor the health condition of an expectant mother along with the foetus and screen high-risk pregnancies for timely referral and care.

The seven comprehensive emergency obstetric and newborn care (CEONC) centres with obstetricians will serve as referral centres for other health units.

It is expected to benefit half of total expectant mothers out of more than 10,000 estimated pregnancies reported in a year.

In phase II, we aim to expand the service to all health facilities on need basis.



## Allied Health Agencies

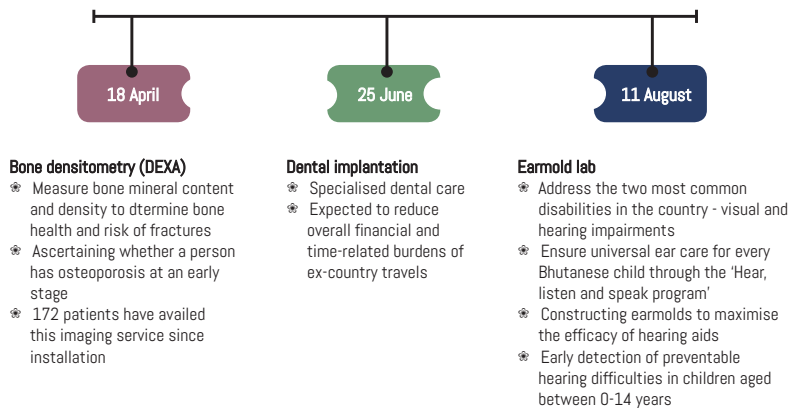
### Khesar Gyalpo University of Medical Sciences of Bhutan

The university formally launched the centre for simulation-based training (CSBT) at the Faculty of Nursing and Public Health (FNPH) campus to provide hands-on training and practical learning platforms.

The centre houses simulators ranging from low to high-end fidelity mannequins, intensive care units, operation theatres, delivery rooms, multipurpose and pre-hospital areas among others worth more than Nu. 70 million.

The university is currently developing a series of national rescue courses (DrukSokchop) for doctors, nurses, and other health professionals.

#### New Services



### Bhutan Medical and Health Council

The Bhutan Medical and Health Council (BMHC), mandated by

the Medical and Health Council Act 2002 to regulate medical and health professionals in the country, has implemented two significant initiatives.

#### Standards for MBBS education

In tandem with KGUMSB's plan to introduce an MBBS program in the country, the council has developed academic standards for bachelor of medicine and bachelor of surgery (MBBS) program



## Jigme Dorji Wangchuck National Referral Hospital

JDWNRH has introduced new specialist services to reduce referral costs, out of pocket expenditure and logistics challenges for patients referred outside the country.

The hospital also introduced new services between December 2021 and June this year.

In time, JDWNRH is expected to become the seat of all clinical services in the country where the heads of departments will be

authorised to manage respective departments.

## Bhutan Narcotics Control Authority

As the nodal agency responsible for control, regulation and monitoring of illicit drugs and tobacco products in the country, the Bhutan Narcotics Control Authority (BNCA) has made considerable efforts in the past year from strengthening enforcement to providing treatment and rehabilitation.



### Law enforcement measures

- ✿ Total of 90 inspections carried out with support from stakeholders across all dzongkhags
- ✿ Inspections conducted at hospitals, veterinary hospitals of the five dzongkhags (Thimphu, Paro, Haa, Chhukha and Samtse)
- ✿ Industries inspection (Pasakha, Phuentsholing, Samtse, Thimphu and Paro)
- ✿ A cannabis destruction program spanning over 31 acres carried out with support from stakeholders in Thimphu, Trongsa, Punakha, Paro and Mongar



### Prevention, treatment and rehabilitation measures

- ✿ Developed a standard 'school-based substance use prevention framework' for all schools to follow and trained relevant officials to institutionalise prevention programs in the learning institutions
- ✿ A tobacco cessation program in the form of nicotine replacement therapy with support from the WHO launched and established in nine institutions and agencies
- ✿ More than a thousand smokers sought support from the program

## Drug Regulatory Authority

The Drug Regulatory Authority (DRA) regulates medicinal products

to ensure their quality, safety, and effectiveness.

## DRA's major achievements for the past year

### Emergency use authorisation for COVID-19 vaccines and self-test kits

- ✿ Pfizer vaccines for children aged 5-11 years
- ✿ Pfizer vaccine for children aged 6 months - 4 years

### Amended the emergency use authorisation for

- ✿ Pfizer vaccines for adults
- ✿ Moderna vaccine

### Emergency use authorisation for 4 COVID-19 self-test kits

- ✿ COVIDFIND™ COVID-19 antigen self-test
- ✿ TESTSEALABS COVID-19 antigen test cassette
- ✿ BOSON rapid SARS-COV-2 antigen test card
- ✿ Flowflex™ SARS-COV-2 antigen rapid test

## Going forward

Through KGUMSB, we have plans to initiate and establish a full-fledged MBBS program in Bhutan. We will focus on incorporating evidence-based medicine and practice at the university through research and technology.

At JDWNRH, cardiac imaging (CT and MRI) will be introduced for the department of radio-diagnosis and imaging by September 2023. Priority services such as cathe lab, cochlear implant, extracorporeal shock wave lithotripsy, and joint replacement will be introduced by June 2023.

Three authorities - Drug Regulatory Authority, Bhutan Agriculture and Food Regulatory Authority, and

Bhutan Narcotics Control Authority - will be restructured as the Bhutan Food and Drug Authority.

A national drug control strategy aimed at strengthening enforcement and improving community-based action, and collaboration and partnership with competent implementing agencies, will also be implemented.

We will work on improving aftercare services for recovering addicts, offer livelihood and vocational skill building programs, establish a comprehensive drug and alcohol treatment centre, and introduce workplace-based prevention and prison-based treatment programs in targeted prisons.









# AGRICULTURE







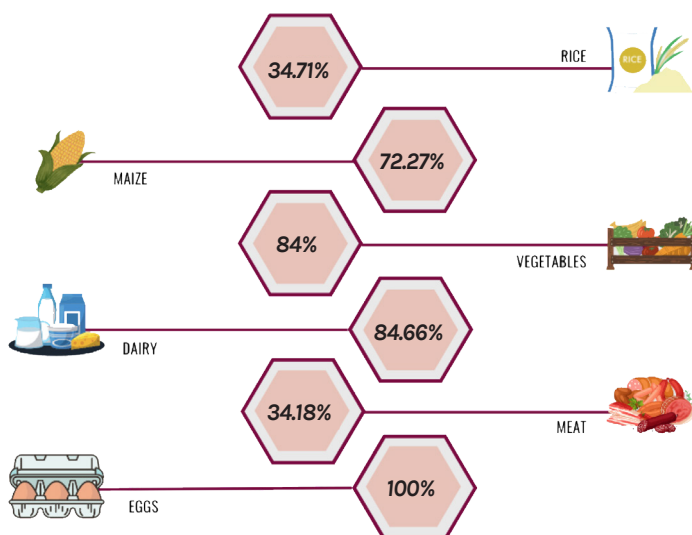
**A**griculture is the main source of livelihood for 48.7 percent of the Bhutanese population.

During the pandemic, the sector's importance emerged to the forefront with farmers offering free produce to frontliners and leading normal lives when scores of people in other sectors lost jobs and relied on the Royal Kidu.

Agriculture's contribution to GDP increased from 19.15 percent in 2020 to 19.19 percent in 2021.

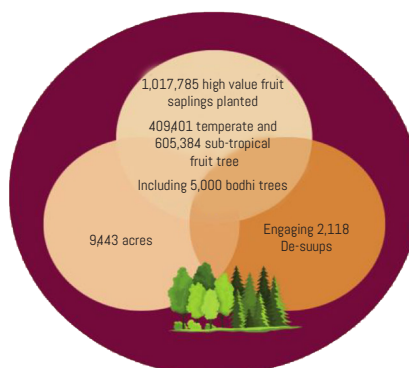
This accounts for Nu. 36,036.73 million GDP contribution in 2021, an increase of Nu. 3,039.28 from the previous year.

## Self-Sufficiency



## Million fruit tree plantation

Following the Royal Command, the million-fruit tree plantation program was developed in collaboration with the De-suung National Service. The plantation began on 15 March with distribution of seedlings to households across the nation as Royal Soelra.



## Dog population Management and rabies control

The nationwide accelerated dog population management and rabies control program (NADPM-RCP) was initiated in September 2021 and the national campaign was launched in March. The project aims to sterilise 100 percent of free-roaming dogs.

A total of 55,799 dogs comprising 4,921 pets and 50,858 stray dogs were neutered and 28,745 pet dogs were microchipped and registered through the program.



As a part of the program, recognising *Chang-khyi* as a native dog breed of Bhutan, is being pursued. Responsible pet ownership is being enforced through the amended Livestock Legislation.

## Agriculture production

In 2021, cereal production stood at 76,487 MT (metric tonne) with 40,508 MT of paddy and 30,939 MT of maize. Vegetable production including spices, roots, and tubers

was 80,711.11 MT and fruit production was 48,342.45 MT.

Measures to enhance food security and food production include distribution of 594 prefabricated greenhouses to farmers, rehabilitation of 2,070 acres of land through sustainable land management and machine hiring services to 6,450 households covering 14,785.97 acres.

Furthermore, 448.7 MT of various agro-chemicals, 552 MT of vegetables, cereals, potato seeds and oilseeds, 2,197 MT of fertilisers and 238,323 high-quality fruit plants were supplied to farmers.

## Sustainable land management

Agricultural production in Bhutan is particularly challenged by our rugged topography, climate change and natural degradation.

To adapt to and overcome these challenges, more than 2,070 acres of land have been rehabilitated through various sustainable land management programs including:

- ✿ Land terracing: 400 acres
- ✿ Terrace consolidation: 267 acres
- ✿ Fallow land revived: 522 acres
- ✿ Surface stone removal: 434 acres
- ✿ Contour bunding: 254 acres
- ✿ Contour stone bunding: 191 acres
- ✿ Landslide stabilization: 5 acres



Smart Irrigation		
Name	Location	Acreage
Drip irrigation system	Phangyul	3
Automated drip system	Bajo	6
Automated drip system	Ninzer gang	10
Drip and sprinkler system	Semjong	210
Automated drip and sprinkler system	Chutawoong	25
Dryland irrigation system	Lumang	21
Dryland irrigation system	Khar	14
Total		289

## Smart irrigation initiatives

Under the smart irrigation initiatives, smart irrigation systems covering 289 acres in areas experiencing a dearth of irrigation water have been constructed.

## Farm mechanisation

Machine hiring services were provided to 6,450 households covering 14,785.97 acres through the Farm Machinery Corporation Limited (FMCL).

## Commercial farming

Land development for 14 acres under Gangtokha in Athang gewog, Wangduephodrang, has been carried out for mixed fruit orchard development. More than 3,000 saplings of avocado, dragon fruit, and mango have been planted.

Similarly, around 39 acres of land development is being carried out in Lopokha, Athang, for commercialisation of priority vegetables.

FMCL will initiate commercial agriculture farming in Marpheng under Trashigang. For this, 17 acres will be assigned as protected agriculture land with automated polyhouses to promote year-round production of priority crops.

## Livestock enterprise

Under the big-ticket initiative, 13 additional broiler farms, 24 additional layer farms and 24 additional pig breeding farms were established.

In addition, 9,638 acres of new fishery ponds and irrigation constructions were given to interested fish farmers in Tsirang, Sarpang, Dagana, and Samdrup Jongkhar.

## Livestock production

**3,154.30** MT  
local cheese

**1,930** MT  
butter

**54,654.06** MT  
milk

**14,608**  
commercial piglets

**4,120.16** MT  
meat

(including pork, chicken, beef,  
chevon and fish)

**643,094**  
layer day-old chicks

**2,775,894**  
fingerlings were produced and  
distributed to potential fishery  
farmers in 14 dzongkhags

## Artificial insemination program

The artificial insemination (AI) program using sex-sorted semen was implemented in August 2019. Under this program, a total of 5,095 artificial inseminations were performed.

The success rate stands at 42.6 percent with the birth of 1,794 progeny comprising 215 males and 1,579 females. A total of 8,374 doses of jersey semen are stocked for up-scaling the program.

Since the start of artificial insemination services for pigs in June 2021, artificial insemination using chilled semen has been performed in 132 sows or gilts and 616 piglets were farrowed.

Collection, processing and cryopreservation of yak semen in the country was officially launched during the 5<sup>th</sup> Royal Highland Festival in Laya which was graced by His Majesty the King.

A total of 220 doses of frozen yak semen has been successfully processed as of now and will be pursued further.

Under the fodder germplasm program, production had been facilitated for 9.10 MT of temperate pasture seeds, 12.32 MT of subtropical fodder seeds, 7.45 MT of tall fescue, 130.81 MT of oat seeds and 57 MT of maize fodder seed.

A total of 749 farmers were employed for seed production.



## Launch of Sublimage L'extrait

In collaboration with an internationally renowned perfume production company, Chanel Parfums Beaute, we launched a new Chanel product in October.

The new product uses an active ingredient from a plant called *Swertia chiriyita*, grown by a community under Lauri gewog in Samdrup Jongkhar.

It is expected to generate revenues for the community as the Chanel product is highly priced and much sought after all over the world.

## Addressing human wildlife conflict

Human wildlife conflict is a major issue for farming communities across the country. Annually, farmers suffer crop loss between 19-43 percent due to wildlife damage.

To address the issue, the government has approved Nu. 500 million to construct chain-link fencing across the country. Following a successful pilot project, about 116.81 kilometres of chain link fencing worth Nu. 198.577 million will be constructed in the first phase.

Similarly, the Gewog Tiger Conservation Tshogpa (GTCT) has been instituted in six human-tiger conflict hotspots- gewogs of Nubi, Tangsibji, Langthel, and Korphu in Trongsa, Nangkor in Zhemgang, and Chumey in Bumthang. Under the program, 605 members and 1,149 livestock have been insured.

To mitigate human-elephant conflict, 27.5 kilometres of electric fence, animal intrusion detection and repellent system (ANIDERS) and portable solar corral were installed in Sarpang.

A rapid response team has been instituted and a human wildlife conflict management implementation framework developed to effectively implement HWC practices.

Electric fences have also been installed in major agricultural production sites and communities after carrying out an intensive need assessment.

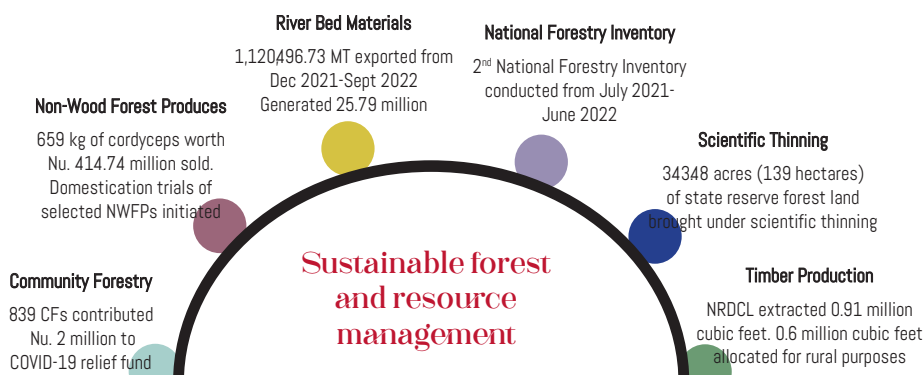
In total 805 kilometres of electric fencing have been installed for 3,309 households covering 5,490 acres of farmland.



Chain-link fencing				
Dzongkhag	Gewog	Location	Length (Km)	Budget (Million)
Bumthang	Chumig	Gyaltsa	4	6.8
Chhukha	Sampheling	Pana Ga	3	5.1
Dagana	Karna	Namzhigang	6	10.2
Gasa	Goenkhamaed	Yemina	6	10.2
Haa	Eusu	Sangkari	5	8.5
Lhuentse	Minjay	Tongling	8	13.6
Mongar	Ngatshang	Woopkhar	5	8.5
Paro	Lungnyi	Pangbisa	9.4	15.98
Pema Gatshel	Nanong	Nanong	6	10.2
Punakha	Chhubu	Chumthang	8	13.6
Samdrup Jongkhar	Pemathang	Lingmeshong	2	3.4
Samtse	Tashicholing	Peljorling	5.4	9.18
Sarpang	Senggey	Laptshakha-Nyenyul	7	11.9
Thimphu	Kawang	Chamina	1.9	3.23
Trashigang	Boomdeling	Boomdeling	1.5	2.55
Trashigang	Samkhar	Yenangbrangsa	5	8.5
Trongsa	Tangsibji	Tangsibji	7	11.9
Tsirang	Semjong	Dangreyang	4.5	7.65
Wangdue	Gasetshogom	Changchay-Pangsho	12	20.4
Zhemgang	Shingkhar	Thrisa	12	20.4
Grand Total			116.81	198.577



## Sustainable forest and resource management



## Online forestry services

In order to enhance public service delivery, 12 online forestry services (OFS) were launched on 31 July.

Since then, the department received 48,563 applications out of which 43,904 were approved and 3,968 applications were declined in line with existing rules and regulations.

1	Forestry Clearance
2	Forestry Research Clearance
3	Forestry Permit/License
4	Non Wood Forest Produces Application
5	Non Wood Forest Produces Permit
6	Export Permit Application
7	Export Permit
8	Import Permit Application
9	Import Permit
10	Timber Movement Permit
11	Payment of Fees and Royalty
12	Check Post Management

## Species discovery

In the last one year, 60 moths, one butterfly, one bird and 23 new species of plants were discovered.

## Biosecurity and food safety

Bhutan experienced two incidences of African swine fever outbreaks, the latest being the outbreak at Sampheling gewog.

Phuentsholing drungkhag, in April. The government spent Nu. 21 million in containing the outbreak and improving on-farm biosecurity management in pig farms.

To bring biosecurity and food safety services closer to clients, the Bhutan Agriculture and Food Regulatory Authority (BAFRA) developed an online Bhutan biosecurity and food safety system (BBFSS).

## Organic farming

The National Organic Flagship Program (NOFP) certified 1,200 acres of land under the local organic assurance system (LOAS) operated by 370 households, 15 new organic products and produced 1,640 MT of organic fertilizers.

## Bhutan GAP certification

BAFRA certified nine organic agriculture production farms, one organic product processing firm and four agriculture production farms in the country.

In collaboration with the Bhutan Chamber of Commerce and Industry, 26 households in Phobjikha and Gangtey under Wangduephodrang and Geney gewog in Thimphu, are currently being assisted through Bhutan good agricultural practices (GAP) third-party certification for primary production of kiwi, potato, and mandarin.

Third-party organic and GAP certification facilitates international trade and consumer acceptance of products on a national, regional and international level.

## Biodiversity Act of Bhutan 2022

The National Biodiversity Bill of Bhutan 2022 was adopted by the Seventh session of the Third Parliament and received Royal Assent on 15 July.

The Rules and Regulations for the Biodiversity Act of Bhutan 2022 is underway.

## Market infrastructure

Farmers of Wangduephodrang, Punakha and Gasa now have access to cold storage facility constructed by the Food Corporation of Bhutan (FCB), which began operations in November.

Similarly, Sarpang, Tsirang and Zhemgang farmers have access to the facility in Sarpang. The facility can store up to 300 tonnes of agricultural and livestock products.

Cold stores in Trashigang and organic sales outlet at Paro are under construction and expected to be completed within this fiscal year.

Three cold stores at Zhemgang, Dagana and Samtse are also being planned. For export facilitation at major export gateways



## Marketing and export

Apple, bettle nut, cardamom, ginger and vegetables were exported to mainly India and some to Bangladesh

Potatoes export facilitated worth Nu. 364 million



(Phuentsholing, Nanglam, Samtse, and Gelephu), site identification and other preliminary works are underway.

suppliers have been renewed. New business linkages have connected 81 schools with 130 suppliers and three hospitals with five suppliers.

A centralised pack house at Phuentsholing and potato washing, grading and packaging facilities at three locations (Wangduephodrang, Bumthang, and Trashigang) are also being planned.

The agricultural sector will have to feed about 815,755 people by 2030.

## Linking schools and hospitals with producers

The contractual agreements between 255 schools with 522 suppliers and two hospitals with two

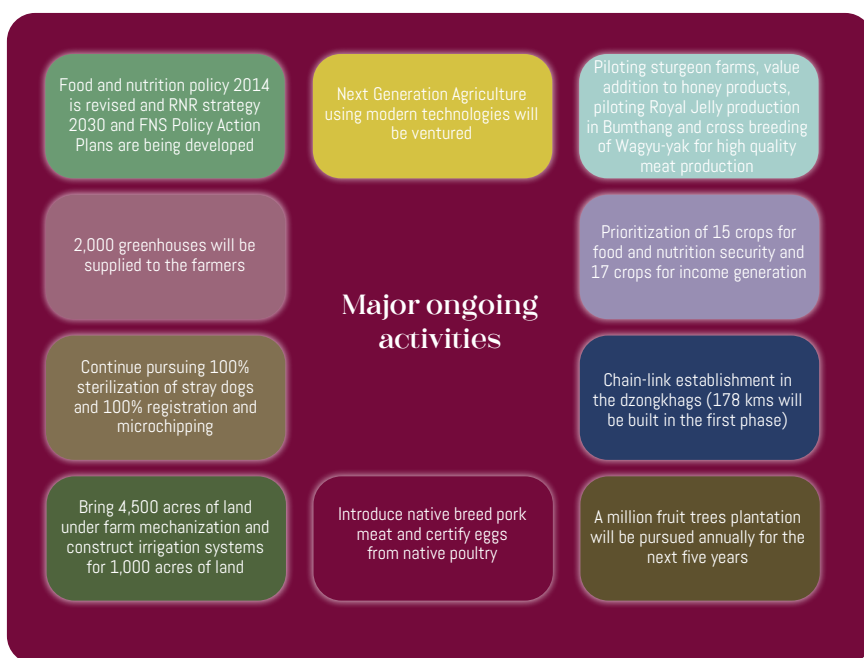
Considering the current per capita consumption, this would require 282,296 MT (from 162,930.68 MT in 2021) of cereals, 136,605 MT (from 124115.55 MT in 2021) of vegetables, pulses, fruits, roots and tubers, mustard and spices, 81,981MT of milk (from 54,654.06 MT in 2021), 6,180.24 MT of meat (from 4,120.16MT in 2021), and 199 million eggs (from 133 million eggs in 2021) annually by 2030.

