



# STATE OF THE NATION

Fourth Session  
The Third Parliament of Bhutan  
December 12, 2020

**DR LOTAY TSHERING**

Prime Minister  
Royal Government of Bhutan





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*It is important, however, to not lose sight of our national objectives, and aim to bring normalcy as soon as possible so that when this pandemic is behind us, we can continue to work on making our future better and stronger. In the meantime, we will continue to work ceaselessly through this challenging situation.”*

*His Majesty The King  
Address to the Nation  
March 20, 2020*





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# Introduction

As I present this State of the Nation Report to the Parliament and to the people of Bhutan today, we are in the middle of a pandemic. This harsh reality was barely on our minds when I delivered the first report in June last year.

The government was slightly over seven months-old then. Having discerned the ways of governance, we had initiated many plans and programs in alignment with His Majesty's aspirations and our political commitment to "narrow the gap" while bringing about change.

When elaborating on the activities underway at the time, I shared with you all that despite the metaphors we chimed, the state of our nation was far from perfect. It is true that we as a country had come a long way. But much was left to be desired in terms of systemic reforms and in ensuring a stronger nation for our children.

Accordingly, we pledged to work towards realising the aspirations of His Majesty The King through clear articulation of plans and strategies. And we started working towards that in earnest.

However, not everything works out as planned. With engines pumped, we were on a roll to build on the foundations laid in the first year. From employment to economy, to the social sectors of health and education, we were exploring ways to move forward with critical reforms.

That came to an abrupt halt when we crossed paths with COVID-19 which was rapidly taking over the world. It was

a pandemic, unprecedented in modern history. It was about saving lives first, and then livelihood.

But adversity is a true test of character and can often bring out the best in us.

Which is why this report that I humbly present encapsulates the best of a nation that has withstood the test of time. It talks about people uniting in solidarity, for the clear purpose of emerging stronger from the pandemic. And this is all owing to the brightest beacon we have among us, His Majesty The King.

As the pandemic pushed us to the limits, we witnessed the full unveiling of a compassionate King who cloaked his nation in safety and comfort, taking all concerns and sacrifices upon himself.

It is this leadership that persuaded us to act on the strengths and qualities that define us as Bhutanese.

It instilled new meaning and energy into improving our approach to our various responsibilities—from the way our trade and economic activities are carried out, to addressing the poor sectoral coordination and inefficiencies that had become synonymous with public service delivery. The potential and capabilities of our people have now become more visible than ever.

If the pandemic was a threat, it was also an opportunity. Here was our time to define a "new normal" by setting new standards for ourselves.

In putting together this report, I realised that the pandemic has been a

reminder for us to reflect and to come to truly appreciate our deeply spiritual nation, where Gross National Happiness (GNH) is a way of life.

With profound wisdom and guidance from His Majesty on one hand, and the love and encouragement of the people on the other, we have received the confidence to confront this unprecedented challenge.

We are only midway to overcoming the threats posed by the pandemic. Much more needs to be done to secure the safety and livelihood of our people, and we will continue to work towards this with utmost dedication.

As in the previous year, this State of the Nation Report is presented in three sections covering the past, present and the future.

The past delves into the journey so far, taking it from the path we charted in my previous report. It also touches upon our experiences as we turned two years in office.

The present showcases the status and milestones of the major sectors, and highlights some of the challenges.

Based on this, we venture into the future where we seek to make the best of the opportunities offered by the pandemic. It is, in essence, about resetting ourselves.

Finally, as we all agree, it is always a matter of pride and gratification for every Bhutanese to be able to serve our King and country, at any time, and at all levels.

Personally, as a passionate physician and more so as a humble citizen, it is a calling and an utmost blessing for me to be serving my King and country during these exceptional times.

For this government, just as when we started out with the blessings of His Majesty on the day of *dakyen*, we will continue to do our best for the remaining years of our term and beyond.

*If the pandemic was a threat, it was also an opportunity. Here was our time to define a "new normal" by setting new standards for ourselves.*



**IN GRATITUDE**



# Like a Fairy Tale

Having returned from a recent trip to southern districts, His Majesty The King was in quarantine in accordance with the COVID-19 protocol, at the time of this article. We have lost count of the number of trips made by His Majesty to these places this year, all because we stay warm and comfortable at home with our families and loved ones.

A rarity for any country, more so in modern times, our King is at the frontlines, tirelessly leading Bhutan's battle with COVID-19.

Raising the bar for leadership and breathing new life into it, His Majesty is at the core of the nation's fight against the virus. Sacrificing the comforts of the palace, His Majesty is constantly on the move, ensuring safeguards and strengthening vigilance across the unfriendly nooks and corners of the country.

The King regularly meets his people from different rungs of society, with those affected by the virus receiving personal attention. His thoughts, translated into acts of kindness

for his loyal subjects across the nation, are most compassionate.

This empowering benevolence and incomparable altruism has inspired the whole nation to come together for a common purpose. Deeply touched by the King's selflessness and sharing his concerns, Bhutanese from all walks of life are playing a part in their own ways.