The agriculture sector is confronted with many challenges. We have less than 2.7 percent of the total land under cultivation while the labour force is dwindling. But there is considerable scope in improving yield, technology adoption, value addition, premium branding, market exploration, and employment generation in the renewable natural resources sector.

By mobilising interventions, strengthening existing foundations, and empowering farmers and the private sector, we aim to upscale the agriculture sector and contribute to maximising GNH and achieving the SDGs.

The COVID-19 pandemic was particularly eye opening for the sector. It taught us a valuable lesson that 'business as usual' will no longer serve the purpose. Our age-old practice of spreading time and resources thinly across different activities has not brought any visible and meaningful impacts.

Going forward, we will strive towards realising a robust commercial farming system. Investments will be rationalised to accord due priority to achieving food security, income generation, and livelihood enhancement. Our ultimate goal is to make farmers earn better by producing high value agricultural commodities.









# ENVIRONMENT





**E**nvironmental conservation, enshrined as one of the four pillars of Gross National Happiness, is integral to achieve sustainable socio-economic growth and development.

Our natural environment endures some of the most damaging forces yet, guided by the enlightened and visionary leadership of our beloved Monarchs, Bhutan has made remarkable headway in preservation of its natural assets.

## The Blue Planet Prize

His Majesty the Fourth King has always remained a towering, inspirational figure for us. Even the grandest of accolades are inadequate to describe the astounding contributions made by His Majesty in furthering Bhutan's image in the global arena.

At a time when we were reeling from the pandemic and the pressures it has exerted on various facets of our lives, His Majesty's Blue Planet Prize by the Asahi Glass Foundation brought high hopes and joy to the people of Bhutan.

It was a moment of great pride for a small nation like ours to be considered a champion of environmental conservation and a source of inspiration for many other nations.

Such an award serves a living testimony to the sacrifices made by our visionary Monarchs for the benefit of the people and the planet as a whole.

## Climate leadership

### COP27

As a party to the United Nations Framework Convention on Climate Change (UNFCCC), Bhutan participated at the 27<sup>th</sup> Conference of the Parties (COP27) from 6-18 November in Sharm El-Sheikh, Egypt under the theme 'Together for Implementation'.

COP 27 marked 30 years since the UNFCCC was adopted and seven years since the Paris Agreement (PA) was made at COP21.

Bhutan reiterated its commitment to remain carbon neutral and elaborated on our efforts in pursuing sustainable development during the event.

As a fragile and vulnerable mountainous country to the adverse impacts of climate change, adaptation to climate change remains Bhutan's priority.

While highlighting the risks posed by glacial melt due to rising temperature, Bhutan has remained vocal about scaling up of

international climate and adaptation finance to USD 40 billion a year by 2025.

Two important agenda items on behalf of the least developed countries (LDCs) - adaptation and agriculture, were led by the Bhutanese delegation at the high-level ministerial negotiations to deliver concrete and actionable outcomes on adaptation and agriculture.

Bhutan, on behalf of Bhutan and Nepal, proposed inclusion of needs and special circumstances of fragile and vulnerable mountainous countries in keeping with the PA's principle of leaving no one behind under the African Group's agenda on special needs of African Countries.

On this, Bhutan played an instrumental role by liaising closely with other negotiating blocs such as Independent Association of Latin America and Caribbean (AILAC), Alliance of Small Island States (AOSIS), and others in supporting our ambition.

The following subjects are some of the significant outcomes at COP27 that have direct relevance to Bhutan:

- ✿ Establishment of loss and damage fund
- ✿ Adaptation
- ✿ Mitigation
- ✿ Finance

- ✿ Agriculture
- ✿ Transparency
- ✿ Capacity building
- ✿ Article 6 (carbon markets)

## Interventions to address climate change

### National adaptation plan project

In implementing the national adaptation plan (NAP) project, sectoral assessments on agriculture, human health, forest and biodiversity, water resources, and climate change vulnerability and risk assessment were formulated.

The findings assess Bhutan's vulnerability to climate change and identify priority adaptation actions for various sectors. The assessment report was launched on 5 June, coinciding with the World Environment Day.

### Environmental assessment

In order to expedite environment clearance service delivery, codification of activities and projects in line with Bhutan standard industrial classification were carried out.



The green list increased from 45 in 2002 to 126 in 2020 and 918 in 2022, while the blue list increased from 56 in 2002 to 77 in 2020 and 485 in 2022. The red list also saw an increase from 11 in 2020 to 54 in 2022.

To assist applicants in processing environmental clearances, a guide to environmental clearance application procedure 2022 was prepared.

For the provision of seamless and transparent services, a rules of procedure for committee meetings and SOPs for review and assessment of application 2022 were formulated.

In 2021, environmental clearances for blue and red category projects were issued within 25 and 50 days respectively while renewals were issued within 20 days.

## Advancing climate resilience for water sector

The project proposal on advancing climate resilience of water sector in Bhutan (ACREWAS), with a focus on the water flagship program, is being developed for submission to the Global Environment Facility- LDC fund.

The project will be implemented in three dzongkhags of Gasa, Punakha, and Tsirang under the Punatsangchhu basin.

The proposed activities mainly include the protection of water sources and watersheds, strengthening institutional capacity for water resources assessment, and developing climate resilient infrastructures.

## Managing waste

### Waste management flagship program

Solid waste issue has exacerbated in the country with population expansion, urbanisation, mismanaged waste, and poor management systems.

To tackle this environmental and social issue, Her Majesty The Gyaltsuen launched the waste management flagship program on 2 June 2019.

The 12<sup>th</sup> five year plan prioritised solid waste management as a flagship waste management and stray dog population control program which was approved on 23 January 2020 during the 46<sup>th</sup> Lhengye Zhungtshog.

The overall objective is to achieve a 'Zero Waste Bhutan' by reversing the landfill disposal rate from over 80 percent to less than 20 percent through the following measures:



- ✿ Source segregation
- ✿ Provision of downstream facilities such as waste collection facilities and drop-off centres at convenient locations
- ✿ Efficient and timely collection
- ✿ Proper storage and transportation systems
- ✿ Functional material recovery facilities
- ✿ Sanitary landfills and incineration plants for hazardous and residual wastes.

To this effort, 300 street litter bins were procured for waste segregation in public places.

A total of 25 waste collection facilities and nine drop-off centres in Thimphu are fully operational. Nine electric waste collection vehicles were distributed to Thimphu thromde and JDWNRH.

An additional procurement of three waste collection vehicles were completed to augment efficient waste collection services.

To enhance waste enforcement and monitoring systems, the zero waste Bhutan app was developed.

Penalties were also imposed on offenders littering in public spaces or disposing waste illegally

following a revision of offences and fine schedules under the Waste Prevention and Management Regulation 2012 and its amendment in 2016.

## Waste Management Committee

The management of waste in the country is one issue that cuts across all sectors. In the myriads of reform initiatives that are underway for the whole of government, public, and civil sectors, addressing this issue professionally has become an urgent need.

On 2 November, I issued an Executive Order towards establishment of the Waste Management Committee.

The committee is chaired by a representative from His Majesty's Secretariat and comprise members from Office of The Gyalpoi Zimpon, Thimphu thromde, National Land Commission, Ministry of Works and Human Settlement, De-suung Office, Thimphu Dzongkhag, and National Environment Commission.

With the establishment of this committee, I am confident that we will be able to strategically eliminate problems stemming out of improper waste management practices to achieve a clean and healthy living environment.



## Water

Water is an essential resource that sustains life and livelihoods. As per the Water Act of Bhutan 2011 and the Water Regulation of Bhutan 2014, provision of adequate, reliable, and clean drinking water to the citizens by the state is of utmost importance.

Bhutan has a high per capita availability of water when assessed at the level of basins and districts. However, issues of water accessibility persist due to inadequate infrastructure and poor management, which are further exacerbated by an increasing population, heightening consumption patterns, and climate change.

Our rugged terrain and altitudinal variations are some of the natural factors creating imbalances in water supply as some areas have abundant water while adjacent areas experience shortages.

Water is available aplenty in the form of major rivers and tributaries flowing in low-lying river valleys and deep gorges but is not accessible by most communities situated along slopes which are dependent on smaller streams, springs, and lakes for drinking water.

To address water shortages, the following key initiatives have been rolled out:

### Water roadmap

The roadmap was developed under the auspices of His Majesty's vision of creating a vibrant water economy through effective governance and prudent investment in infrastructure and human capital by leveraging on creative 'disruptive' technology.

Water is becoming a scarce global commodity but Bhutan possesses an immense potential to develop the water sector into a multi-billion-dollar industry.

To do this, it is important to develop a globally competent workforce that can utilise technology and propagate innovation as an urgent intervention to turn our existing challenges into opportunities.

In this regard, the water roadmap identifies five thrust areas comprising governance, human capital, innovation and technology, performance excellence, and economic transformation.

Governance will bring in institutional and policy reforms supported by financing mechanisms whereas human capital is focused

on development of a globally competent workforce through tertiary education, on-the-job training, and youth engagement.

Technology and innovation focus on enabling research and development through instituting smart technology to shift to water 4.0 standards.

The performance excellence aspect will ensure enhancement of domestic wastewater services. Economic transformation is aimed at generating revenue through increased production in agricultural and aquaculture sectors while exploring new avenues such as green hydrogen and water intensive industries promotion.

Upscaling of water-related tourism activities and exporting natural river bed materials are also identified as potential sources of revenue.

### Minimum environmental flow project

The draft E-flow module comprising nine units was developed. Capacity building of stakeholders on all units have been undertaken to develop local capacity in terms of utilising the E-flow guideline.

The E-flow guideline requirements has been incorporated into the

environment and social impact assessment (ESIA) terms of reference for new hydropower projects while the sustainable hydropower development policy (SHDP) 2021 has mandated minimum E-flow release.

The draft supplemental documents for E-flow guideline pertaining to beyond run-off-the-river schemes including hydropower projects has been developed and is under revision. This document will be finalised and incorporated under E-flow guidelines.

### Bachelor of engineering in Water Resources Management

The development of a bachelor of engineering in water resources management program is at an advanced stage.

The program was initiated based on the desk study of modules under the environmental and water related programs offered in RUB colleges.

This tertiary program is being developed to provide a robust and holistic view of environmental concepts, focusing on water resources management from source to supply to treatment and governance.



## Guidelines for water tariff

The water tariff guideline was developed in line with the provisions under the Water Act of Bhutan 2011 to provide service providers with a set of guiding principles and basic structures to create a customised tariff.

A draft guideline has been developed in coordination and consultation with the taskforce members and a final review of the draft guideline is ongoing.

## Biodiversity conservation

Bhutan is located in the eastern Himalayas, which has been identified as a global biodiversity hotspot and hailed among the 234 globally outstanding eco-regions of the world.

Bhutan has six major agro-ecological zones corresponding with certain altitudinal ranges and climatic conditions.

The country is endowed with a vast well-preserved forest cover, comprising 70.46 percent of the total land area, and an extensive network of inland water resources.

As one of the smallest Asian countries, our country is home to an extraordinary diverse species of flora and fauna, with 5,603 flowering plant species under 220 families and 1,415 genera, close to 200 species of mammals, over 800 species of butterfly, 50 freshwater fish species, and 678 bird species.

## Innovative management of pests, diseases, and invasive alien species (IAS)

To eradicate pests in Bhutan such as giant African land snails and develop strategies and models for sustainable management of pests, diseases, and invasive alien species, the inception meeting of the project and technical field visits have been conducted.

## Global biodiversity framework negotiations

To align the new global framework with domestic needs, stakeholders have been consulted for their opinions which were then translated into Bhutan's position papers and statements during the negotiation process. The discussions pertained to:

- ✿ Bhutan's membership to the High Ambition Coalition for Nature

✿ Technical input towards participation of Permanent Mission of Bhutan to the United Nations in New York for an interactive dialogue on 'Harmony with nature and biodiversity: Contributions of ecological economics and earth centred law' convened by the president of UNGA

✿ Input for Bhutan's participation at the countdown to COP15 and bilateral meeting with co-chairs of the post-2020 global biodiversity framework at UN









# CULTURE





**T**he strong Bhutanese identity, which we are proud of today, has been laid on the foundations of a time-honoured Bhutanese culture that has evolved and remained vibrant through centuries.

Bhutan continues to uphold its culture while embracing rapid modernisation. Languages, spiritual values, arts and festivals are key components of our rich intangible culture.

Ensuring vibrant practice of these aspects of culture in the face of globalisation is a challenge. Some of our local dialects, songs, dances, lozeys, festivals and rituals are on the verge of extinction with only a few elderly people keeping these traditions alive.

The younger generation is either not keen or do not have the skills and knowledge to continue these traditions. Therefore, documenting, preserving and promoting intangible cultural heritage has become urgent.

At the same time, many of the rich historical, cultural and spiritual sites which existed for centuries are under continuous threat from both natural and man-made disasters.

These monuments are exposed to a range of disasters such as earthquakes, fires, windstorms and landslides.

Conservation, restoration and making these sites disaster resilient is critical. In addition, meeting the financial resources for restoration and preservation of cultural infrastructure is a recurring challenge.

## Conservation of heritage sites

Built by Zhabdrung Ngawang Namgyel in 1638 on a ridge overlooking the convergence of the Punatsangchu and Dangchu rivers, the Wangduephodrang Dzong played a significant role in unifying Bhutan.

On 24 June 2012, this glorious monument of immense historical and spiritual significance was reduced to rubble by a catastrophic fire in one of the worst disasters in recent memory.

Rebuilding the monument became a national priority and on 13 July 2012, His Majesty The King granted Nu. 200 million for the reconstruction. BBS mobilised a fund Nu 65.5 million while numerous individuals and organisations contributed Nu 28.325 million which brought the total fund mobilised to Nu. 293.825 million.

The Wangdue rabdey also received contributions amounting to Nu. 40.004 million as well as contributions in kind.

The Gol also granted a budget of Nu.1 billion towards the reconstruction as part of the PTA grant for the 11<sup>th</sup> five year plan.

Reconstruction began in January 2014 and the rebuilt dzong, restored to its former glory, was consecrated on 11 November.

His Majesty The King, His Majesty the Fourth Druk Gyalpo, Her Majesty The Gyaltsuen, Their Royal Highnesses Gyalsey Jigme Namgyel and Gyalsey Ugyen Wangchuck, and Members of the Royal Family graced the Tashi Rabney of the dzong.

His Holiness the Je Khenpo presided over the ceremony and the prayers, which began on 9 November.

The reconstruction of Drukgyel dzong is scheduled to be completed by December while the construction of a new Sarpang dzong is scheduled for completion by the end of 2024.

The nine-storey Sekhar Guthok Tsuglakhang, a replica of the iconic 11<sup>th</sup> century tower built by renowned yogi Jetsun Milarepa in Lhodrak, Tibet, was finally completed after 12 years. His Holiness the Je Khenpo presided over the consecration on 26 November in Phuentsholing.

## Dzongkha and local dialect preservation

### Research

In promoting Dzongkha, preserving indigenous languages, standardising spellings, and increasing Dzongkha literature, a book on 'Academic writing and referencing' in Dzongkha has been written.

The popular English-Dzongkha dictionary is being edited for the second time. The intermediate level dictionary is upgraded to an advanced level with more entries. Thirty percent of the editing is completed.

The revised first edition of the official Dzongkha correspondence book as well as a research methodology book are available as eBooks on the Dzongkha Development Commission's website.

A total of 510 articles on various topics have been written for Dzongkha Wikipedia and about 200 edited articles uploaded on the Wikipedia page.

Research and transcription of specific domain terminologies on three traditional and three modern topics have also been completed.



Additionally, we have completed the research and transcription on five topics to develop Dzongkha National Corpus. The corpora or Dzongkha text data is essential for any detailed study of Dzongkha in writing dictionaries, grammar and tool development among others.

The Bhutan history book titled, ‘*Lho Druk Choejung Nawaigyen*’, written in *Chokē* by the 69<sup>th</sup> Je Khenpo, Geshe Gedün Rinchen, was translated into Dzongkha, printed and distributed to educational institutions.

We have also coordinated a number of meetings with relevant agencies to conduct advocacy and awareness meetings to promote Dzongkha in educational institutions and piloted Dzongkha language proficiency testing system, *Dzongjuk*, for 36 civil servants.

## Dzongkha ICTisation

In our quest to ICTise Dzongkha and make it more accessible, modern artificial intelligence (AI) based tools such as machine translation, text-to-speech (TTS), and automatic speech recognition (ASR) are being pursued to automate translations, typing and reading in Dzongkha.

A total of 350,000 English-Dzongkha bilingual strings (sentences) have been translated for

machine translation development.

An amount of Nu. 2.1 million has been provided to the College of Science and Technology at Rinchending for technical development of machine translation, TTS, and ASR under the digital Drukylul flagship program.

The fund was also used to procure equipment for setting up a Dzongkha lab in the campus.

## Audio-visual productions

Social media has become an important tool to access and disseminate critical information. To expand Dzongkha content on social media platforms, 3-D animation, nursery rhymes and audio-visual materials are being created.

So far, 26 Dzongkha nursery rhymes are being written and produced, production of an eight-episode Dzongkha proverb audio-visual is underway and production of the 4<sup>th</sup> episode of the popular ‘Samphel’ animation series is ongoing.

## Fourth Vajrayana Conference

The Centre for Bhutan and GNH Studies, a modern research think tank, collaborated with the Central



Monastic Body to organise the fourth Vajrayana conference from 1-4 October at the centre's recently built contemporary office building.

The conference themed 'Buddhism and Modernity' brought together more than 200 foreign participants from 31 countries.

Consistent with the organisers' objectives to promote innovation in traditional doctrinal, ritual, pedagogical, and social practices, the conference series witnessed

leading international Buddhist masters and practitioners imparting teachings via a dialogical approach with modern Buddhist scholars.

The conference's growing popularity in the global arena has been affirmed by the support it has received from one of the biggest global Buddhist networks, the International Buddhist Confederation (IBC) based in India.





# ECONOMY





**T**he COVID-19 outbreak in early 2020 and the prolonged enforcement of stringent containment measures had a negative impact on the economy, shrinking growth to an all-time low of -10.1 percent in 2020.

Recovery has been gradual with the easing of restrictions following successful vaccinations. The economy recorded a growth of 4.1 percent in 2021, a 14.1 percentage point increase from 2020, supported by accelerated public expenditure and implementation of development projects.

The Gross National Income (GNI) recorded a growth of 4.1 percent in 2021, which is an increase of 11.24 percentage points compared to -7.13 percent in the previous year.

The increase in GNI in 2021 was due to a decrease in the net outflow of primary income as compared to the previous year. The economy is projected to grow at 4.5 percent in 2022.

## Sector Growth

All sectors exhibited robust growth due to strong domestic demand and in track with the global economic recovery. Industrial output grew by 1.9 percent after an all-time low of -12.9 percent in 2020. Mining and quarrying, and construction contributed to industrial growth.

The service sector recorded a growth of 6.3 percent in 2021. Despite

the tourism industry being at a standstill, the revival in retail trade and other domestic businesses, steered the growth of the sector, contributing around 44 percent to the GDP in 2021.

Manufacturing production (cement, food, chemical, and metal industries) also improved, buoyed by counter cyclical programs and monetary relief measures.

On the contrary, agriculture growth decelerated to 2.1 percent in 2021 compared to 4.6 percent in 2020, attributable to reduced production in livestock and forestry sector.

Overall growth rebounded moderately in 2021 as economic activities picked up, supported by an expansionary fiscal policy, monetary support and progressive relaxation of containment measures.

The government expenditure for the fiscal year 2020-21 stood at Nu. 59.47 billion, a 3.1 percent increase from the previous fiscal year, accounting for 33.6 percent of GDP.

Current expenditure stood at Nu. 31.89 billion, a 3.4 percent decline from the previous year. This was mainly on account of expenditure rationalisation measures including travel, allowances and special allowances and other personal emolument deferments.

However, amid heightened global and regional uncertainties coupled

with emerging issues within the domestic economy and soaring energy and food prices, downside risk to growth is anticipated.

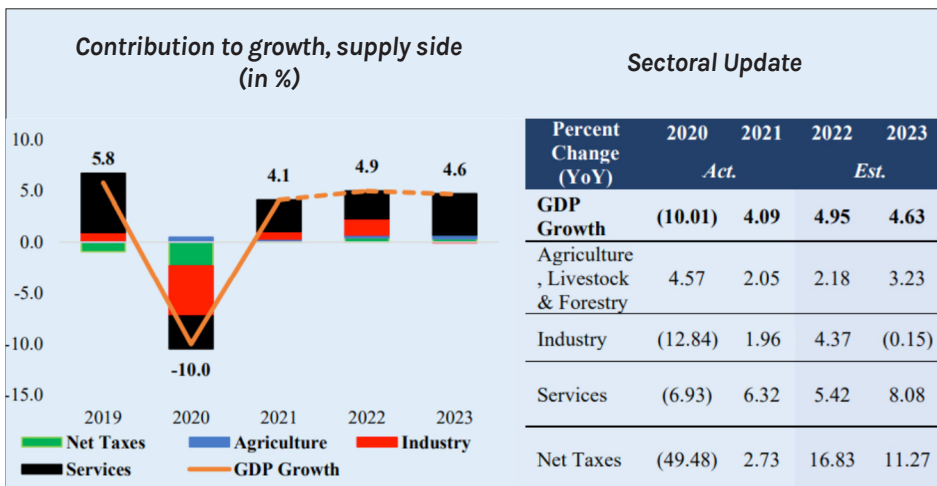
In the medium term, recovery in the service sector and hydropower is expected to drive the growth, with electricity generation expected to increase provided the commissioning of various hydro-power projects takes place on time.

## Sector Performance

On average, the primary sector (agriculture, livestock and forestry) saw one of the highest growths in the last five years.

However, it slowed to 2.1 percent in 2021 compared to 4.57 percent in 2020.

The secondary sector (industry) saw a steep climb as the impact of



the pandemic dwindled. It increased to 1.96 percent in 2021 as opposed to -13.10 percent in 2020. The tertiary (services) sector grew by 6.32 percent in 2021 from -6.9 percent in the previous year.

In the medium term, the recovery in services and hydropower is expected to drive growth.

## Inflation

Rising prices and supply chain disruptions resulted in higher and increased broad-based inflation than anticipated. Overall, inflation in September 2022 dropped to 6.05 percent from 7.4 percent in 2021.

Food prices contributed about 60 percent and non-food contributed 40 percent to the overall increase





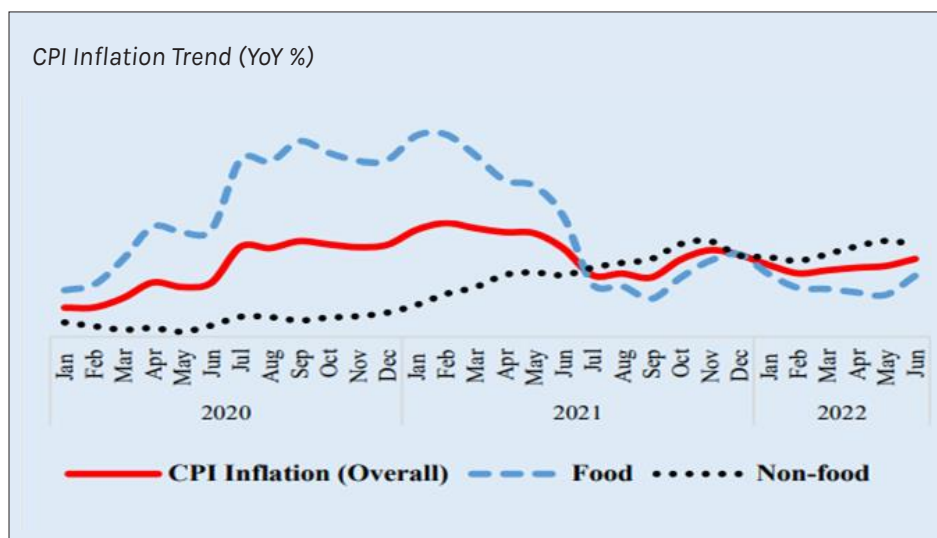
in 2021. Sudden hike in the fuel prices due to limited supply and geopolitical tensions globally also caused drastic increases in the overall commodity prices.

As of September, the price of goods and services increased by 6.0 percent compared to September 2021.

Month-on-month inflation rose by 0.3 percent in September from

August due to an increase in non-food prices by 0.9 percent while food prices decreased by 0.4 percent.

Increase in non-food prices was mainly on the account of transport which increased by 3.8 percent, contributed by increase in price of vehicles and fuel. Decrease in food was due to drop in prices of vegetables, fruits and eggs.



## Fiscal Sector

### Resources

Total resources mobilised in fiscal year 2021-22 was Nu. 52.11 billion, a decline of 12.7 percent compared to the fiscal year 2020-21. Of the total resources, domestic revenue contributed 74.9 percent and the remaining of 25.1 percent was from grants and other receipts.

The domestic revenue realised for the fiscal year 2021-22 amounted to Nu. 39.04 billion, exhibiting a growth of 8.9 percent due to increase in tax revenue by 25.1 percent, mainly from improved collection in corporate, business, and personal income, sales and green tax.

Total grants remained low amounting to Nu. 13.06 billion, a decline of 12.2 percent compared to the previous fiscal year.

For the current fiscal year 2022-23, total resources has been revised at Nu. 56.15 billion, an increase of 7.8 percent compared to the previous fiscal year.

Of the total resources, domestic revenue is estimated at Nu. 41.278 billion and revenue collection, as of first quarter, stood at Nu. 10.77 billion.

Of the total revenue mobilised, 65.1 percent was tax revenue and 34.9 percent non-tax revenue.

Total budgetary grants for the fiscal year 2022-23 is maintained at Nu. 14.87 billion.

## Expenditure

On the expenditure side, total expenditure increased by 16.3 percent in the fiscal year 2021-22 amounting to Nu. 69.14 billion. The increase in spending was driven by capital expenditure reflecting a targeted scale up in public infrastructure projects to support economic revival.

Capital expenditure increased by 25.9 percent amounting to Nu. 34.71 billion while recurrent expenditure was maintained within the domestic revenue at Nu. 34.43 billion.

The total outlay for the fiscal year 2022-23, is revised at Nu. 74.85 billion, an increase of 8.2 percent compared to fiscal year 2021-22.

Of the total expenditure, Nu. 36.38 billion is apportioned as current

budget and Nu. 38.47 billion as capital expenditure.

As of September, the current budget utilisation stood at 25.2 percent (Nu. 9.16 billion) while only 10.4 percent (Nu. 3.99 billion) of the capital budget had been spent.

## Monetary Sector

Despite slowdown in the economy and inflation, the monetary and credit situation remained favourable, supported by monetary and expansionary fiscal policies.

As on September, the money supply (M2) growth moderated at 8.9 percent and it still is driven by a growth in transferable deposits (14.8 growth in saving deposits)

On the asset side, growth in M2 is driven by improved performance in both Net Foreign Assets (NFA) and Net Domestic Assets (NDA).

Domestic credit increased from 6.5 percent in the fiscal year 2020-21 to 8.5 percent in the fiscal year 2021-22. The housing sector availed the highest credit followed by the service and tourism sector.

In terms of soundness of the financial sector, the overall asset quality of financial institutions improved with the decrease in NPL from Nu. 24.24 billion in the fiscal year 2020-21 to Nu. 16.06 billion in the fiscal year 2021-22.



In terms of sectoral NPL, the highest was recorded in the service and tourism sector, followed by the manufacturing sector, and trade and commerce sector. These sectors were severely affected by the pandemic.

The excess liquidity in the banking sector for fiscal year 2021-22 amounted to Nu. 28.41 billion. The Bank of Bhutan holds the highest liquid asset at 73.7 percent followed by Bhutan National Bank at 10 percent.

## External sector

Trade flows have picked up surpassing the pre-pandemic threshold. Increase in imports was much higher than increase in exports widening the trade deficit.

For the fiscal year 2021-22, the trade deficit increased to 23.5 percent from 6.9 percent in the fiscal year 2020-21.

The overall import in 2022 (January-September) increased by 46.2 percent compared to the same period in the previous year whereas exports increased by 10.4 percent only.

Overall imports as of September stood at Nu. 93.03 billion while overall exports stood at Nu. 26.48 billion.

## Balance of Payment

The current account balance (CAB) widened from -12.5 percent of GDP in

fiscal year 2020-21 to -33.8 percent in the fiscal year 2021-22.

CAB is expected to remain elevated in the medium-term with imports increasing exponentially and exports remaining subdued.

The recovery in trade performance has been immediate and widespread across all sectors of the economy after a significant drop in 2020.

If a similar trade pattern continues in the forthcoming months, the baseline scenario projects that by the end of 2022, overall import value will stand at Nu. 111.3 billion and export at Nu. 60.4 billion.

## Foreign Reserve

The net financial inflows which are used to finance the current account deficits has been decreasing due to lower inflow of official grants. This has impacted gross international reserves.

The reserve position in the near-term will remain lagged and below pre-pandemic level with the expected rise in imports, prolonged rising inflationary pressure and depreciation of exchange rate in emerging economies.

The gross international reserve depleted from USD 1,559.2 million in fiscal year 2020-21 to USD 1,120.5 million in fiscal year 2021-22.

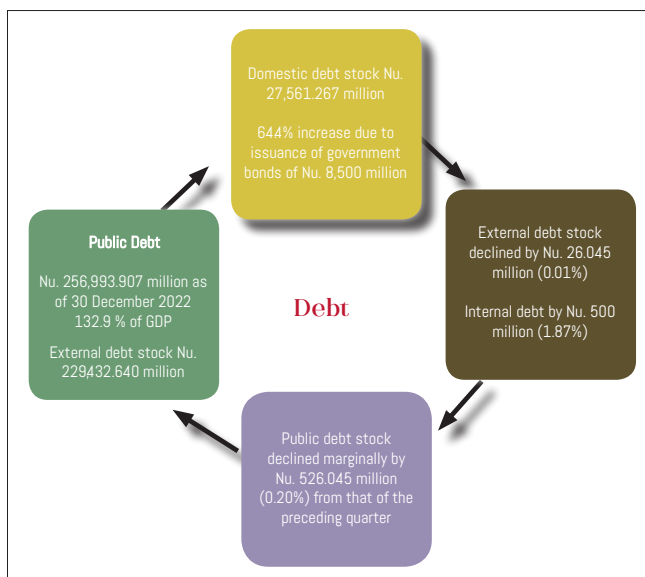
As of 1 December, the reserve stood at USD 776.63 million.

External Reserve Status as on 1 December 2022	
<b>Total External Reserves (million of USD)</b>	<b>776.63</b>
<b>Tier I Reserve (millions of USD):</b>	<b>681.53</b>
✿ Convertible currency reserve with RMA (millions of USD)	603.61
✿ Indian Rupee reserve with RMA (millions of INR)	6,328.10
<b>Tier 2 Reserve (millions of USD):</b>	<b>95.35</b>
✿ Commercial banks CC holdings (millions of USD)	35.11
✿ Commercial banks INR holdings (millions of INR)	863.86
✿ DHI CC holdings (millions of USD)	48.12
<b>Months of Essential Import Coverage</b>	<b>13.95</b>

In order to prevent breaching of the constitutional requirement, appropriate policy measures will be pursued to build the external reserves and to avert any economic vulnerabilities and shocks.

## Debt Situation

External debt is mainly on account of borrowings for investment in hydropower development in the country.





## Interventions to Sustain the Economy

### Trade Facilitation

- ✿ An online system called Bhutan Trade Fin Net is being developed to facilitate cross-border trade and transaction by automating and integrating import licences and clearances.

This system will be integrated with other relevant government agencies to facilitate issuance of clearances to simplify the licensing procedure and improve public service delivery. The system will be launched later this month.

- ✿ The distribution system for fast moving consumer goods was implemented in 2021 to streamline and strengthen the existing distribution system and ensure quality products are available at fair and competitive prices in the market. Similarly, a product-based distribution system for three hardware products (electrical wires, electrical cables and pipes) was rolled out in June.
- ✿ To facilitate trade, logistic arrangements such as dry ports are being constructed in Gelephu, Pasakha and Nganglam.
- ✿ The national export strategy was launched in August. The strategy addresses institutional, legal and regulatory environment, trade and business infrastructure,

standards and certification, the building of productive capacities, and export promotion.

- ✿ Following the ratification of the Preferential Trade Agreement (PTA) between the Royal government and the Government of the People's Republic of Bangladesh during the sixth session of the third Parliament in 2021, the PTA has been notified for implementation with effect from 1 July.

The implementation of the PTA will promote and expand bilateral trade between the two countries with duty-free market access for 16 additional products of Bhutan into Bangladesh.

- ✿ The agreement on movement of traffic-in-transit and its protocol were finalised during the 3<sup>rd</sup> joint working group meeting held in Dhaka in June and subsequently endorsed by the 8<sup>th</sup> CSLM held in September for signing between Royal government and Government of Bangladesh.

The agreement will allow movement of traffic in transit (both imports and exports) for Bhutan through Bangladesh with access to the seaports of Mongla, Payra and Chattogram.

- ✿ A MoU on use of inland waterways for transportation of bilateral trade and transit cargo between Bhutan and Bangladesh were renewed for a period of five years in August.



Six additional ports of call have been added.

- ✿ The Royal government and the Government of the Kingdom of Thailand agreed to enter into a preferential trade agreement during the 4<sup>th</sup> Joint Trade Committee (JTC) meeting held in April and to work towards enhancing trade between the two countries to an annual target of USD 120 million by 2025.

- ✿ The government has maintained continued engagement in the regional forums such as BIMSTEC and attended the 20<sup>th</sup> and 21<sup>st</sup> Meetings of the BIMSTEC working group on rules of origin (WG – ROO) held virtually in Dhaka, Bangladesh, on 10–11 January and 18–19 October.

The negotiations on all other BIMSTEC trade instruments are ongoing.

- ✿ Bhutan's export of agriculture products such as potato, ginger, areca nut and apple among others were restricted to India due to their domestic regulations during the year. Bhutan was able to negotiate the removal of certain restrictions and secure exemptions for the export of these products.
- ✿ Bhutan's import of key raw materials and essentials from India such as sugar, wheat flour, wheat grains and coal among others, were also severely impacted during the

year as India restricted export of these items due to their own internal shortages and domestic regulations.

However, the government successfully negotiated various exemptions and allocations for Bhutan to ensure the general public and private sector were not impacted.

## Industries

- ✿ Streamlining the system, the moratorium on bar licences has been lifted. Restaurants are now allowed to serve wine and liquor without requiring a separate bar licence.
- ✿ Fifteen units of the old service centre in Changzamtog, Thimphu have been remodelled and renovated. The remodelled units are provided as additional space at a minimal rent for new start-ups. They can also avail of various business development support services.
- ✿ The CSI sector has been identified as one of the priority sectors for development in the 12<sup>th</sup> five-year plan. Support was extended to 14 informal businesses such as metal craft, recycling plant, cane and bamboo, tailoring, agro-processing, biscuits and nettle processing among others in the form of technology, equipment and capacity building.
- ✿ A total of 124 participants



consisting of proprietors, managers and employees of CSIs were trained in business management in Trongsa, Bumthang, Thimphu, Punakha, Wangduephodrang and Tsirang dzongkhags. The training focused on basic bookkeeping, product costing and pricing.

- ✿ A total of 180 CSIs were supported to procure equipment and machinery under the industrial development grant scheme, essential service scheme, and innovation voucher scheme worth Nu. 30.19 million.
- ✿ Physical products of CSIs were promoted in 10 dzongkhags, eight new CSI products were launched, and promotional audio-video advertisements aired for 16 CSI products through mainstream media and social media platforms.
- ✿ An online product directory system was developed to facilitate CSIs in showcasing and promoting products. The online directory features multiple product images, price information and contact details.
- ✿ Operation of *Drayang* as a form of entertainment business has been ceased and Rules and Regulation for Places of Entertainment 2020 amended.
- ✿ To address market access challenges, a CSI market outlet will be established in Perth, Australia. The outlet operator and local aggregator have been identified and logistic

works are being coordinated to operationalise the initiative on 17 December.

- ✿ A total of 43 new domestic medium and large projects worth Nu. 15.69 billion have been approved in principle between 24 December 2021 till date.
- ✿ Eight FDI projects worth Nu. 356.29 million have been approved and seven projects worth Nu. 3.64 billion have been given in-principle approval in 2022.

## Consumer Protection

- ✿ To take consumer protection services to the grassroots, six dispute settlement committees were formed in Chhukha, Gasa, Wangduephodrang and Pemagatshel dzongkhags, and in two drungkhags of Jomotsangkha and Panbang.

## Integrated Business Licensing Service System

The Integrated Business Licensing Service System (IBLS) - Phase I was launched on 6 August. The system provides a single window to obtain trade licence, small scale licence with no clearance requirements, and small-scale licence with location clearance from Thimphu thromde.

A total of 242 business activities are available for licensing through this system. Business activities falling under medium and large

scale, FDI, and small scale with clearances will be released when developed.

The system is expected to be fully developed by June 2023. The IBLS enables data sharing within agencies and eliminates the requirement of multiple submissions of the same documents by applicants. The system aims to make administrative procedures transparent, swift, and efficient.

## New areas of investment

### Industries

The development of the three industrial parks are at an advanced stage.

On completion, the industrial parks will contribute to diversification of the economy, job creation, export enhancement and revenue generation among others.

The industrial parks are scheduled for a June 2023 completion.

### Energy

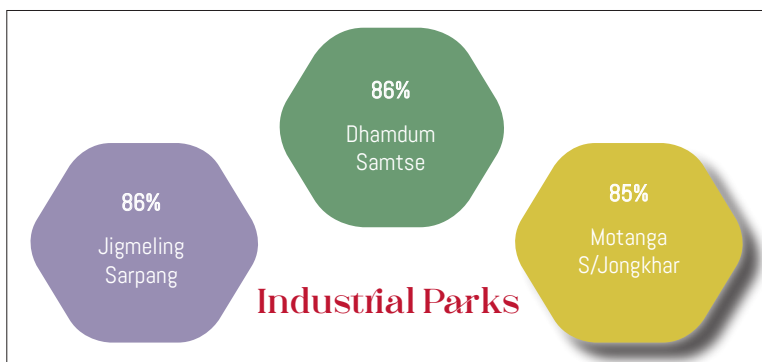
Hydropower is a strategic renewable energy resource. Its generation and exports are key elements of Bhutan's economy and essential to clean energy development.

It has enabled economic growth and industrialisation and has been fundamental in enhancing the living standard of our people.

During the pandemic, hydropower revenue cushioned the impact of COVID-19 economic downturn while other sectors were acutely affected. The gross revenue generation from all hydropower plants in 2021 was Nu. 11.64 billion.

To reduce the government's expenditures on electricity subsidy and to aid households to secure sustainable energy supply and enhance livelihoods through the sale of excess power, a 3KW distributed small-scale solar PV system is being piloted in 304 rural households.

To enhance energy security the 17.38 MW Sephu solar farm in Wangduephodrang will be





implemented. The 80KW solar PV decentralised distribution plant at Aja-Ney, Mongar, is also being implemented.

**Punatsangchhu-I:** Meanwhile, bilateral discussions between the Royal government and the Gol at the Power Secretary level were held on 31 October in Thimphu.

During the discussions, both sides agreed to form an eight-member group with four representatives each.

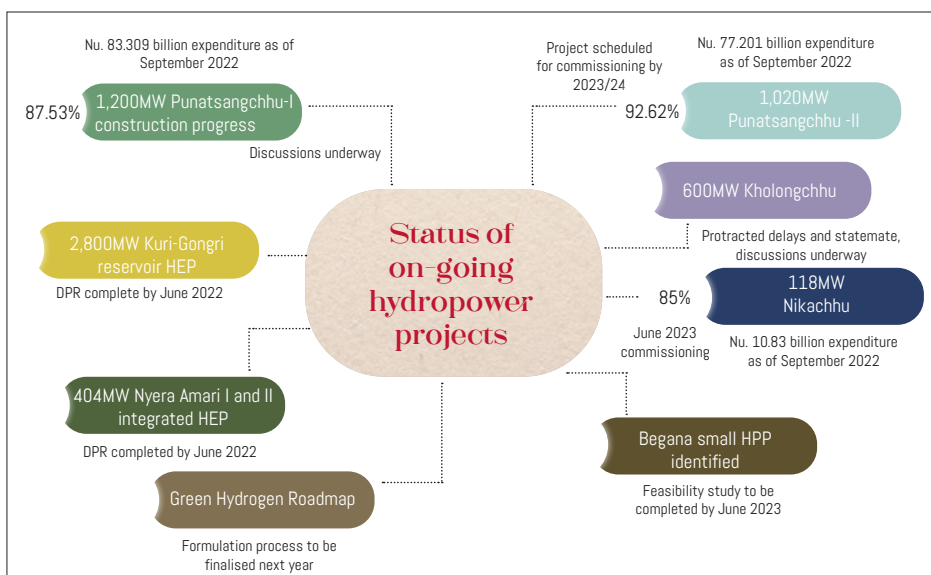
Chaired by a representative from Bhutan, the group will review the barrage detailed project report and dam option to devise a safe and cost-effective way forward for Punatsangchhu-I by end of January 2023.

**Kholongchhu:** Regarding the closure of Kholongchhu JV Company, Bhutan and India reached an agreement that the Druk Green Power Corporation (DGPC) will take complete ownership of the project by buying back the shares of Satluj Jal Vidyut Nigam Ltd (SJVNL).

Both DGPC and SJVNL will settle the transfer of shares by the end of December.

To take the project forward, the Gol will provide support in terms of access to finance from India and market for power sale.

For now, DGPC is providing interim relief measures to the project's contractors, employees, house owners, and other exigencies.



## Small hydropower projects

To address energy security, boost economic activities and create productive employment through building national capacity, DGPC initiated construction of three small hydropower projects in June with a total installed capacity of 104 MW.

The main civil works are being constructed by Bhutanese contractors in all three projects.

- ✿ 18 MW Suchhu hydropower project is located at Sangbaykha near Tsholingna village in Haa. The project is expected to cost Nu. 2.095 billion and will be completed by 2025.
- ✿ 54 MW Burgangchhu project at Nangkhor near Buli in Zhemgang dzongkhag will be built with a total budget of Nu. 3.565 billion. The project is expected to be completed in three years.
- ✿ 32 MW Yungichhu Project is being constructed in Maedtsho near Onnger in Lhuentse. The estimated project cost is Nu. 3.66 billion and is scheduled for completion in three years.

Besides, we are currently assessing the feasibility of establishing the following additional small hydropower projects:

- ✿ 85 MW Jomori in Samdrup Jongkhar
- ✿ 45 MW Gamri I and 85 MW Gamri-II in Trashigang
- ✿ 18 MW Druk Bindu in Samtse
- ✿ 20 MW Begana in Thimphu

The construction of these projects will commence next year.

## Mining

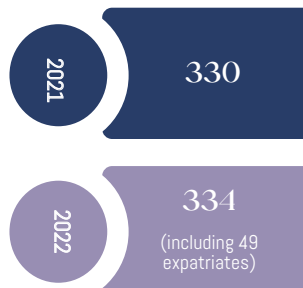
### Legal frameworks

We adopted the Mines and Minerals Management Regulations 2022 on 14 January.

The regulation was adopted to provide clarity in the mining sector such as the allocation, eligibility, tenure, leasing process, community benefits sharing and compliance enhancement among others.

The primary objective of the adoption is to lift the moratorium

**Total employment  
in mining and  
quarry sector**







placed on mining applications by bringing clarity on the allocation of captive mines and proven mineral reserves. Three additional guidelines were also adopted:

- ✿ Guidelines for Leasing of Mines and Quarries on 24 August
- ✿ Guidelines for Short Term Quarries 2022 on 9 September
- ✿ Guidelines for Mineral Exploration 2022

On 23 November, a Mines Administration System (MAS) was launched. The web-based online system provides information on application procedures for mining and quarrying including leasing, monitoring, and revenue models.

The MAS serves as a one-stop-shop to lodge applications, track the status of applications, fill out field reports, and seek sectoral clearances from different stakeholders among others.

MAS is a collaborative effort of the Ministry of Economic Affairs, National Land Commission, National Environment Commission, Department of Law and Order and Dzongkhag Land Leasing Committee.

## Coal

A scarce resource, coal is utilised by domestic industries to manufacture cement with an annual domestic requirement of 200,000 MT.

Starting 2016, the State Mining Corporation Limited (SMCL) started managing coal reserves in the country.

Until October, SMCL supplied 83,509 MT of coal to domestic industries.

A new coal mine, Majuwa was leased to SMCL on 21 March through the execution of a mining lease agreement (MLA).

## Dolomite

✿ In line with the provisions of Mines and Minerals Management Regulations 2022, we signed the MoU with Druk Holding and Investments (DHI) for long-term lease of Chunaikhola Dolomite Mine (CDM) for 15 years on 18 April.

✿ Subsequently, the MLA for CDM was signed with SMCL on 27 April leasing it for a period of 15 years.

✿ Until October, SMCL has exported 2.171 million MT of dolomite

while 10,015 MT was supplied to domestic industries.

## Gypsum

- ✿ A MoU with DHI was signed on 18 April for long-term lease of Khothakpa Gypsum Mine (KGM) for 15 years.
- ✿ The MLA was signed between the Department of Geology and Mines and SMCL on 26 April for a lease period of 15 years.
- ✿ Until October, SMCL exported 0.299 million MT of gypsum and supplied 30,315.24 MT to domestic industries.

## Revenue

In fiscal year 2021-22, the total mineral rent was Nu. 68.25 million while royalty collected on mines and minerals amounted to Nu. 303.33 million.

Corporate income tax paid by the mining industries during fiscal year 2021-22 amounted to Nu. 796.41 million.

## Policy reforms

### Managing non-performing loans - Phase V of monetary measures

The implementation of phase V of the monetary measures on 25 June focused on resolution of Non Performing Loans (NPL).

To effectively resolve the NPLs, the Royal Monetary Authority (RMA) with support from financial institutions and various government agencies, designed and implemented NPL resolution framework.

This aims to support and rehabilitate viable NPLs through loan restructuring measures while resolving the non-viable ones through various foreclosure means, such as court/out-of-court settlements.

To guide the financial institutions in resolving NPLs, the RMA issued three regulations, viz., Rules and Regulations for Loan Restructuring 2022; Rules and Regulations on Foreclosure and Write-off of NPLs 2022; and Guidelines on the Reclassification of Old NPLs 2022.

All NPLs shall continue to be guided by these rules, regulations and guidelines.



As per the risk and impact assessment, loans are classified into three different risk categories of high, moderate and low.

Based on these risk classifications and the affordability of the borrowers, the financial institutions are to provide eight forms of loan restructuring measures under this targeted support framework:

- ✿ Deferment of loan repayment
- ✿ Partial repayment
- ✿ Extension of maturity period for term loans
- ✿ Change in repayment frequency
- ✿ Conversion of ODA/VC facility to term loan
- ✿ Loan splitting
- ✿ Transfer of loans to third party
- ✿ Extension of gestation period

## Budget for fiscal year 2022-23

The government is currently implementing the fiscal year 2022-23 budget on the theme 'Accelerating Economic Recovery through strategic investments in the areas of food self-sufficiency, human capital development, sustainable infrastructure development and

improved social security' with a total outlay of Nu. 81.83 billion, the highest budget allocation.

We will also undertake the following targeted strategic interventions to accelerate economic recovery given the economic contraction of the past two years:

- ✿ The utmost priority for an economy to progress and develop is macroeconomic stability to foster a secure and sustainable economic path.

For this, investments in human capital development is critical and this year's budget focuses primarily on investing and developing the existing human capital base.

- ✿ This will be followed by scaling up development of critical infrastructure such as food, roads, energy, water and technology which will result not only in short-term economic gains but also set a strong and robust economic base for the future.

- ✿ Strategic investments in key economic sectors will also be made for broad-based sustainable recovery by leveraging agricultural productivity, facilitating the growth of CSIs, creating an enabling environment for the growth of manufacturing

industries and opening the tourism sector.

- ✿ Nu. 3.1 billion is being spent on the implementation of the flagship programs- Digital Drukyl, water, education and tourism.
  - ✿ External concessional borrowings has been enhanced to channel resources to productive investments with higher returns and export potential.
- Further, other financial instruments such as the currency swap facility from the GoI has also been pursued to meet the foreign exchange needs and external debt obligations besides providing market confidence and ensuring adequate level of reserves.
- ✿ The reopening of tourism from 23 September onwards saw a promising inflow of tourists (6,093 visitors as of 1 November), indicating a positive outlook that would contribute to the economy.
  - ✿ The new 'Bhutan Believe' brand is expected to boost economic prospects and opportunities for Businesses.
  - ✿ The Foreign Direct Investment (FDI) policy is being reviewed

to make the investment environment friendly and attract FDI through creating a brand image of dependability and trustworthiness as a nation.

- ✿ The government has initiated reforms to stabilise macro-fiscal fundamentals through fiscal normalisation, fiscal consolidation and fiscal structural reform.
- ✿ A public financing policy to subsume existing policies such as public debt policy, external commercial borrowing, public-private partnership policy and others will ensure prudent financing while safeguarding public debt sustainability.
- ✿ The launch of the Integrated Business Licensing System (IBLS) is expected to ease doing business and promote a better business environment.
- ✿ The changes in the planning process to ensure continuity of economic activities during transitioning of government are being initiated.

This will ensure normal budgeting anomalies are rectified and national priorities are carried beyond the Plan period.



## Merger of Royal Bhutan Helicopter Services with Drukair

The draft National Transport Policy 2017 emphasises enhancing domestic aviation services through infrastructure development and expansion of services.

Domestic aviation services is highlighted as a key element of the government's strategy to promote and integrate remote eastern and southern districts into the economic mainstream.

Recognising that augmented aviation services is essential to achieving critical mass and integrating communities into the economic mainstream, Druk Holding and Investments Limited (DHI), in its roadmap, underlined the intent to explore rotary-wing air services.

The intent was validated by the government's announcement, upon Royal Command, to expand helicopter services to regional hubs in the country and the Transformation Steering Committee was directed to consider prospects of possible merger with Drukair Corporation Limited.

Based on the assessment of strategic fit, economic viability, optimal use of resources and synergy, the merger of Royal Bhutan Helicopter Services Limited (RBHSL)

with Drukair was successfully conducted.

## Moratorium on the import of vehicles

The government imposed a moratorium on import of vehicles from 18 August as an immediate measure to safeguard and protect foreign currency reserves.

Since then, foreign currency reserves are being closely monitored to ensure we have adequate balance to cover one year of essential imports and do not face a shortfalls.

## Fiscal Incentives (Amendment) Act of Bhutan 2022

Unlike in the past, this Fiscal Incentives was more targetted and came with a vision. Some of the salient features are:

- ✿ Geared towards promoting export and substituting imports
- ✿ 100 percent investment allowance
- ✿ Lesser revenue implication on government
- ✿ Leveraging technology and innovation
- ✿ Promoting domestic/ local industries



## LDC graduation in 2023

Despite the negative impacts of COVID-19, Bhutan is on track to graduate in 2023, according to the Committee for Development Policy's LDC monitoring report 2021.

An important step that Bhutan needs to undertake towards graduation is the formulation of the next development plan to incorporate recommendations of Smooth Transition Strategy (STS) after Bhutan's graduation.

The STS will strengthen the country's pursuit of sustainable development priorities, the 2030 development agenda as well as adjust to the phasing out of LDC associated international support measures.

A LDC task force was formed in 2021 with representatives from finance, economic affairs and foreign ministries, National Statistical Bureau and National Environment Commission to develop the STS and make recommendations on the graduation process.

The task force recommended integrating the STS into the next development plan rather than having a separate

Thus, the 13th Plan will account for the gains and shortfalls of the 12th FYP and serve as the smooth transition strategy for Bhutan to prepare towards Bhutan's impending graduation in 2023 and address challenges in the post-graduation era.







**EMPLOYMENT**





Against the backdrop of rising unemployment, especially youth unemployment, the government has initiated and implemented various engagement, skilling, and entrepreneurship programs to promote gainful employment opportunities and improve the environment

of workplaces.

Furthermore, disseminating timely and reliable labour market information across all sectors has facilitated informed decision-making processes to improve the country's overall labour market scenario.

### National unemployment rate

20.9%

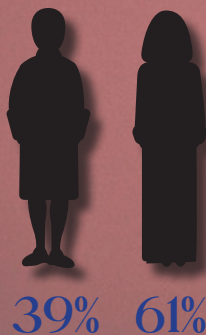
Overall youth unemployment rate  
6492 persons aged 15-24 years of age

95.2%

Overall employment rate

2020 **5%**  
16,660 persons

2021 **4.8%**  
16,254 persons



### Agriculture Sector



49%

of total employed person

### Industry



14%

of total employed person

Source: Labour Force Report, 2021

## Skilling, reskilling and upskilling

The skills development program (SDP) was initiated under the Royal command on 31 May 2021 to mitigate the socio-economic impacts caused

by the pandemic and to ensure an inclusive and sustainable recovery through skills training and development.

The program provides skilling, re-skilling, and upskilling trainings to

jobseekers, laid-off employees, and oversea returnees who were affected by the COVID-19 pandemic.

The SDP is supported by the World Bank for Bhutan human capital recovery and resilience program (BHCRRP) through a loan assistance equivalent to USD 10 million.

The program aims to provide relevant skills training in expanding competencies of the trainees in diverse fields to promote economic activities and entrepreneurship.

The program has identified 108 skilling areas in nine priority sectors of agriculture, business and services, computing and IT, construction, creative arts and design, electrical, electronic and mechanical, manufacturing, power and renewable energy, and tourism and hospitality. The training duration ranges from one to seven months depending on the nature of the course.

The skilling areas are identified in line with the human resources development master plan, the national workforce plan, TVET curriculum framework 2019, and the 21<sup>st</sup> century economic roadmap as well as current labour market needs.

The program was rolled out in October 2021. Skilling opportunities were offered to 2,041 jobseekers in 57 skill areas under the nine economic sectors. The program includes a two-week basic entrepreneurship course.

An upskilling program was also provided to 58 interested job seekers in four areas of plastering, 3D printing, tailoring, and passenger bus driving. A total of 8,995 job seekers are being targeted for different upskilling programs.

## Skills4Life program

In line with His Majesty The King's vision to initiate a program to enhance the capabilities of our current workforce, especially the support staff (ESP and GSP), the Skills4Life program - Enhancing lifelong learning was launched on 8 September.

The program aims to equip support staff with skills of their interest mainly to keep up with the rapidly changing world of work brought on by technology and systemic transformation. This initiative is part of a larger vision to inculcate a culture of lifelong learning through skilling, reskilling, and upskilling.

For the current fiscal year, 673 individuals have completed their training in various areas and 526 are undergoing training.

In the second phase, seven more agencies will start the program soon after which it will be expanded throughout the country.





The training programs are conducted in-house spearheaded by the respective agencies. Inhouse talent and resources (tools, equipment and training materials) are tapped and leveraged with minimal cost.

The training sessions are conducted during off hours and weekends to enable the participants to attend to their official duties during the day with minimal disruptions.

These individuals have been trained in multiple courses such as tailoring, driving, culinary arts, baking, salon, carpentry, masonry, painting, embroidery, mushroom cultivation, electrical wiring, Toyota service, IT, finance, doll-making, basket-weaving, plumbing, welding, tshog making, food handling, and accounting among others.

## Reforming technical and vocational educational training

The technical and vocational educational training (TVET) reform plan was initiated to transform TVET into an attractive learning and career pathway by transforming four strategic areas or 4Ps (product, people, place, and process). These transformations are expected to contribute to the overall improvement of TVET access, quality, relevance, and governance.

Through these transformations, TVET is gradually expected to unfold itself as a meaningful and productive area of employment.

Besides, the government has identified TVET reform as one of its main priorities in refining the



relevance of education and in meeting skills demand within and outside the country.

Infrastructural transformation of TVET institutes has been undertaken with augmentation and retrofitting of existing infrastructure and facilities at the Institute of Zorig Chusum (IZC) in Thimphu and renovation works in Rangjung and Chumey technical training institutes and Trashiyangste College of Zorig Chusum (CZC).

TVET programs are complemented by provision of higher-level courses in areas such as ICT, manufacturing, construction, and automobile sectors. In this regard, 25 competency-based curricula including 15 short courses have been developed and implemented through the SDP.

Besides, capacity building for 40 instructors has been conducted through the training of trainers (ToT) program with the engagement of four international master trainers from South Korea, Thailand, and Switzerland.

## MoLHR-management information system

A new MoLHR-MIS has been developed and user training has been conducted. The system embodies four major attributes concerning TVET MIS, job portal, foreign workers management system

and labour administration system.

The MIS is expected to provide a robust platform for functional requirements and seamless information exchange across various departments under the labour ministry. In addition, the integrated foreign workers management system will enable integration of the labour net system with other external systems.

## Skills training and education pathways upgradation project

The skills training and education pathways upgradation project (STEPUP) supported through a grant assistance of USD 15 million from the Asian Development Bank (ADB) and Royal government co-financing of USD 3 million is jointly executed by the labour and education ministries.

The project was first implemented in January 2019 and is expected to be completed by 30 April 2024. It aims to improve employment prospects of Bhutanese youths through enhancing the capacity and relevance of technical and vocational education and training systems.

The project also supports upgrading and strengthening TVET interventions at seven pilot schools.



## Workforce management centres

In the past, all mandatory services related to foreign workers such as medical screening, biometric scanning, and work permit card printing were provided in different locations.

To ease the inconveniences faced by the foreign workers and employers alike, workforce management centres (WMC) were established at temporary quarantine facilities in four southern towns of Phuentsholing, Samtse, Samdrup Jongkhar, and Gelephu.

The centres will provide the following mandatory services in a single location and primarily facilitate the recruitment of foreign workers based on existing zoning systems through designated ports of entry.

- ✿ Medical screening
- ✿ Health screening by health professionals
- ✿ Biometric scanning and work permit card printing
- ✿ Facilitating bank account opening
- ✿ Transportation facilitation

## Employment responsibility system

The employment responsibility system (ERS) enables various government sectors to collaborate and ensure relevancy of their plans and policies in creating jobs for the private and corporate sectors. Till date, employment of 23,507 job seekers have been facilitated through the ERS.

## Basic entrepreneurship courses

Entrepreneurship support has been extended to interested individuals in setting up small businesses through entrepreneurship training and events. A total of 682 participants, 326 males and 387 females, have participated in the entrepreneurship training. A total of 61 start-ups have been established generating about 106 jobs.

To facilitate the start-ups, a start-up centre is being constructed in Dhamdum Industrial Park and it is almost complete.

Technical assistance was rendered to train 77 teachers across 56 government schools and 19 private schools from 24 February 2021 to 12 April 2021 on the newly developed

business and entrepreneurship curriculum. A total of 40 individuals, 20 males and 20 females, have also undergone the ToT on new business creation program.

Bhutan hackathon challenge 2022 also saw participation of 18 teams. Out of 18 ideas pitched during the final demo day, the top six teams were awarded cash prizes of Nu. 200,000 each and Nu. 150,000 awarded to each of the top three winners and the top three runners up respectively.

## Build Bhutan project

In the wake of the COVID-19 pandemic, the construction sector was hugely impacted by a shortage of foreign workers. As part of the ECP 2020, the government started the build Bhutan project (BBP) to meet the demand for workers in the construction sector and professionalise the sector.

From January to June 2022, the project has engaged 184 individuals in different construction sectors including hydropower projects.

## Youth engagement

The youth engagement and livelihood program (YELP) was designed to benefit both employers and job seekers. A monthly allowance of Nu. 5,000 is provided to job seekers engaged in the non-civil service sectors to impart practical

job skills. The support duration ranges from 3-12 months.

Through this program 1,567 job seekers, 1,039 females and 528 males, have been engaged from January to October 2022.

## Employment service centre

The employment service centre (ESC) helps job seekers apply and find jobs to match their skills. It aggregates job vacancies from employers on the job portal in finding the right candidates.

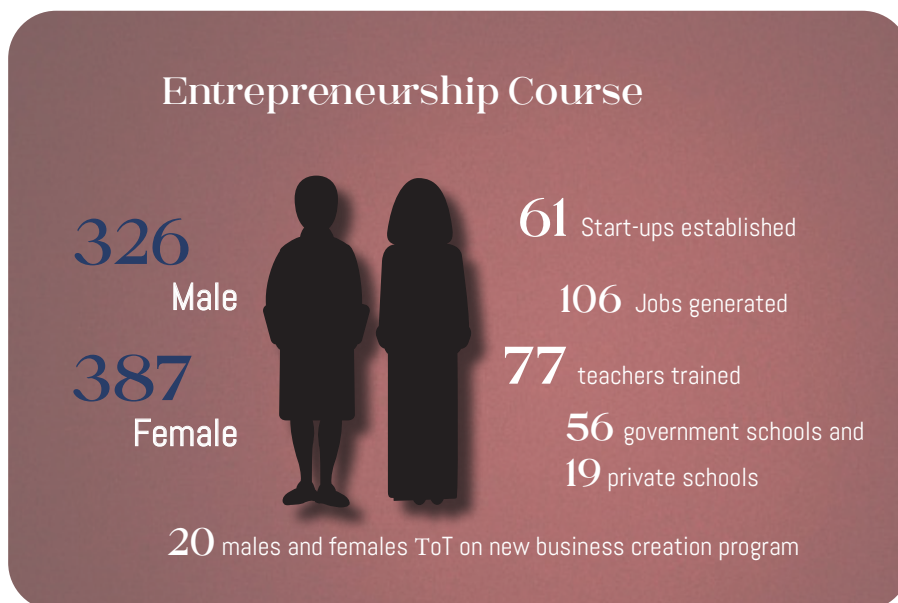
A total of 1,752 job seekers were employed and 1,069 job seekers were referred for employment from a total of 5,412 registered job seekers.

## GOWA forum

The GOWA forum is a platform to provide awareness to jobseekers, employers, and parents on available employment and skilling programs. The GOWA awareness event is followed by mini job fairs where on-the-spot recruitment takes place. A total of 282 job seekers were employed through this forum.

## Career guidance and counselling program

The information and career guidance unit (ICGU) was instituted



towards the end of 2021. The key functions of the unit are delivery of counselling services, information sharing, and awareness creation on employment facilitation services, employment programs, and labour market information.

## Overseas employment program

Overseas employment was initiated as an alternative measure to ease the unemployment problem in the country and to acquire international knowledge, skills, and experience.

A total of 1,465 Bhutanese were deployed in 22 countries in fiscal year 2021-2022. The national strategy on overseas employment (NSOE) was drafted to address challenges faced by Bhutanese working overseas.

## UK and Singapore nursing program

On 18 March 2021, Bhutan was removed from the revised WHO health workforce support and safeguards list 2020 thereby reactivating the possible employment of Bhutanese nurses in Germany and other developed countries.

A meeting was held between the relevant ministries on 17 July 2021 to discuss the proposal received from the United Kingdom (UK) nursing and midwifery council for recruitment of Bhutanese nurses. An expression of interest was indicated by the UK Department of Health and Social Care (DHSC) to sign a government-to-government level MoU.



The Office of the Attorney General (OAG) has endorsed the proposal and DHSC is processing legal approval for a virtual signing of the Memorandum of Agreement (MoA) which will replace the MoU. The ministries of labour and human resources and health will be jointly signing the MoA.

Placement of Bhutanese nurses as health care assistant in Singapore has started. Selection process for four nurses are completed and they are currently processing documents for visa and travel.

The nurses have the opportunity to appear the Singapore Nursing Board Examination after which they will be eligible to practice as full-fledged nurses and earning at par with Singaporean nurses.

The proposal for the Asian Nursing Scholarship from the Ministry of Health Holdings (MoHH) of Singapore was received with the Ministry of Foreign Affairs according clearance.

Approval on the recognition of a Diploma in Nursing from Singapore in Bhutan was also received.

A salient feature of the scholarship is that it ties up with guaranteed employment for six years after completing three years of diploma.

For 2023 intake, the MoHH has offered scholarships for 36 candidates and 35 were selected in September. These selected

candidates will be placed in Singapore starting April 2023.

## Establishment survey 2022

Covering 26,455 establishments, the survey found that policy uncertainty, market access, internet access and connection, and access to raw materials were some of the key business concerns for large and medium-sized companies. Small-scale and cottage businesses faced obstacles in terms of market, raw material, financial, and internet accessibility.

Strict labour laws and regulations, considerable worker turnover, and general wage levels were found to constrain proper labour management and operations, especially in large and medium-sized enterprises.

The survey also looked into the severity of worker shortage in sales and services such as chefs, waiting staff, and sales assistants in cottage and small-scale enterprises and technical professionals such as electricians, software developers, and ICT technicians in larger enterprises.

The establishment survey is a critical tool for collecting valuable data on the profile of establishments, skill requirements, labour requirement implementation, and human resource management techniques.



The survey assists in comprehending the current state of various enterprises as well as strategising human resource development in the non-civil service sector for the 13<sup>th</sup> plan.

## Recruiting foreign workers for childcare

Domestic help, particularly for childcare, is emerging as a critical need for many households. Owing to a lack of interest and preconceived prejudices against recruiting caregivers, the labour market has not explored options to expand this employment avenue until now.

We are coordinating with relevant stakeholders to recruit foreign workers from the region to provide essential services related to childcare.

A pilot program with 100 households of Thimphu and 50 households in Phuentsholing is being initiated for a period of six months.

The initial registration saw applications from mostly business, private employees and the civil servants. After verification, we have started the recruitment of caregivers from India.

The pilot project will rein in lessons towards effective and efficient monitoring of working

environments and enforcement of relevant laws.

The findings will allow for proper risk evaluation, prompt issue redressal mechanisms, assess actual benefits, and expansion of programs to other households in the country.

## Increasing access to skills development

Through the TVET reform plan, physical spaces will be redeveloped into aesthetically appealing places. It also includes furnishing of the technical training institutes (TTIs) with the latest technologies and equipment for a holistic student development. Some noteworthy achievements under this reform include:

- ✿ Expansion of Samthang TTI in Wangduephodrang with construction of new classrooms, workshops, and dormitories. These infrastructures were used as isolation and quarantine facilities from mid-January to March. With new infrastructure in place, student intake is expected to increase.
- ✿ Procurement of advanced tools and equipment for training such as computerised numerical control machines, welding simulators, eight new training vehicles, and ICT equipment in

five TTIs of Chumey, Khuruthang, Rangjung, Samthang, and Thimphu.

- ✿ Construction of Serbithang TTI in Thimphu is underway and has achieved a physical progress of 66 percent. The completion period has been extended to June 2023 from March this year.

## Quality and relevance of skills development programs

In order to expand market relevance of TVET, improvements in teaching and learning resources including soft skills through the introduction of new and advanced level courses are being provided.

These skills development programs deliver trainings in partnership with private entities.

Significant achievements recorded under these programs include:

- ✿ Curriculum and standards development for advanced level courses on construction supervision, national diploma of cyber and network security, and national certificate of digital and precision engineering.
- ✿ Facilitation of industrial attachments within the country and virtual training for TTI trainers.
- ✿ So far, 747 youths have been trained through private sector partnership in various occupations at the national certificate level. A dedicated training program was also delivered for 45 persons with disabilities.







# TOURISM







**T**he tourism industry in Bhutan, like many other industries, is at a critical juncture. The COVID-19 pandemic highlighted the vulnerabilities of this volatile sector and exposed the limitations of the existing tourism strategy and ecosystems in place.

Nonetheless, the pandemic also gave us an opportunity to reflect, review, and reset the tourism strategy with the aim of building a resilient, future-proof sector and national brand. This transformation in the sector is imbued within the wider context of reforms and transformation that our country has embarked on.

The renewed vision for the tourism sector consciously and deliberately places considerations for Bhutan's future and the emerging generations at the forefront. The vision is based on the 'high-value low-volume' tourism model, and its values and merits that have defined us for generations.

We must realise that 'high-value' does not only apply to our guests. We must also ensure that we are a high-value society, one that is infused with sincerity, integrity, and principles, where people must always live in safe communities, among serene environments, and derive comfort from the finest facilities.

While the new tourism strategy aims to redefine the role and contribution of tourism to our economy, it also encompasses a new national brand to target conscious travellers who are appreciative of and sensitive to our culture, heritage and values, and willing to contribute towards the preservation of our authentic immersive experiences.

All Bhutanese are the custodians of 'Brand Bhutan', and our youth especially will play an instrumental role.

We know that this transformation will be challenging, at times painful. But Bhutan, as a destination, is extremely well positioned to take advantage of the global trends around meaningful, mindful, and responsible travel.

For, as a destination that cannot handle any kind of 'mass tourism', we are committed to opening our doors to like-minded guests that share similar values.

For instance, isn't a country that has maintained 70 percent forest cover, resulting in carbon negativity, unique? Isn't a country that fought COVID-19 like one family exceptional? Isn't a country governed with the development philosophy of Gross National Happiness (GNH) in a materialistic world special? These, among many other unique qualities of Bhutan, are worth protecting with our own unique tourism strategy.

With the right blend of leadership, spirituality and solidarity, it gives the small nation of ours the confidence to triumph all challenges here.

The following are some of the transformation initiatives that have taken place.

## Tourism transformation initiatives

### Tourism system

The Minimum Daily Package Rate (MDPR) pricing policy aimed to ensure sustainable tourism in Bhutan by upholding the 'high-value, low-volume' principle and directly contributing to GNH. Over time, however, several issues emerged with this model.

Firstly, the MDPR was found to give undue advantage to certain ground handlers. Secondly, it attracted a level of 'mass tourism' and did not encourage guests to Bhutan to spend more than the daily fee. Thirdly, some suppliers were providing substandard service and hospitality in order to maximise profits from the daily rate.

Furthermore, the variable pricing strategies of the MDPR (USD 250 during peak seasons and USD 200 during lean seasons) led to some

undercutting and the perception that the lean seasons were an unfavourable time to visit Bhutan.

To help attract tourists, the MDPR pricing strategy was also changed to include discounts such as duration, youth and student, and group discounts among others.

These discounts later became a tool that encouraged unethical practices and undercutting pricing strategies.

Bearing these issues in mind and to provide a seamless service to guests, a new system was developed whereby the MDPR has been lifted along with mandatory tour operators.

The new system mandates visitors to make advance payments of applicable sustainable development fees charged per person per night along with a one-time visa fee.

Tourists now have the flexibility to choose their services and make direct payment to the service providers or continue to book through tour operators as per their preferences.

### Sustainable development fee revision

All visitors to Bhutan make an active contribution to Bhutan's economic, social and cultural development. As per the 1999 Regulation for Tour Operations,



the SDF was set at USD 65 for high season and USD 55 for low season. In 2012, the SDF was made the same for both seasons.

Given global climate change concerns, the SDF is now more relevant than ever. It has been one of the strongest elements of Brand Bhutan, a unique defining proposition for the tourism sector.

With the reopening of tourism on 23 September, the SDF has been further revised to USD 200 per night for international visitors and a concessionary levy rate of Nu. 1,200 is applied to visitors from India.

The SDF invests in transformative programs that preserve our cultural traditions, protect our heritage and environment, upgrade infrastructure, and create opportunities for our youth.

## Online visa system

The online visa system became operational on 22 September. The Department of Immigration is the custodian of the new system and unlike previous practice, visitors need not route through the Tourism Council of Bhutan to obtain or renew their visas.

## Destination portal

A completely new destination portal was developed to ensure alignment to the needs of new travellers. The images, content, and

layout now display the brand 'Bhutan - Believe'. The portal can be accessed at [www.bhutan.travel](http://www.bhutan.travel).

## Enhancing services and offerings

### ✿ TCB certified service providers

In line with the requirement for all guests to stay in Tourism Council of Bhutan (TCB) certified accommodations (three-star and above hotels and homestays), validation of service providers is underway in phases to assess their readiness to cater to tourists after most of them became non-operational during the pandemic.

Under phase I and II, 139 three-star rated hotels and 83 homestays have been validated across the country.

In addition, 1,091 guides were assessed in skills, knowledge, and awareness. A total of 837 tour operators have been validated so far.

### ✿ Tourism infrastructure and experiences

The De-suung Takshel Program was launched on 23 July to carry out specific responsibilities related to waste management and maintenance works along popular trails and other tourist sites.

Under the program, waste awareness, cleaning campaigns, and trail facelift including restroom maintenance works along Taktshang,

Jomolhari, Bumdrak, and Drukpath have been completed engaging over 100 De-suups for three to seven days.

The enhancement of Taktshang and Bumdrak trails included horse marshalling area, landscaping of the Ramthangkha/Taktshang base, and building a simple cantilever bridge over the stream with 80 De-suups engaged daily for a period of three months.

Maintenance works for Semtokha, Changangkha, Memorial Chorten, and Tashichhodzong ticket counters have also been carried out.

### Introduction of entry fees for sacred sites

Certain popular and sacred sites have been experiencing a surge in number of visitors over the years leading to an increased accumulation of waste in these areas, violations of cultural norms, and degradation of amenities and infrastructure.

To curb these issues, a total of 16 monuments and sacred sites were identified for an upward entry fee revision on 15 July. Tourists visiting these sites must be accompanied by a guide at all times.

Except for Taktshang with an entry fee of Nu. 2,000, the rest of the sites have started charging an entry fee of Nu. 1,000.

- ✿ Thimphu (Tashichhodzong, Semtokha Dzong, National Memorial Chorten, Changangkha Lhakhang, Buddha Dordhenma)
- ✿ Paro (Taktshang, Kyichu Lhakhang, Rinpung Dzong, Dobji Dzong)
- ✿ Punakha (Punakha Dzong, Chhimi Lhakhang)
- ✿ Chhukha (Rinchending Goempa)
- ✿ Trongsa (Trongsa Dzong)
- ✿ Bumthang (Jambay Lhakhang, Jakar Dzong, Kurjey Lhakhang)

### Entry to foreign visitors will not be permitted on these days

- ✿ 15<sup>th</sup> day of 1<sup>st</sup> month (*Chotrul Düchen*),
- ✿ 10<sup>th</sup> day of 3<sup>rd</sup> month (*Zhabdrung Kuchoe*),
- ✿ 15<sup>th</sup> day of 4<sup>th</sup> month (*Saga Dawa Düchen*/Lord Buddha Parinirvana),
- ✿ 4<sup>th</sup> day of 6<sup>th</sup> month (*Chökhör Düchen* / First sermon of Lord Buddha),
- ✿ 22<sup>nd</sup> day of 9<sup>th</sup> month (*Lha Bab Düchen*/ Descending day of Lord Buddha) and
- ✿ 10<sup>th</sup> day of 5<sup>th</sup> Month (Birth Anniversary of Guru Rinpoche)



## Tourism Legislations

### Tourism Levy Act of Bhutan 2022

We enacted the Tourism Levy Act of Bhutan 2022 to uphold the 'high value, low volume' tourism policy and ensure sustainable use of tourism resources and maintain intergenerational equity.

Since the opening of tourism, the industry has generated a revenue of approximately Nu. 25.75 million.

### Tourism Rules and Regulations 2022

The Tourism Rules and Regulation 2022 was approved during the 129<sup>th</sup> Session of the Lhengye Zhungtshog held on 14 September and came into effect from 23 September.

The modalities for the SDF and fee collections for foreign tourist vehicles at the port of entry was discussed and implemented by the relevant stakeholders.

### Reopening of tourism

Bhutan formally reopened tourism on 23 September. Celebrations were held at the Paro International Airport and four land entry points in Samtse, Phuentsholing, Gelephu and Samdrup Jongkhar to mark the event. Tourist information counters were also set up at these entry points.

To facilitate seamless travel, TCB deployed tourism information officers at the Paro International Airport and all four land entry points. A total of 120 international visitors were recorded on the re-opening day.

Embassies, missions, and consulates hosted events to observe the reopening of international borders.

Additional entry and exit points for tourists were opened in Samdrup Jongkhar, Gelephu, and Samtse in addition to Phuentsholing.

A request has also been made to the GoI to designate the corresponding areas in India, namely Darranga, Dadgari and Chamurchi as additional foreigner check posts (FCPs).

Since then and until 4 December, a total of 15,338 visitors were recorded.

### Tourism rebranding

'Bhutan - Believe' is our new brand. The re-branding comes at a crucial time and what we must encourage foreigners to do now is that they visit Bhutan to know for themselves how a country tucked away in the Himalayas is a worthwhile place to visit.

For years, we have concerted our efforts in propagating Bhutan as a must-visit destination. The country's developmental philosophy of GNH,



its unique culture, and pristine environment were flaunted as mere products rather than enriching, impactful experiences.

The new brand seeks to transform the international visitors' perception and interpretation of Bhutan to a country that is trustworthy, reliable, and conscious.

The new brand 'Bhutan - Believe' was launched on 22 September which included a brand tabloid displaying information on the new brand.

Embassies, Missions, and Consulates (EMCs) and dzongkhags of Samdrup Jongkhar, Samtse, Paro, Sarpang, and Chhukha organised a brand awareness event on the same day.

## Forecast

According to the latest United Nations World Tourism Organization (UNWTO) tourism barometer, the global tourism sector recovered by almost 60 percent of pre-pandemic levels between January and July.

This steady recovery reflects a strong constrained demand for international travel as well as the easing and lifting of travel restrictions till date. Around 86 countries had no COVID-19 related restrictions as of 19 September.

In Bhutan, after reopening, the inbound tourism trend showed clear signs of recovery with 5,790 tourists visiting Bhutan as of 12 October.

As a conservative forecast, the arrivals in 2023 are expected to be about 20 percent of 2019. The visitor arrivals are not expected to reach the 2019 level even by 2025.

Around 137,000 visitors are expected to arrive in 2025 which is around 44 percent of visitors in 2019. However, the spending is estimated to rise with SDF revenues reaching pre-COVID-19 level by the end of 2023.

## Press, travel agent, and event strategy

A comprehensive media, travel agent, and event strategy has been created and implemented with the goal of supporting Bhutan's reopening and new tourism strategy.

The world's most influential media outlets and luxury travel agents have been identified with a proactive outreach strategy of turning them into tourism ambassadors for Bhutan.

Similarly, representatives from the Department of Tourism will be attending targeted tourism events each year (aligned with Bhutan's goal of high-value, low-volume tourism), to engage with travel agents, conduct press meetings,



meet suppliers, raise awareness of Bhutan as a destination, and help encourage more tourist arrivals.

## Waste management

Waste awareness, advocacy, and cleaning campaign programs were carried out in collaboration with De-suung Office covering major tourist destinations.

Among others, Buddha Point and adjoining areas, Phajoding to Sangaygang, Taktshang, Bumdra, Drukpath and Jomolhari trek routes have been covered.

Additionally, six De-suups were stationed at strategic locations along Taktshang trail for carrying out waste awareness, sensitisation, and advocacy activities for a period of three months under the De-suung Takshel Program.

The details of the forecast are below:

Category	2022	2023	2024	2025
Total visitors	12,488	63,964	107,590	137,811
Visitors from countries other than India (COTI)	3,059	22,220	38,016	56,078
Visitors from India	9,429	41,744	69,574	81,733
Total SDF (Nu. Million)	215.81	1,819.63	3,566.39	5,026.78
Tourism revenue (SDF) (COTI)	173.49	1,619.97	3,233.63	4,635.68
Tourism revenue (SDF) (India)	42.31	199.66	332.76	391.10

## Domestic tourism

A total of 108 temples around the country have been identified as sites for Druk Neykor which was launched in April.

A domestic tourism registration system (<https://drukkora.tourism.gov.bt/>) was also developed. A total of 1,447 people availed the services between August 2021 to October 2022.

## Trans Bhutan Trail

The Trans Bhutan Trail (TBT), connecting the past with the present, is an initiative to revive Bhutan's ancient east-west route.

The trail is 403 kilometers long and passes through Haa, Paro, Thimphu, Punakha, Wangduephodrang, Trongsa, Bumthang, Mongar, and Trashigang dzongkhags.

A total of 24 scouts from 20 dzongkhags and four thromdes trekked the entire length of TBT between 11 September and 19 October 2022.

As part of the launch of the TBT, an international media trip was organised where almost 30 members of the international press visited

Bhutan to hike parts of the trail, resulting in significant international press exposure.

## Snowman Race

The Snowman Race draws inspiration from the prescient wisdom of His Majesty The King in bringing hope and people together from all over the world to address the greatest challenge faced by our global community - the fast-changing climate.

The race trail visibly demonstrates the effects of climate change - receding glaciers, ecosystem disruption, and socioeconomic impacts on nomadic life.

Covering 203 kilometres and snaking through wild and challenging terrain with mountain passes as high as 5,470 metres, the Snowman Race is an ultra-marathon that tests the world's fittest and most elite of runners to help raise awareness on impacts of climate change.

A total of 29 participants (12 females and 17 males) including 20 international runners and nine nationals participated in the race which took place between 13-17 October.



## Dubai Expo 2020

During the Dubai Expo 2020 from October 2021 to March 2022, the Bhutan pavilion located in the Opportunity district set up an exhibition on the theme “Bhutan - Land of Happiness and opportunities.”

The pavilion was designed around the theme of GNH. The panel boards, screens, and artefacts were used as a storytelling board to greet and introduce the philosophy of GNH to visitors.

The panels displayed information on unique Bhutanese arts, culture, traditions, business, and tourism opportunities in Bhutan.

## Royal Highland Festival

Representatives of highland communities hailing from 10 dzongkhags participated and showcased their products at the Royal Highland Festival (RHF) which was held between 23 - 24 October in the picturesque settlement of Laya under Gasa dzongkhag.

The RHF was born out of His Majesty The King’s vision to promote highland culture and bring benefits to their economy.

The spectacular festival offers a deluge of songs, dances, traditional Bhutanese wrestling, and yak-milking and strong-man competitions.

One of its main highlights, the 25-kilometre Laya Run offers stunning panoramic views of snow-clad mountains, striking autumn foliage, clear aqua-blue glacial rivers, and milky waterfalls.

## Black Mountain Festival

Trongsa dzongkhag unveiled its beauty during the first-ever two-day Black Mountain Festival celebrated between 1 - 2 October.

The festival serves as an integrated approach for communities to live in harmony with nature and encourages this symbiotic relationship to promote lifelong physical fitness and mental wellbeing.

The festival showcased diverse products of the district on the first day and featured a 100-kilometre cycling race on the second day.

At the festival, participants witnessed the historically significant seat of the “Wheels of Power” and the rare culture of native Black Mountain people.

It also served as an annual platform for 78 cycle enthusiasts (10 females and 68 males) including two international riders to showcase their talents.

### Jomolhari Festival

The annual Jomolhari festival, organised by Lingzhi dungkhag

administration with support from relevant stakeholders, was held between 14 - 15 October.

The festival brought together indigenous communities dwelling in the area in a unique celebration of the majestic beauty of Mount Jomolhari and vibrant highland culture.







CAMBODIA

SARITA AND VERZOV



# FOREIGN RELATIONS





**E**ven as we were reeling from the pandemic's setbacks, we continued to make commendable headway in strengthening the existing goodwill and excellent relationships with our bilateral and multilateral partners.

With the easing of COVID-19 restrictions and reopening of borders, the foreign ministry has facilitated and coordinated a series of incoming and outgoing visits.

Incoming visits after the COVID-19 restrictions were lifted affording us a platform to resume in-person interactions, renew our engagement with external partners, and discuss post-pandemic bilateral cooperation.

## Reforms in the ministry

### Department of Economic and Tech Diplomacy

In pursuit of economic development, diplomacy calls for a new paradigm of external actions and engagements to proactively and effectively maximise national gains in the area of trade, investment, and other forms of economically beneficial exchanges including the fields of science and technology.

Economic and technological change is seen to be both a driver

and enabler of growth, even more so, as the country moves beyond the pandemic footing with national efforts focused on economic recovery and growth including strengthening long term economic resilience.

Currently, the mandate of economic diplomacy is diffused in the Ministry of Foreign Affairs, inhibiting a focused approach to fully harness the potential of trade to stimulate economic growth.

To ensure maximum efficiency in the delivery of this strategy, as part of the transformation and restructuring exercise, the Department of Economic and Tech Diplomacy (DETD) was established to enhance, coordinate, and lead all engagements related to economic diplomacy.

The department will work towards strengthening economic cooperation, promoting foreign trade, promoting science and technology, exploring innovative financing mechanisms for developmental activities, and exploring skill development and employment opportunities abroad.

The department will closely work with relevant technical agencies and diplomatic missions abroad to explore and mobilise economic and technological advancement opportunities.



## Royal visits

His Majesty The King and Her Majesty The Gyaltsuen visited London to attend the state funeral of Her Majesty the Queen Elizabeth II of the United Kingdom of Great Britain and Northern Ireland on 19 September.

His Majesty The King visited Delhi and met with Prime Minister Modi on 14 September. His Majesty also granted audiences to the Indian External Affairs Minister and other senior officials of the Government of India during the visit.

Royal Highness Ashi Sonam Dechan Wangchuck attended the state funeral of former Prime Minister of Japan Mr. Abe Shinzo in Tokyo on 27 September as Royal Representative. Her Royal Highness also received the 2022 Blue Planet Prize on behalf of His Majesty the Fourth Druk Gyalpo on 5 October.

His Majesty the Fourth Druk Gyalpo received the 2022 Blue Planet Prize from the Asahi Glass Foundation of Japan in recognition of His Majesty the Fourth Druk Gyalpo's visionary leadership and contribution to environmental conservation.

## Diplomatic visits

To mark the 20<sup>th</sup> anniversary of diplomatic relations between Bhutan and Australia, Foreign Minister Dr Tandi Dorji made an official visit to Australia from 10 - 16 September.

During the week-long visit, Foreign Minister visited Perth, Canberra and Sydney and met high-level and senior Australian Government officials, parliamentarians, university leaders and private individuals, and discussed areas of mutual interest and benefit. This was the second visit to Australia by a Foreign Minister of Bhutan in 19 years.

Three notable deliverables of the visit are:

- ✿ Announcement of an articulation arrangement between Edith Cowan University (ECU) and the Khesar Gyalpo University of Medical Sciences of Bhutan (KGUMSB), which will allow KGUMSB nursing students to transfer to ECU's Bachelor of Science (Nursing) program after two years of study.
- ✿ School of Engineering, ECU, committed to awarding two undergraduate scholarships to Bhutan for three consecutive years starting from 2023.



- ✿ Signing of Letter of Intent between the Royal government and the Australian National University to deepen partnership between the two sides.

The Foreign Secretary made an official visit to India, from 22-24 August, to discuss issues of mutual interest, with counterparts in India. This was the first visit by the Foreign Secretary since taking office in November 2021.

The Economic Affairs Minister, Loknath Sharma, visited Assam and Meghalaya from 9 - 17 April on the side lines of the Waterways Conclave held in Dibrugarh, Assam.

Lyonpo also took part in the Bengal Global Business Summit in Kolkata from 20 - 21 April and met with officials of West Bengal. During the visit, Lyonpo discussed trade and commerce issues with the respective state governments.

Health Minister Dechen Wangmo visited Japan to explore institutional linkages for RCID and KGUMSB. Dialogues for MBBS studies in Japan were also initiated.

Lyonpo also visited Singapore to share Bhutan's COVID-19 success story at the 17<sup>th</sup> Asia-Pacific Conference of German Business.

Home Minister Ugyen Dorji attended the Asia-Pacific Ministerial Conference on Disaster Risk Reduction in Brisbane, Australia.

Lyonpo presented the Sendai Framework Mid-term review of Bhutan on disaster risk reduction and also took part in a panel discussion on the theme 'Public Investment to Enhance Disaster and Climate Resilience' sharing Bhutan's experience of the pandemic and the role of the De-suung Program in disaster management.

Agriculture Minister Yeshey Penjor led the Bhutanese delegation at the Food and Agriculture Organization of the United Nations (FAO) Headquarters in Rome, Italy in October.

The delegation met with the FAO Director-General during the side event of the World Food Forum and HiHi Investment Forum.

## Incoming visits

### External affairs minister of India

In keeping with the long-established tradition of regular exchange of high-level visits between Bhutan and India, His Excellency Dr. S. Jaishankar, External Affairs Minister of India, visited Bhutan from 29-30 April.

It was the first high-level incoming official visit since the onset of the pandemic. The visit contributed to further strengthening the close bonds of friendship and cooperation shared by the two countries.



## Power secretary of India

A high-level discussion on hydropower cooperation between the Royal Government and the GoI was held in Thimphu on 31 October.

H.E. Alok Kumar, Secretary, Ministry of Power, GoI, led the Indian delegation. The meeting deliberated on issues pertaining to hydropower cooperation between the two countries.

## Presentation of credentials by new ambassadors

The Ambassador of India to Bhutan, Sudhakar Dalela, presented his credentials to His Majesty The King on 20 August. On 7 October, 14 non-resident Ambassadors to Bhutan presented their credentials to His Majesty The King.

They were the Ambassadors of Germany, Argentina, Thailand, Cuba, Israel and Colombia who presented their credentials on 8 June followed by Ambassadors of Pakistan, Australia, Republic of Korea, Singapore, Canada, Kazakhstan, Indonesia and Slovenia.

## European parliamentary delegation visit

A four-member European parliamentary delegation from the Delegation for Relations with countries of South Asia (DSAS) and the International Trade Committee Rapporteur on South Asia visited

Bhutan from 19-21 September.

The visit highlighted Bhutan as a development success story for the European Union where a stable political environment has fostered a smooth pace of economic development.

## Art exhibition in Brussels

An art exhibition titled “Healing with Happiness” was inaugurated in Brussels, Belgium, on 5 October. Displaying 180 artworks put together by 68 artists of VAST Bhutan, it is the largest overseas exhibition of Bhutanese art till date organised in partnership with the Royal Bhutanese Embassy (RBE) in Brussels and the Belfius Bank.

These artworks are spread out across three different locations in Brussels. The largest number is on display inside the main exhibition space at Belfius Bank, while others are on display at the ambassador’s residence and RBE’s chancery. The exhibition will run till the end of March 2023.

## Bilateral cooperation

### India

The State Government of Assam, on 1 November, allocated a plot of land measuring over 3.1 acres at Sonapur for constructing the office of the Royal Bhutanese Consulate General in Guwahati.



Gol has ensured uninterrupted supply of essentials and other commodities for Bhutan by granting requested trade exemptions, despite their own challenges and the difficult global food security scenario.

The following special exemption and approvals to Bhutan were granted this year:

- ✿ Agriculture infrastructure development cess (AIDC) on apple imports from Bhutan for perpetuity
- ✿ Fresh ginger imports from Bhutan for perpetuity
- ✿ Imports from Bhutan of 17,000 MT of green areca nut without minimum import price, every year, through land customs station at Jaigaon
- ✿ Potato imports from Bhutan until June 2023
- ✿ Export to Bhutan of 111,000 MT of coal, 40,000 MT fly ash, 10,000 MT sugar, 5,000 MT wheat grain, and 4,440 MT wheat flour (atta, maida, semolina)

## Japan

The Government of Japan extended the project for human resource development scholarship in July with the signing of the Exchange of notes and grant agreement for the second phase from 2023 to 2026.

Japan will provide a grant of 194 million Yen to support nine master's degrees and one PhD course for Bhutanese government officials in Japanese universities starting 2023.

Under this phase, a total of 36 master's programs and four PhD programs will be awarded between 2023 and 2026.

## Bangladesh

The third joint working group (JWG) meeting for agreement on the movement of goods in transit, between the Royal government and the Government of the People's Republic of Bangladesh, was held on 1 June in Dhaka, Bangladesh. The meeting reviewed the text of transit agreement and finalised the protocol to transit agreement.

Meetings were also held with the officials of the Shipping Ministry of Bangladesh where the minutes of the second joint technical committee meeting were reviewed to amend the SOP on use of inland waterways MoU.

The eighth commerce secretary level meeting between the Royal government and Bangladesh Government was held from 13 - 14 September in Dhaka, Bangladesh. The following were endorsed among others during the meeting:

- ✿ Agreement on movement of traffic-in-transit and its protocol for signing

- ✿ Renewal of the MoU on use of inland waterways
- ✿ The signing of the amended SoP with regard to the MoU on use of inland waterways
- ✿ Implementation of the Preferential Trade Agreement
- ✿ Issue of necessary notifications for use of Sonarhat, Gobrakura, Koraitoli, and Akhaura inland waterways by Bhutan
- ✿ Agreed to enhance engagement among trade associations, in standards and certification matters, in agriculture through renewal of existing MoUs, in tourism through the existing MoU, and in trade facilitation
- ✿ The two governments are working on an MoU for cooperation in the field of power trade
- ✿ A total of 10 Bhutanese students are pursuing undergraduate studies at the North South University (NSU). They are recipients of scholarships offered by NSU to Bhutan as part of the 50 years' celebration of the recognition of an independent Bangladesh by Bhutan

## South Korea

The Government of the Republic of Korea will support a four-year (2022-2026) project, “Youth development in Bhutan through sports, health, and value education” with a funding support of Nu. 522 million.

The project includes construction of an iconic building specialised for youth education, provide support equipment to operate youth programs, dispatch experts for developing high quality youth education programs, and enhance capacity building programs for youth leadership.

The project's record of discussion was signed between the Country Director of KOICA Bangladesh Office in Dhaka, Ministry of Finance, and Secretary General of Bhutan Taekwondo Federation in November.

An acute shortage of fertilisers was experienced by Bhutanese farmers because of global supply chain disruption, shortages, and rising cost of fertilisers around the world.

Through concerted efforts of our foreign ministry and EMCs, PMB Geneva successfully managed to obtain a donation of 2,496 MT of fertilisers from Yara International, a fertiliser company based in Norway. This effort ensured availability of fertilisers for the farmers.



## Thailand

The fourth Joint Trade Committee Meeting (JTCM) between Bhutan and Thailand was held from 27 - 28 April, in Phuket, Thailand.

The JTCM agreed to work on signing a Preferential Trade Agreement between Bhutan and Thailand, and a new joint trade target of USD 120 million to be achieved within 2025.

## Singapore

This year marks two decades since the establishment of diplomatic relations between Bhutan and Singapore. To commemorate the occasion, congratulatory letters were exchanged between His Majesty The King and H.E. Dr. Halimah Yacob, President of the Republic of Singapore.

## Sri Lanka

Until recently, Bhutanese students studying in Sri Lanka were required to renew their visas annually.

Upon our request in March, the Government of Sri Lanka now issues multi-entry visas for Bhutanese students studying in Sri Lanka.

## Germany

Pro-Bhutan Germany has donated metal equipment to Khuruthang Technical Training Institute to support a training of the trainers' program. A metal master trainer is in Bhutan to provide training on the use of the equipment.

The total financial contribution to procure and transport the equipment to Bhutan is approximately Nu. 1 million.

The Frankfurt Chamber has been closely associated with the deputation of German master craftsmen to Bhutan for the Build Bhutan Project, Skills Development Program, and De-suung Skilling Program.

The chamber will field another master craftsman to Bhutan on a scoping mission towards the end of the year and apply to the German government for a three-year funding program in the form of a crafts partnership between the chamber and the relevant agency handling TVET in Bhutan.

We have also facilitated recruitment of master trainers in various fields from Germany, Hungary, Czech Republic and Sweden for the Skills Development Program.

## Bilateral consultations

To review the progress and scope of bilateral cooperation as well as other issues of mutual interest, bilateral consultations were held with the following countries:

- ✿ 10<sup>th</sup> Annual Consultation with the European Union in February

The EU committed to maintain assistance equivalent to the previous seven-year MIP cycle, with an amount of Euro 31 million for the period between 2021-2024, despite a decrease in overall financial envelope available for the Asia-Pacific region.

A financing agreement worth Euro 15 million to promote inclusive, sustainable, and resilient agri-food systems in Bhutan was signed in September.

- ✿ Fourth Bilateral Consultations with Switzerland in January
- ✿ Third Bilateral Consultations with Denmark in February
- ✿ 17<sup>th</sup> Bhutan-Japan Annual Consultations in July

## Consular services

### Overseas Bhutanese

Data on Bhutanese living and working overseas is useful for extending timely consular services as well as assisting analytical studies for better policy formulation and service delivery.

As of 31 October, 25,271 Bhutanese were recorded to be living abroad in 108 countries.

The largest number of Bhutanese is recorded to be living in Australia (8,495), followed by India (5,779), and Kuwait (2,714).

On 24 March, RBE Canberra started issuance of passports for Bhutanese residing in Australia to render efficient consular services to the growing Bhutanese diaspora in Australia.

So far, more than 760 passports have been issued.





## Regional and multilateral outcomes

### Establishment of the King's Scholarship

To strengthen human capital and develop a pool of leaders within the civil service, the King's Scholarship for Bhutanese undergraduate students was established at the University of Toronto, Cornell University and King's College London.

Under this scholarship, our students will pursue priority courses in public policy, actuarial science, international relations, agriculture science, and applied economics at these prestigious institutions.

### United Nations General Assembly

Foreign Minister Dr. Tandi Dorji led Bhutan's delegation at the high-level segment of the 77<sup>th</sup> session of the United Nations General Assembly (UNGA) held from 20-27 September in New York. The 77<sup>th</sup> UNGA was held under the theme, "A watershed moment: transformative solutions to interlocking challenges".

In addition to the general debate address, the Bhutanese delegation participated in meetings of the assembly, a series of

intergovernmental parallel meetings, high-level side events and several bilateral meetings on the side lines.

Bhutan reiterated its commitment to multilateralism, contributions to the maintenance of international peace and security through peacekeeping, to combating climate change and other challenges.

Focus was also accorded to the launch of a revamped tourism policy during the general debate statement and other engagements, which served to effectively amplify the national campaign on the reopening of Bhutan on 23 September.

### Presidency to the 74<sup>th</sup> World Health Assembly

The most notable representation at the multilateral forum was Bhutan's election as the President of the 74<sup>th</sup> World Health Assembly. Bhutan's presidency of the Assembly ended on 22 May.

Bhutan's ability to preside over an important governance platform and multilateral institution is a significant achievement.

### International solar alliance

Bhutan acceded to the International Solar Alliance (ISA) framework agreement on 13 September, after it was ratified by the Parliament.

ISA is an initiative by India and France to mobilise efforts against climate change through the deployment of solar energy solutions.

Membership to the ISA will enable Bhutan to drive energy transition by improving access to renewable energy and strengthening energy security.

As a new member, Bhutan participated in the fifth general assembly of the ISA, held in New Delhi from 17-20 October.

During the meeting, France announced its support to ISA's capacity-building initiatives including the creation of a network of expertise and training centres by financing the establishment of three pilot solar technology application research centres.

In Asia, the centre will be located in Bhutan.

## **UNPK deployment**

At the request of the United Nations, Bhutan has contributed a light quick reaction force consisting of 180 RBA personnel to support the multidimensional integrated stabilisation mission for the Central African Republic (MINUSCA).

This marks the first-ever deployment of a contingent from

Bhutan for peacekeeping operations.

Two special Drukair flights carrying the contingent left from Paro for the Central African Republic (CAR) on 6 and 10 November. His Majesty The King and Her Majesty The Gyaltsuen graced the departure ceremonies at the Paro International Airport.

In keeping with the royal vision of His Majesty The King, Bhutan began participating in UN peacekeeping in 2014 by contributing military observers, staff officers, and individual police officers.

Bhutan's participation in UN peacekeeping missions reflects its long-standing support and commitment to the UN and its obligation as a member of the international community to promote global peace and security.

The contribution of a contingent to a UN peacekeeping mission is significant as it coincides with 50 years of Bhutan's membership in the United Nations.

Bhutan has so far contributed 242 peacekeepers, both military and police, to 14 UN peacekeeping missions.

## **Fifth BIMSTEC summit**

Under the theme, "BIMSTEC – Towards a Resilient Region,



Prosperous Economies, Healthy Peoples”, the fifth summit of the Bay of Bengal Initiative for Multi-Sectoral Technical Economic Cooperation (BIMSTEC) was hosted by Sri Lanka on 30 March.

Leaders signed the BIMSTEC Charter, witnessed the signing of the BIMSTEC convention on mutual legal assistance in criminal matters, the memorandum of association on the establishment of the BIMSTEC technology transfer facility, and the MoU on mutual cooperation between diplomatic academies/training institutions of BIMSTEC member states.

The summit adopted the BIMSTEC master plan on transport connectivity and the rationalised areas of cooperation under BIMSTEC.

14 areas of cooperation under BIMSTEC have been rationalised to seven areas of cooperation with Bhutan leading the environment and climate change sector.

## COVID-19 related support

### Vaccines

During a time of great need and scarcity, the foreign ministry played a critical role in sourcing

COVID-19 vaccines from various donor countries across the European Union including Denmark, Croatia, Bulgaria, and the United States of America as well as from the World Health Organization.

Bhutan received 175,170 doses of vaccines in donations from the U.S. government through the COVAX facility between April and September.

We also received 250,000 doses of Moderna vaccines in March from the Danish Government and 105,300 doses of adult Pfizer vaccines and 96,000 doses of paediatric Pfizer vaccines in August from the Slovenian Government.

## Going forth

The evolving nature of the pandemic has, to a large extent, impeded timely undertaking of bilateral consultations with external partners.

Nonetheless, with gradual transition to pre-pandemic normalcy, we will strive towards holding such consultations with partner countries to revisit the entire gamut of bilateral cooperation and chart the way forward for post-pandemic cooperation, all the while aligning Bhutan’s foreign policy posturing with national imperatives prioritised under the ongoing

transformation reform.

Within the broader context of Bhutan's target to achieve a self-sustaining economy, we will ramp up our outreach efforts in establishing linkages and institutional tie-ups with potential external partners to complement the government's effort to strengthen the TVET system,

promote STEM learning and tap frontier technologies for socio-economic progress.

Similarly, efforts will be channelled towards exploring new areas of cooperation with external partners in priority fields in consultation with national agencies and stakeholders.

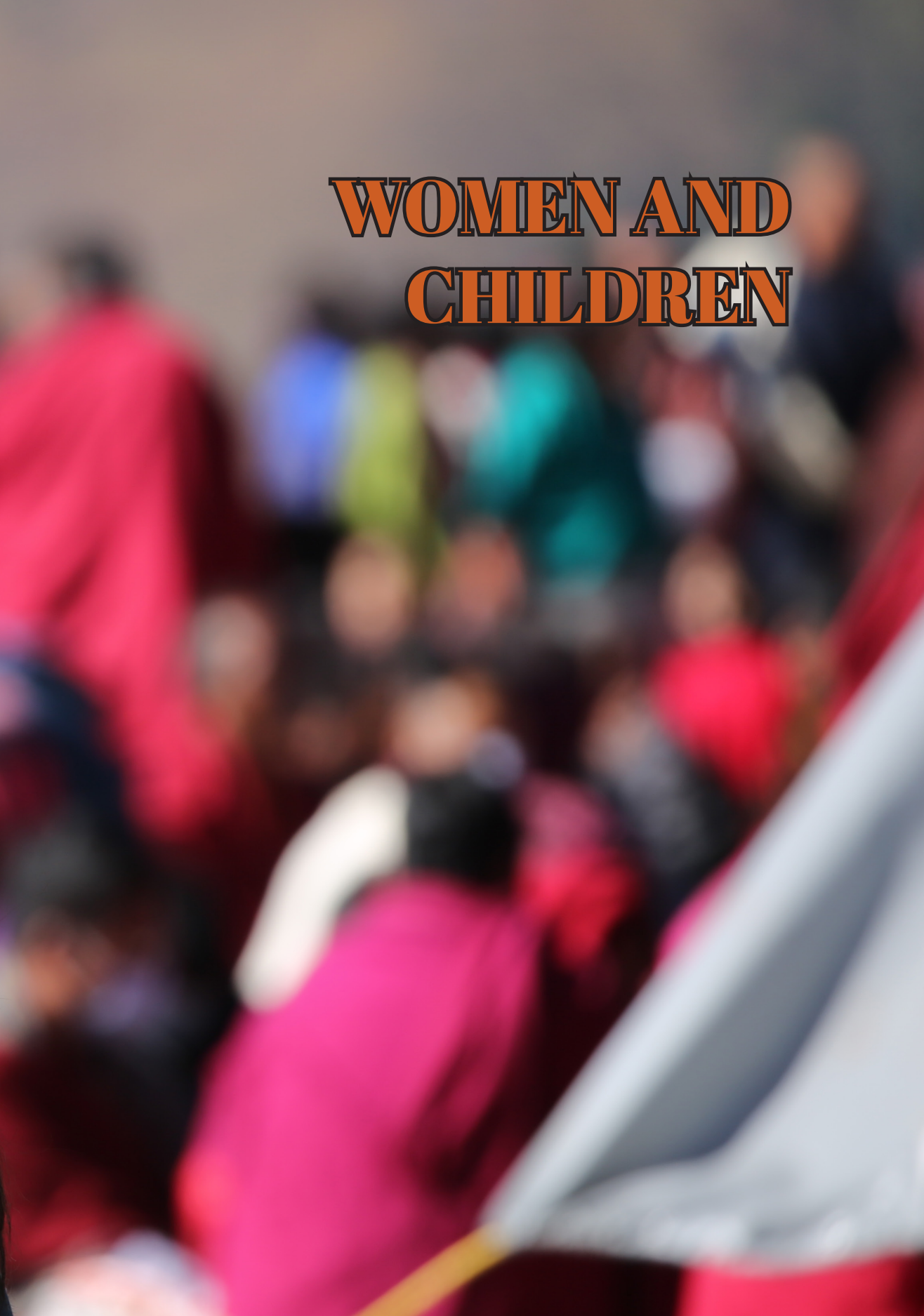








# WOMEN AND CHILDREN





**B**hutan has always maintained a non-discriminatory approach to development. This is enshrined in the Constitution wherein fundamental rights and duties mandate every Bhutanese not to tolerate any form of violence against women.

As well, the principles of state policies intend and guide actions to eliminate discrimination against women and children.

The wellbeing of our women, children and other vulnerable groups continue to remain at the heart of Bhutan's development agenda.

We have made huge strides in women's participation at decision making in both political and public spheres, women and girls' access to health services, participation in schools, training institutes and formal employment, initiatives to prevent and respond to gender-based violence (GBV), and women's access to conducive space and work environment.

Significant efforts have been made towards ensuring children's participation in nation building, enhancing their wellbeing, and protection and building their skills to become productive citizens.

However, there are opportunities to leverage on the progress and achievement made thus far with concerted efforts, strong

political will, adequate budget, and increasing awareness.

The crosscutting and evolving nature of gender, child, and other social issues calls for a multisectoral, unified approach to address these issues.

We have made noteworthy achievements in the following domains:

## Gender equality, inclusion, and diversity

Individuals with diverse gender identities, expression, and sexual orientations are often subject to prejudices that are rooted in entrenched beliefs and traditions.

They have been exposed to various forms of discrimination and violence in many social circles.

In 2020, the National Assembly decriminalised two sections on unnatural sex (Section 213 and 214) in the Penal Code of Bhutan. It is a significant move indicative of the progress Bhutan is making in recognising the needs of our LGBT+ community.

Additionally, to include their differential needs, the National Gender Equality Policy 2020 is being reviewed to integrate LGBT+ perspectives.

The revised policy will provide an effective framework within which legislations, policies, programs, and practices will ensure equal rights, opportunities, and benefits to all individuals, in their communities, workplaces, and society at large.

The policy will be finalised by the end of this year for implementation. A national plan of action for gender equality is also being developed.

Capacity building on mainstreaming gender and LGBT+ perspectives were carried out in the private sector towards institutionalising an inclusive, healthier, and equal work environment.

A disability equality training, a participatory process where participants are introduced to real-life issues and discrimination faced by persons with disabilities (PWD), was also carried out for the private sector with an objective to change their behaviour and practices towards PWD.

## International obligation

Bhutan has prepared and submitted the 10<sup>th</sup> periodic report on the Convention on Elimination of Discrimination Against Women (CEDAW) to the UN CEDAW committee. The report focused on 24 advanced lists of issues spanning

across 16 different areas of concern.

Bhutan participated virtually at the seventh international day of women and girls in STEM assembly. The assembly aims to recognize the role of women and girls in science, not only as beneficiaries, but also as agents of change to accelerate progress towards achievement of sustainable development goal (SDG) 6.

## National child policy and action plan

The national child policy is in the final stage of completion. Once endorsed, the policy will ensure a systematic and coordinated approach to preventing and responding to issues faced by children.

It will provide an overarching policy framework for upholding and protecting the rights and dignity of children in Bhutan, in accordance with the United Nations Convention on the Rights of the Child (UNCRC).

The formulation of the national plan of action for child protection and wellbeing is under process to ensure effective implementation of the policy, secure resources, forge stronger partnerships, ownership, and accountability among the government and non-government stakeholders.



## Responding to issues related to women and children

The standard operating procedure (SOP) on child protection case management and children in difficult circumstances was developed with support from the key child protection partner institutions.

The SOP will serve as a guiding document for institutions and individuals working with children to provide efficient services in line with the minimum standards.

The SOP for dealing with children in conflict with the law was reviewed to streamline interventions on child justice and advise the national steering committee on child justice related issues.

Guidelines for selected nationally determined contribution (NDC) sectors of agriculture, energy, waste, biodiversity, ecology, and food security were drafted to guide the gender focal person and relevant officials in mainstreaming gender perspectives into their sectoral plans, policies, and programs.

To prevent and protect children during their involvement with an organisation or agency, an internal child safeguarding policy was developed.

Orientations were also carried out for 186 scout secretaries and teachers, and 59 principals from 20 dzongkhags. Similar orientation programs were also provided to the Dratshang regional focal persons.

## Preventing gender-based violence and violence against children

A pilot project Gakey Lamtoen was implemented at Babesa school and a larger scale pilot of the project has been carried out in three schools and communities.

The project, through its engagement with caregivers and adolescents, aims to address harmful social practices and cultural norms that influences GBV against women and girls. The findings of the project will be used to institutionalise primary prevention nationwide.

The Pema Centre is another important establishment that will accord due priority in making societies safe for women and providing appropriate resources in particular to women who are subject to domestic violence and sexual abuse.

Another project 'Parenting without violence- Empowering communities

to address violence against Children or Dekyid Thuendrel' was conducted in three districts of Thimphu, Dagana, and Zhemgang. The pilot project aims to promote positive parenting skills in families, schools, and communities.

A campaign to end violence against children (EVAC) was initiated in three pilot districts of Thimphu, Samtse, and Trashigang. The campaign adopts a multi-pronged social behavioural change (SCB) communication approach to raise public awareness on child protection issues and improve service seeking behaviours among children, parents, and caregivers.

Through community engagement, the campaign seeks to further people's understanding on types and forms of violence, preventive measures, and available support services.

## Childcare support

Six additional workplace creches were established bringing the total creche services to 28. Creche services were established to enhance women's participation in formal employment and complements RCSC's efforts to provide a conducive working environment for working parents.

## Services for women and children

We continue to provide services for survivors through the National Commission for Women and Children (NCWC) and CSOs (RENEW and Nazhoen Lamtoen).

To streamline services and institutionalise case management as essential services across the country, the NCWC has developed SOPs, carried out capacity-building programs for case managers, counsellors, and other service providers.

A total of 24 survivors of GBV, 120 children, and 42 women in difficult circumstances benefited from such services. Additionally, shelter services for 15 women and children were facilitated.

Services to children in conflict with the law were extended to 123 children (113 males and 10 females) in 2021. The support ranges from conducting assessment to determine their socio-economic situations, access to legal information and advice, rehabilitation, and reintegration.

Nazhoen Lamtoen with support from NCWC and development partners also provided diversion services for these children.





Under these services, children are allowed to perform community services and provided with psycho-social support for rehabilitation and reintegration into society.

To increase access to integrated services for survivors of GBV, three safe spaces were being piloted in Paro, Tsirang, and Bumthang by RENEW in collaboration with NCWC and UNICEF. The safe spaces serve as an integrated facility from which the survivors can access case management, counselling, and transit shelters services.

A NCWC mobile app was also launched to complement the existing women and child helpline services. The app supports features to apply for child adoption and alternative care, and report incidents of violations.

Legal aid, which includes advice, documentation, and legal representation, for vulnerable groups including survivors for GBV, children, and women was piloted in collaboration with RENEW and UNDP. In addition, legal aid guidelines for women and children were developed for implementation by all legal aid service providers.

A total of 31 domestic adoptions and nine alternative care services were provided in the last one year. A total of 15 intercountry adoption post monitoring, 38 domestic

adoption post monitoring, and 22 alternative care post monitoring were conducted in the past year.

## Political empowerment of women

Targeted capacity building and mentoring programs were carried out for aspiring women leaders in collaboration with Bhutan Network for Empowering Women (BNEW) in preparation for the third local government elections.

Women's representation in local government increased from 11.6 percent in 2016 to 12.6 percent in 2022 and the number of female gups increased from two to seven.

A conference to reflect Bhutan's commitment towards agenda 2030 and SDG was carried out in collaboration with BNEW. The conference included a series of workshops with different groups of parliamentarians, CSOs, media, and government officials to review progress, gaps, and challenges on the gender equality agenda.

A strategy on accelerating progress towards the 2030 agenda and SDG on gender equality was drafted as an outcome of the conference.

## Research, assessment and studies

A gender assessment of major hydropower, bridge, and road construction projects was carried out to assess issues and provide policy and programmatic recommendations to improve gender equality in these sectors.

The main objective was to study women academicians' and leaders' professional and personal status

in teaching and learning at higher education institutions.

A comprehensive assessment was also carried out to evaluate the implementation status of the child care and adoption act and its rules and regulations.

Bhutan has participated in the mapping of the justice workforce exercise that will provide a baseline and recommendations for the country which was commissioned by UNICEF Regional Office for South Asia in eight countries.







# PUBLIC INFRASTRUCTURE





It is about time we leave behind conventional methods of building infrastructure and use innovative solutions in the construction sector. We will now need to invest and leverage technology in making our infrastructure smart, efficient, and resilient.

Drawing inspiration from the transformation initiative on building quality and efficient infrastructure, several key initiatives have been undertaken aimed at enhancing economic growth, living standards, and security of the nation.

Despite constraints imposed by COVID-19, we were able to accomplish some critical infrastructure necessary for the country's recovery and growth as we transition out of the pandemic.

In the past year we built an international standard pedestrian terminal at Phuentsholing, improved national highways, bridges, urban roads, surface transport and airports, access to 24x7 hour drinking and irrigation water, initiated national service road construction, connected southern highways, installed GPS trackers on public transport buses and constructed electric vehicle charging stations, and permanent quarantine facilities.

In terms of internet connectivity and space infrastructure, optic

fibre has been connected across 201 gewogs and the national digital identity is ongoing under the Digital Drukyl Flagship.

We have also developed and implemented integrated citizen services, upgraded DrukREN-NKN India link bandwidth to 5 Gbps from 1 Gbps, initiated the introduction of third international Internet gateway, and successfully launched Bhutan-India Joint Satellite.

## Pedestrian terminal at Phuentsholing

The construction of a new pedestrian terminal at Phuentsholing was completed and inaugurated on 19 September, prior to the reopening of border gates on 23 September.

The pedestrian terminal will document and regulate the entry and exit of all foreigners and Bhutanese as per the border management and border control norms and requirements. The facility is put in place to streamline and professionalise existing immigration rules.

Over Nu. 183 million has been spent to construct the terminal which is equipped with modern amenities and facilities.



## Digital Drukyul project

The Digital Drukyul Flagship (DDF) project, with a total revised budget outlay of Nu. 2.68 billion, aims to harness the power of information and communication technology (ICT) to transform Bhutan into a smart and inclusive society.

A significant component of this flagship project is the National Digital Identity (NDI) project which started on 13 October 2021.

As of 5 December, biometric data of 538,095 citizens have been collected from 20 dzongkhags. Collection of data in Thimphu and Gelephu thromdes are targeted to be completed by the end of this year.

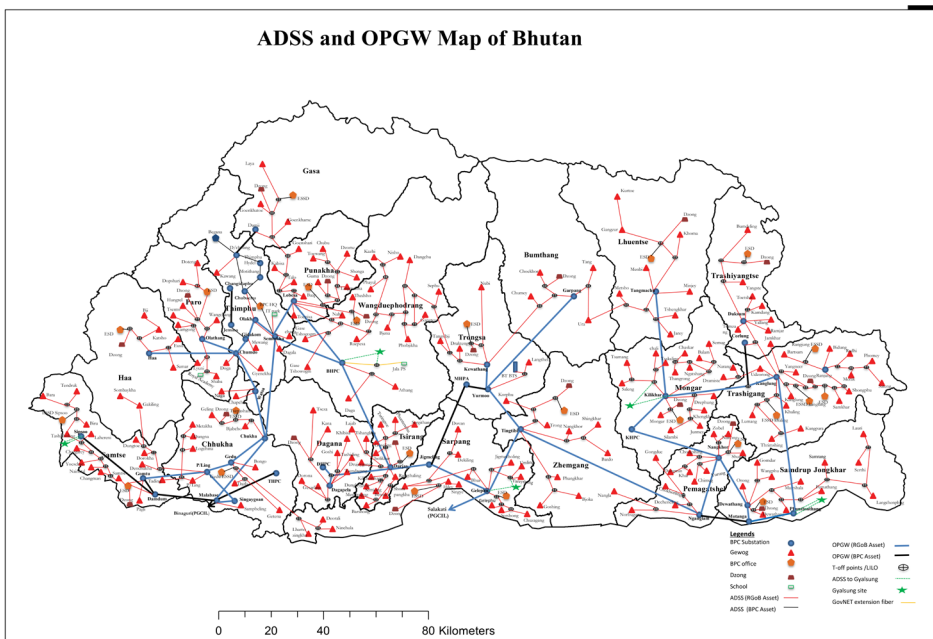
The government is currently

working on developing a NID solution which is expected to be rolled out by April 2023.

As part of enhancing digital connectivity across all government offices, 1,359 agencies of the target of 1,396 (97 percent), including schools and hospitals, have been connected with fibre optic to the government network.

The optical fibre infrastructure will replace the old medium of communication (radio link, broadband or data card) and facilitate agencies to avail higher bandwidths from Internet service providers.

The per Mbps Internet bandwidth subscription charges have been reduced from Nu. 1,286 to Nu. 550 per Mbps by Bhutan Telecom and to Nu. 675 per Mbps by Tashi Cell.





Furthermore, through 1 Gbps internal bandwidth capability, agencies under the government network can also communicate offline.

For instance, specialists at JDWNRH can now provide telemedicine and other specialist advice to patients at other hospitals, thereby substantially reducing the in-person need to visit JDWNRH for medical advice.

To improve network reliability and redundancy, five optical fibre infrastructure rings are being instituted.

In addition to the existing Sephu-Tangsibji and Kanglung-Dewathang rings, two more rings, Semtokha-Lobesa and Dagapela-Lhamozingkha route, have been completed.

With the completion of the acceptance testing on the Ura-Methso optical fibre route, the central part of the country will add an alternate route to connect central and eastern parts of the country further strengthening the reliability of ICT services in the country.

Recognising the importance of research through knowledge-sharing among institutions and students, the capacity of DrukREN-NKN India link has been upgraded to 5 Gbps from 1 Gbps.

The increased capacity will enable our research and education communities to collaborate with their Indian counterparts in

furthering such relationships with the global academia.

The government is also working with Indian Space Research Organisation (ISRO) to utilise the increased capacity of DrukREN-NKN link to exchange high resolution satellite images.

Further, a DrukREN Data Centre to provide a stable and centralised environment for hosting and colocation of systems has been established and commissioned.

## Integrated citizen services

On the integrated citizen service front, work on developing online student information (results, transcript, certificates), vehicle services, permit and visa services, and general insurance and pension services system, have been completed. These will reduce The TAT as well as the need to visit government offices in-person.

Work on developing birth, death, marital certificates, and construction and timber services are in various phases of development.

## ICT and telecom sector

Our initiative to provide “data discount schemes for students” to support their studies and promote e-learning during the COVID-19 pandemic was recognised by the

World Summit for Information Society (WSIS) and the International Telecommunication Union at the WSIS forum 2022.

To accommodate this paradigm shift in the role of ICTs, numerous initiatives and investments have been made in the ICT and telecommunication sector.

To enhance transparency and savings, internet demand aggregation was studied and adopted for all government agencies. This initiative has resulted in a saving of Nu. 52.24 million a year.

Towards increasing access to ICT services, the connectivity reliability has been maintained at 98 percent.

Out of 205 gewogs, we have now connected 201 gewogs with optical fibre. Works on extending optical fibre to Soe, Naro, and Lingshi are planned for a December 2023 completion.

Lunana, the only remaining off-grid gewog, is connected by microwave providing reliable mobile connectivity to all gewogs. Satellite connectivity is also being explored to strengthen connectivity in rural communities.

## **Tech industry development**

Keeping pace with rapid technological and digital changes, various tailored training programs were conducted for multiple, but specific segments of professionals

considering the essence of inclusivity through technology.

A total of 25 non-ICT small and medium enterprises (SMEs) were also provided capacity building opportunities in leveraging technology for business efficiency and economic growth.

This is also a strategic move to increase smart adoption of technologies while increasing the domestic demand for technology solutions.

Major support to the tech industry is provided in the form of upskilling professionals to create a skilled talent pool.

A total of 1,126 IT professionals representing the private sector, IT graduates and academic institutions were provided access to an online learning platform. On-site training in the field of blockchain, DevOps, and web security were also offered.

As such, digital literacy training is being conducted across the country. Rigorous awareness through the development of five digital content programs related to online services and cyber hygiene were broadcast through BBS and other channels.

With such training and awareness programs, our citizens can become independent technology users in availing online services as well as consuming technologies for economic empowerment.



## National highway improvement

Improving national highways constitute upgrading, widening, blacktopping and resurfacing of

roads. The following improvement works were achieved in the last financial year:

- ✿ A total of 311.7 kilometres of improvement works were completed.



### Major improvement work completed



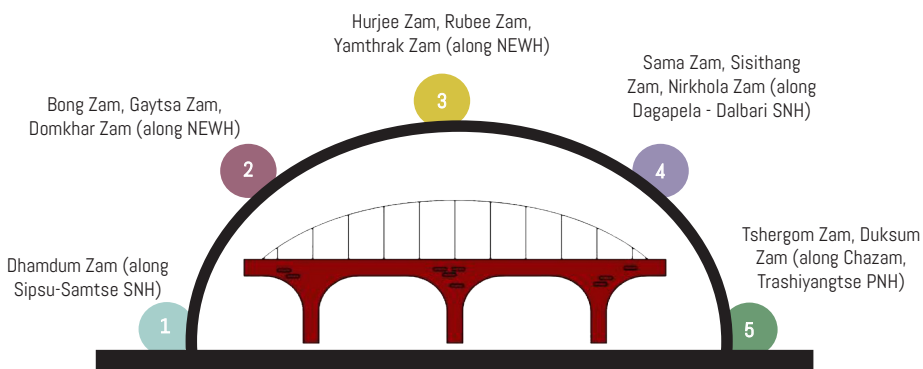
- ✿ Semtokha roundabout
- ✿ Northern East West Highway (Ura-Serpang-Yongkola) 76KM out of 79.03KM of widening works
- ✿ 30KM of blacktopping works along the Jenkhana-Namcheykhola-Halalay SNH
- ✿ 15KM of blacktopping works on the Sunkosh-Dagana SNH
- ✿ Blacktopping of 18KM of road from Aie bridge-Taraythang in Serpang

### ✿ Resurfacing of roads

A total of 105.2 kilometres of resurfacing works were carried out to improve the quality of national highways.

### ✿ Bridges

Construction of the following 12 bridges were completed along various national highways.



## National service road construction project

The improvement of Kurizampa-Gyelposhing road measuring 7.3 kilometres is being undertaken as a De-suung National Service road construction project.

The improvement work is being carried out in collaboration with the De-suung office. The project will be completed by December.

## Connecting southern highways

The southern east-west highway extends from Sipsoo and Tendruk in the southwest to Jomotsangkha in the southeast.

The missing links are between Lhamoizingkha - Sarpang (an estimated road length of 86 kilometres), and a direct link between Gelephu - Panbang (estimated road length of 94.5 kilometres). The missing links under construction are:

### ✿ Dewathang - Nganglam PNH (68 kilometres)

The ground-breaking ceremony of Dewathang - Nganglam road was held in September. The project is being carried out by Dantak.

### ✿ Dewathang - Samrang SNH

The blacktopping of Dewathang - Samrang SNH (25 kilometres) was completed although the improvement works are ongoing. The

road is expected to bear increased traffic load with the start of national service program in Pemathang.

### ✿ Samrang - Jomotsangkha SNH

The formation cutting of the road started in February and 98 percent has been completed as of date. Along with the formation cutting, the permanent works are also under progress.

## GSB in farm roads

To improve connectivity and the economy of the country, improvement of farm roads in 201 gewogs with a granular sub-base (GSB) was prioritised in 2020 as a part of the Economic Contingency Plan.

The GSB project has proven beneficial to the public in terms of reducing travel time by more than a half. With implementation of this project, the farm roads have become better and pliable for all types of vehicles.

The farm road improvement project was implemented in two phases:

✿ **In Phase-I:** out of 201 farm roads prioritised for improvement, 193 have been completed and remaining eight are nearing completion.

✿ **For Phase-II:** understanding the myriad of socio-economic benefits that it brought to the communities, we are





implementing improvement works during the current fiscal year 2022-23.

Out of a total of 197 farm roads prioritised in 197 gewogs, improvement works on 88 farm roads are being implemented and 109 are being contracted out.

Over time, the quality of these roads will be improved and surfaced with stronger materials such as concrete or bitumen.

## Surface transport

As we move on to the 13th Plan, surface transportation system becomes even more vital. As the main vein and driver of economic growth, revamping the existing transportation system is crucial to realising the plan's overall objective of high-income economy.

The Ministry of works and human settlement is reorganised as the Ministry of Infrastructure and Transport as a part of the ongoing civil service reforms.

During the last financial year, passenger transport services operating throughout the country transported over 267,000 passengers, which is an increase of around 50 percent from the previous fiscal year (178,000).

## Transport policy

The Bhutanese transport sector is guided by the Transport Policy 2006. With the emergence of new

technologies and needs in the sector, the Road Safety and Transport Authority (RSTA) has submitted a surface transport policy to the government, which is currently under review.

The revised policy not only captures the emerging trends but also looks into the future scope of deploying alternate modes of surface transport systems such as cable cars or ropeways, inland waterways, railways, and e-mobility systems to address Bhutan's surface transport needs in the long term.

As the current Road Safety and Transport Regulations 1999 is more than two decades old, there is an urgent need to review the provisions to make it responsive to emerging trends, opportunities, and challenges.

The 1999 regulation has been repealed and replaced with the Road Safety and Transport Regulations 2021 which came into effect from July.

## Surface transport roadmap

To supplement the surface transport policy, the RSTA has also come up with a strategic surface transport roadmap. The roadmap provides a clear and holistic approach towards a safer, sustainable, affordable, reliable, and inclusive surface transport system in the country.

The roadmap lays down specific intervention strategies with targets and institutional roles to lead

the process of surface transport development and provide direction towards a common goal.

## Electric vehicle

The e-mobility initiatives are geared towards building on our outstanding green credentials, sustaining Bhutan's commitment to stay carbon neutral for all times and reducing our dependence on import of fossil fuels. This effort requires mobilizing significant institutional and financial resources.

The project "Bhutan Sustainable Low-emission Urban Transport Systems" funded by the UNDP-GEF and co-financed by government was initiated in 2018, with the aim of reducing 43,000 tonnes of carbon dioxide over the period of nine years.

The objective of the project is to facilitate low carbon transition in Bhutan's urban transport sector by promoting wider uptake of low emission vehicles in the country.

Another USD 1.1 million project "Leveraging Nationally Determined Contributions (NDCs) to achieve net-zero emissions and climate-resilient development, in response to the climate emergency" is under implementation with support from the Government of Japan.

The project will support procurement of 19 EVs and installation of eight quick charging stations at strategic locations, and along the national highways.

Similarly, with support from the United Nations Industrial Development Organization (UNIDO), the government is piloting the first electric bus in Thimphu Thromde.

The country has seen an increasing uptake of EVs over the past four years. As of date, 431 electric vehicles are on our road, of which 237 are EV taxis.

Furthermore, we are building adequate EV charging infrastructure in the country to facilitate the uptake of EVs. By end of 2022, every dzongkhag will have at least two charging stations.

## Railways

The first railway project connecting Kokrajhar, Assam and Gelephu has reached an advanced stage. A 11-member technical team has been formed on our side to assist the Indian Northeast Frontier Railways (NFRLY) to study railway routes, docking points, architectural designs and stations in Bhutan.

The length of this route is approximately 56 kilometres. Bhutan is also working towards using nearby railway ports of India for trade.

## Service delivery

The RSTA has come up with service delivery standards (SDS) to meet its core mandate of ensuring efficient delivery of vehicle related services to the people.



The SDS aims to reduce the specific TAT for each of the services in line with the provision of the Road Safety and Transport Regulations 2021. During the fiscal year 2021-22, 93.58 percent of all services provided by RSTA were in compliance with the TAT.

About 700 people a month avail services at the RSTA service centre established at Babesa on 2 August 2021. The RSTA has also extended the timing of its cash counters until 5:00 PM from 3:00 PM to improve service accessibility.

Priority counters for senior citizens in all the five regional offices were also introduced. This is aimed at providing inclusive and harmonised public services.

To ensure proper maintenance of vehicle related data and services, the electronic registration and licensing system (eRALIS) is now being upgraded with micro-service architecture.

## Public transport

On the public transport front, 17 additional new passenger routes were approved by the RSTA. To monitor movements and compliance remotely, Global Positioning System (GPS) trackers have been installed in 197 public transport buses plying along the inter-district routes.

A variable message board has also been installed at the bus terminal in Thimphu to provide real time information (arrival and departure) to the general public.

## Air transport

Taking advantage of the restrictions imposed by the pandemic, the Department of Air Transport over the last one year fast tracked development of the Bumthang and Yonphula domestic airports to meet the demands of future aviation and safety requirements.

For Bumthang airport, the runway and resurfacing work were carried out with a total budget of Nu. 249.98 million. About 80 percent of the work has been completed.

Upon completion, the runway length would be extended to 1,700 metres from the existing 1,200 metres. This will enable ATRs to fly in from Kathmandu, Kolkata, Bangladesh and Guwahati.

Similarly, the Yonphula airport runway, which did not have a runway end safety area (RESA) at the north end, has been extended by 150 metres. The project has a budget of Nu. 60 million and is expected to be completed by April 2023.

With support from the Asian Development Bank, we are implementing a project to enhance aviation sector development capacity. The assistance included development of five reports including the development of a master plan for Gelephu airport.

Experts are also studying feasibility of an international airport without limitations of Paro airport.

To enhance air surveillance, tracking of aircraft and flight movements in the Bhutanese airspace has now been made possible with the introduction of an aeronautical surveillance system called Automatic Dependent Surveillance Broadcast (ADS-B). The ADS-B project has been implemented at a cost of Nu. 71 million.

The government has also initiated discussions with the State of Kuwait to conclude an air service agreement (ASA) for enhancing air connectivity and reach. The agreement entails a country to introduce flight to and from that country.

Over the years, Bhutan has rigorously implemented measures to improve aviation safety. Recently, a team from the international civil aviation organisation (ICAO) was in the country to carry out aviation security auditing in line with the ICAO security audit standards and guidelines.

The TAT for clearing both arrivals and departures were reduced to 25 from 35 minutes at the Paro international airport.

The airport terminal building has been converted into an art gallery exhibiting striking art pieces by native Bhutan artists and includes a garden and an automatic parking management system.

The art gallery and beautification project was done in phases at a cost of Nu. 32.68 million during the last two fiscal years.

Realising the limitation of dependence on road connectivity for import and export, we have found it necessary to strategically improve the existing cargo system.

Therefore, to maintain a dedicated cargo aircraft, Drukair is pursuing to convert one of our older A319s as a cargo freighter.

During the conversion, the passenger seats, galleys, lavatories will be removed and cargo fittings will be introduced to convert the main deck passenger cabin into cargo compartment.

Drukair is in the final stage of modification program with an American company. The conversion is scheduled to be completed by first half of 2023.

## Human settlement

A stark difference is clearly visible between our rural and urban areas which is further aggravated by the people's perception and preferences for the latter over the former.

The gap between rural areas and urban centres is steadily widening. Hence, there is an urgent need to shift these dynamics by creating a conducive environment for sustainable and equitable development.

Careful attention needs to be paid to create an enabling system that improves affordable housing opportunities not just in urban areas but turn our rural areas into more livable places.



## Spatial plans

Preparation of regional plans and plans for Linked Urban Centres (LUCs), the first of its kind in the country, is in progress to foster balanced, proper growth of urban areas to improve liveability and quality of life.

The development of Thimphu-Paro Regional Strategy and Regional Prospectus, a part of the national capital city regional plan, extending from Begana in Thimphu to Drukgyel dzong in has been completed. The report provides strategic direction for planning and development in the region.

The implementation will be supported by revising the Thimphu Structure Plan. Its priority projects includes City Centre Action Plan, and master plans for transport, water service, green infrastructure and open spaces.

The southern central regional plan for Tsirang, Zhemgang and Sarpang dzongkhags and structure plan for Linked Urban Centres connecting Sarpan and Gelephu corridor are being prepared and is expected to be complete by 2024.

## Housing

As the population expands, housing unaffordability and inaccessibility is becoming a challenge, especially in urban areas of the country.

A shortage of affordable housing units, increasing housing deficit,

low homeownership, and high rental stress, particularly affect the low-income groups.

To this, the government has secured USD 37 million from the ADB to construct 1,018 units of public housing in Phuentsholing, Thimphu, Nganglam, Samdrup Jongkhar, and Trashiyangtse. Once completed, the affordable housing stock will increase to 3,460 units.

To facilitate homeownership through seamless sale and purchase of flats and apartments, a national housing bill and condominium or apartment rules and regulations is being drafted. We are also revisiting the housing market to tackle the pressures exerted by increasing rental charges.

## Construction roadmap

The construction sector is a fundamental economic sector that transforms various resources into physical, economic, and social infrastructure. The sector is both an enabler and an indicator of the socio-economic development of the country.

The national accounts report 2021 found that even with a negative growth of -20.64 percent in 2020, the sector contributed 9.5 percent to the GDP. Despite several interventions to professionalise and improve the industry, there has been minimal improvement and progress.

Under the leadership of His Majesty The King, the construction industry roadmap has been



formulated in June to bring significant transformation of the industry.

The groundwork for implementation of identified transformation areas such as mass timber construction, pilot retrofitting of energy-efficient buildings, prefabrication and pre-engineering among others are currently being studied for implementation.

A registration system for certified builders was instituted and formally launched in September to professionalise construction practices, create employment opportunities, promote mechanisation, improve the quality of construction, and enhance accountability in private construction works, as part of the roadmap.

## Development of earthquake vulnerability matrix for buildings

Bhutan falls in an active seismic zone and is vulnerable to earthquake hazards. To get accurate risk exposure data for planning and mitigation activities, a survey on building typology for twelve dzongkhags (Paro, Punakha, Trashiyangtse, Sarpang, Haa, Trongsa, Bumthang, Tsirang, Lhuentse, Gasa, Thimphu, and Wangduephodrang) was conducted.

Data generated will be used to develop the vulnerability matrix for defining building typologies and building inventories for all the

dzongkhags and informing disaster response and management.

## Urban infrastructure

The construction of a 2.5 MLD water treatment plant in Samdrup Jongkhar thromde has been completed. The treated water is being supplied to the public.

About 55 percent of water and sewerage works in the thromde has also been completed.

A 46.8-metre span bridge over Omchu in Phuentsholing was constructed with approach roads to ease traffic congestion in the town.

A total of 12.4 kilometres of water supply line in Sarpang, and roads and drainage in Shechamthang LAP has been constructed. An 8.25-kilometre water supply line in Rangjung and 1.62 kilometres of water distribution network in Trashigang has been completed.

## Construction of permanent quarantine centres

To enable efficient management and import and to provide end-to-end services for foreign workers, and in preparation for future pandemics or infectious disease outbreaks, construction of fully self-contained permanent quarantine centres with 2,500 beds is underway. The quarantine centres are in:

- ✿ Dhamdum, Samtse - 500 beds
- ✿ Amochu, Phuentsholing - 500 beds



- ✿ Dekiling, Sarpang - 1,000 beds
- ✿ Motanga, Samdrup Jongkhar - 500 beds

Till date, 98 percent of civil preparatory works have been completed, and progress of pre-engineered building works is at various stages. The facility will be operational from July 2023.

### Access to 24X7 water

The water flagship program has provided 24X7 drinking water to over 10,000 households since the start of the project.

In the last one year, 2,949 households (2,209 urban and 740 rural) were connected to 24X7 water supply, and 1,413 households provided with irrigation water covering a total command area of 3,415.34 acres through the following activities:

- ✿ Completed 10 urban water supply schemes benefitting urban residents of two thromdes and two dzongkhags (2,209 HHs)
- ✿ Constructed intake and transmission main for Lhaimoizhingkhang municipality in Dagana
- ✿ Constructed water supply distribution network for Gyalpoizhing in Mongar
- ✿ Constructed intake and sedimentation tank/sand trap at Drepong water source,

distribution pipeline from WTP (water treatment plant) to RCC, distribution tank for Gyalpoizhing

- ✿ Completed revival of old plain sedimentation tank and construction of RCC tank at Gyalpoizhing to supply filtered water
- ✿ Constructed water supply for Kilikhar town
- ✿ Renovated WTP at Yakpogang
- ✿ Renovated WTP at Gyalpoizhing
- ✿ Constructed distribution network at upper Taba
- ✿ Constructed transmission and distribution network at Semtokha below Wangduephodrang-Thimphu highway
- ✿ Constructed 1.20 cum reservoir and transmission mains of 1.50 kilometres under LAP-IV
- ✿ Completed 148 rural water supply schemes and 15 irrigation schemes benefitting 740 rural households across the country
- ✿ Completed assessment and management of watershed including the interventions to ensure integrated water resource management in Samdrup Jongkhar thromde.
- ✿ Prepared water roadmap

## De-suung partnership projects

A total of 39 drinking and irrigation water projects have been executed through the government-De-suung partnership till date. Of this, 31 projects have been completed benefitting 3,931 households with the engagement of 2,387 De-suups.

### Gelephu landmark project

In collaboration with Gelephu thromde, a landmark water supply project was initiated in April through the government-De-suung partnership.

The Nu. 477 million project will construct an intake structure at Bhalukhola source, carry out 21 kilometres of pipeline works, construct a 12 MLD water treatment plant, and conduct associated ancillary structures for a design population of 83,542 residing in Gelephu Thromde and portions of Samtenling and Gelephu gewogs. The project is expected to be completed in 18 months.

As of September, 26 percent of the physical work had been completed engaging 80 De-suups and a water supply construction training manual was developed.

## Third international Internet gateway

To harness the full power of ICT, it is critical to address the redundancy, reliability, security, and cost of the

Internet in the country. Currently, Bhutan has three nationwide Internet service providers (ISPs) with international Internet gateways – Bhutan Telecom Ltd., Tashi Infocomm Ltd., and NANO. The combined total international bandwidth is 61 Gbps and enters Bhutan through three fibre-optic cable connections.

In March 2021, Bangladesh offered a friendship rate of USD 3 per Mbps monthly 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 circuit from India.

The rates are defined bearing in mind the international link competitive and prevailing high costs of Internet connection in Bhutan. The government is in the final phase of rate discussion with the Gol. Once finalised, the third international Internet gateway will be set up in Gelephu.

## Space and satellite projects

### Launch of Bhutan-India Joint Satellite

Since 2020, with the signing of the MoU on cooperation in the peaceful use of outer space, India and Bhutan have been collaborating on a joint development of a satellite for Bhutan to harness space technology and its applications for the benefit of the



country and people.

On 26 November, Bhutan and India witnessed the historic launch of a nano satellite into outer space. This is the first joint satellite developed with the GoI.

After undergoing final testing at the Indian Space Research Organisation's facilities in Bangalore, the nation witnessed the launch of the satellite from India on 26 November, which was broadcast LIVE on BBS2.

The nano satellite has the primary capability of acquiring optical images that can be used for forest canopy mapping, human settlement growth mapping, landslide studies and rooftop solar power potential studies. Additionally, it will be able to broadcast text messages from the orbit for amateur radio users using its digipeater payload.

Through the satellite development process, Bhutanese engineers were involved in the development of the secondary payload, assembly, integration and testing of the satellite and remote sensing image processing training.

It has always been His Majesty The King's vision to utilise space as an inspirational factor for youth to motivate them towards science and technology careers.

The launch of the nano satellite marked yet another milestone for the country in the frontier of space and enhanced people's confidence in the technological abilities of the country. It was also a testament to the India-

Bhutan friendship and consolidation of the technical and non-technical experiences achieved through the joint collaboration.

To facilitate communication with the satellite, construction of a ground station is currently underway at the Ministry of Information and Communications' premises while activities are under progress to set up additional ground station infrastructure.

To this effort, amateur radio stations have been established in five colleges under the Royal University of Bhutan (College of Science and Technology, Jigme Namgyel Engineering College, Gyelposhing College of Information Technology, Sherubtse College, and Royal Thimphu College).

These stations will enable students to get hands-on experience in satellite tracking and communications and foster student interest in STEM education.

## Transformation initiatives

As a part of the transformation initiatives, activities will be initiated on:

- ✿ Broadband connectivity to 90 percent of households in dzongkhags and thromdes
- ✿ Establishing a single source of truth (SST) for public data and developing data privacy policy and regulations. A data

privacy policy will be developed to meet the current realities and protect personal data. Through establishment of SST, consumer can use the same unified source for availing data without compromising the data quality.

- ✿ Development of a 100-acre site to create a science, technology, and innovation park for frontier technologies and creative industries to accommodate

The park will be planned, designed, and built incorporating sustainable, green, energy-efficient, and smart city design principles to promote a high-quality living environment for the residents.

A creative village incubation centre, content creation lab, and a museum for digital art would be developed as part of the initiative.

- ✿ Deployment of online payment platforms for domestic and international payments for all public agencies, businesses, and citizens to provide affordable and reliable online payment capabilities within and outside Bhutan.
- ✿ Establishing a national cyber agency under GovTech to protect critical information infrastructure and prevent cybersecurity threats and attacks that can lead to data breaches, unavailability of

services, blocking access to systems, and theft of private data.

- ✿ Development of a centralised backend system for public services such as utility services, revenue management, and complaint handling in thromdes. The system will be piloted for Thimphu and Paro thromdes and dzongkhag municipalities in the current fiscal year.

- ✿ Creating a skilled tech talent pool through:

- ✿ Offering technical certification program that are globally recognised to IT professionals

- ✿ Conducting hands-on focused training on machine learning and operations

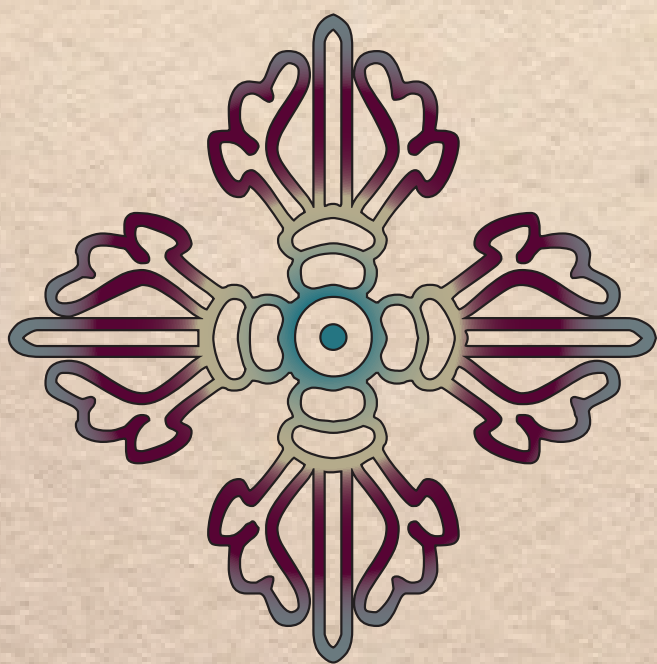
- ✿ Enhancing technical skills through online learning platforms

- ✿ A digital literacy program in gewogs to train 20 citizens from each gewog through community centres.

- ✿ The Royal government, in principle, has approved the renewal of licences for two telecom operators and is currently working on enhancement of terms and conditions to prioritise quality of services provided by these operators.







# THE FUTURE



# Way forward

**N**ext week, Bhutan will celebrate the 115<sup>th</sup> National day. We are already feeling the pulse and excitement. It conjures up an overwhelming sense of gratitude to our Monarchs for the decades of stability and progress.

Every leader and every generation of Bhutan rose to the occasion and overcame the challenges of the time. Now we realise that it was not by sheer chance we came this far. It was through foresight, sacrifices, and hard work that we saw stability and progress. This time, it is on us to understand the visions and aspirations of His Majesty and play our part in fulfilling them.

For us to progress as a nation, we must be honest about our present and have a plan for our future. Having presented some reflections and key initiatives in the earlier two sections, we now glance at the way ahead. Having said that, we have already started marching towards the answers we need.

No matter what we do hereon, we will ride the ongoing national transformation wave, upholding the Royal vision every step of the way.

Until now, we were complacently carrying the load that was within our bounds and capabilities. But this will not work anymore. We must now enhance our strength and push our limits to match the loads we are required to carry. This is the essence of the transformation we seek.

The burden of the COVID-19 pandemic weighed heavy on our economy. But now, we have no time to dwell in the past. As His Majesty reminds us, we have to spare no effort to become a high income nation in the shortest possible time.

Just circulating our own local currency will not take us forward. We might be able to sustain the family or meet the day to day needs but these conventional means are no more relevant. Our focus is on short, medium and long terms investments and goals.

For immediate earnings, the already revenue generating sectors must receive renewed focus. Hydropower has always been the primary source and we need to strengthen that. This is already happening through the medium sized hydropower projects being designed, implemented, and constructed by experts within the country.

Tourism, with renewed focus, is picking pace. We have come to terms, especially after the pandemic, that viewing it entirely as an economic sector is not correct. The noble vision of High Value Low Volume must be understood as cherishing our natural heritage and values for generations, while also offering best of our stories and experiences to the world.

Which is why we are all out to make ourselves heard the world over, until it reaches the ears of those who would like to be a part of our journey.

Meanwhile, the already functioning private ventures and industries must be supported. We have introduced various Fiscal Incentives and interventions to encourage them to earn more.

As opposed to the earlier formats, the fiscal incentives this time comes with the vision to generate interest in and promote local industry, alongside rationalising import and increase export, to curtail the current crises.

The transformation spirit is to overhaul the ease of doing business. It is to build trust and efficiency in the system. These words have been uttered many times, but we have embarked on the path to make it happen this time.

For the medium term, of the many initiatives that we are looking at, skilling, reskilling and upskilling youth of today is paramount. His Majesty, through the Desuung Skilling Project, has showed us the way and we will adhere to the needs and standards as we move on.

In the long term the future of our country, our children, need to be prepared for the world and its ever-evolving challenges.



This can only happen if the education system is transformed. While all areas of studies are important, we know that science and technology determine the advancement in this century. As captured in the report, some of the STEM programs have been rolled out, and our plan is to amplify the efforts.

The health of individuals and of the country will always remain our priority. It is the spine that will hold the country, today and in future. Health reforms and the National Health Policy are critical tools to redefine the governance and services for the nation.

One of the main vehicles that takes us forward, in keeping with the intent and the spirit of the national transformation efforts, is the 13<sup>th</sup> Plan. The notable feature here is that it does not limit the Plan to a five year cycle but spans over a decade.

While that will help any government to implement what is required during the tenure, it will also anchor the country with the long-term goals.

A series of consultations have kickstarted and it will cover all agencies, sectors, and even political parties in the coming months.

Meanwhile, the government, in the remaining period, will ensure that the reforms take root and are completed within deadlines. It is our concern that during the election period, when the interim government takes charge, the economy could slow down until the next government settles in.

To prevent this, a few major capital works spanning over that period will be identified and rolled out so that the month-on budget expenditure remains the same. While sparing any elaboration on the activities in the report for now, we will carefully study the situation and accordingly propose in the upcoming budget year.

In stating the way forward, it is imperative that as much as we talk about what more we should do, the global context forces us to think about what we should not do. The global growth forecast for 2023 is grim, about 2.7 percent according to IMF.



If we resort to the conventional style of investing more, or offering more incentives this time around, implications on inflation and foreign reserve reek crises.

Even if we don't improve, people should know that our monetary and fiscal policies should be sensitive enough to help us stay the course until we tide over the next one or two years. This does not mean we will not do more. We will do all that is required.

And for this, like all the days and years we saw together, I entreat each and every one of you to continue working in the spirit of accountability and solidarity. Let us not rest until we secure a more developed and prosperous nation. Let us make the future generations look back and say we did not let them down.

*Thank You and Tashi Delek*



Prime Minister's Office  
Gyalyong Tshogkhang