Spurred by love for our magnanimous monarch and a sense of duty towards our country and fellow citizens, manifestations of volunteerism have sprouted. An unprecedented number of people signed up for the *Desuup* Program and have become part of the orange fraternity.

Frontline workers are perspiring against all odds, without any hesitations. Bhutanese have begun to take up jobs, which until recently were considered menial. Groups and individuals continue to contribute in a variety of forms. Love and contentment cannot help but spread in this nation of happiness.

The pandemic also saw His Majesty strengthen

the sacred sovereign–subject bond, embodied in the country’s unique *kidu* system—a Royal prerogative, which literally means wellbeing, a quintessence of the sacred responsibilities and moral authority the Kings have towards the people.

Reinforcing this special bond, the Druk Gyalpo’s Relief *Kidu* was launched to assist those affected by the pandemic. Thousands of people, especially those rendered jobless, continue to benefit from this package.

At huge financial cost to the state, loan interests were waived off and principal payments amounting to millions of ngultrums deferred.

Similarly, a herculean task of resettling thousands of Bhutanese, who were residing in the border town of the nation’s commercial hub—Phuentsholing—was undertaken. And Bhutan is perhaps the only country in the world, where its citizens are put up in state-funded quarantine facilities for 21 days.

Such acts of empathy and compassion have touched all sections of Bhutanese society, and this amazing and beautiful narrative continues to grow because of His Majesty’s ability to address the most minute yet significant of details.

While there is the story of Bhutan’s first coronavirus patient Bret Hewitt—a 76-year-old American who was provided for during his treatment at the hospital by His Majesty—there are other similar awe-inspiring anecdotes.

It was His Majesty’s command that non-Bhutanese in quarantine facilities be provided with meals suiting their dietary needs. When the country was under lockdown, essential commodities were delivered at the doorsteps.

Thimphu’s homeless were provided food, shelter and clothing within the premises of a school. Similarly, essentials and medicines were provided to all destitutes across the country.

A toll-free number for anyone going hungry, or requiring assistance, was opened. To entertain the people and to provide some respite from the lockdown, Bhutanese movies, funded by His

Majesty’s secretariat, were broadcast on national television. Provisions were also made to feed hungry canines on the streets.

Meanwhile, frontline workers received wholesome snacks and refreshments from Her Majesty the Gyaltsuen—made by the beloved Queen herself. Accompanied with love and greetings, mothers who delivered during lockdown in hospitals across the country received baby diapers and other infant care items.

Upon Royal Command, senior citizens in the country were provided medical supplements, to help boost their immune systems, more so during pandemic.

Stranded Bhutanese from about 50 countries across the globe were repatriated home. The services provided came at huge costs, weighing heavy for a small nation striving to graduate from the least developed country tag. However, the course we are on conveys a message that is simple yet strong: we may be a financially poor and physically tiny nation, but we are also a nation with an immensely big heart held together by a rich social fabric.

Steeped in love, compassion and humility, the Royal gestures are not just reflections of an exceptional magnanimity—whose distinguished leadership during such challenging times ensured the country did not lose a single life to the pandemic—but have also strengthened the sense of belongingness and hope among the people.

In various seams of history, the spirit of Bhutan has been tested. But on all occasions, the wisdom and vision of her monarchs have prevailed. If Bhutan sparkles amidst the heaven of nations, it is because of this enlightened leadership of the country’s destined leaders.

At this critical time, when love and happiness have become rare in many places around the world, Bhutan has not been abandoned.

Spearheaded by His Majesty The King, the country continues to weave stories of love and hope. It is indeed mystical, almost like a fairy tale, and yet it is a true story which is singular to this Himalayan country.



## Our King, Our Eternal Guide

The tale of our small nation, where contentment of its people has always been a priority, is no less an illustration of a utopian world. Our people live sheltered from all tribulations and that is because of the affection we receive from His Majesty The King.

Two years ago, when we received the sacred *Dakyen*, we pledged our service to the *Tsa-Wa-Sum* but our attempt to work would not have seen fruition if not for the insights we received from His Majesty.

His Majesty has been our guiding light and constant source of inspiration. Last year during the 112<sup>th</sup> national day celebrations, one of the key messages was to chart out a clear economic roadmap relevant to the 21<sup>st</sup> Century—one that would create economic opportunities and be relevant for the next generation.

The other was about the introduction of the *Gyalsung* Program by 2022. We remain indebted for such foresights that will take our country forward.

For the all-knowing attributes that His Majesty possesses, we remain motivated and are always prompted to be aware of all global developments. Even before the first case of COVID-19 in the country, we were reminded that we needed to safeguard our people from the disease and that no lives should be lost.

I clearly remember the night of March 5, when we had the first positive COVID-19 case in the country. His Majesty spent the whole night at the health ministry ensuring that contingency plans were implemented and the country secured. This set the tone and non-compromising standards that we adhere to today in fighting the pandemic.

We had His Majesty travelling the extremes of the country despite the risks, to make sure our borders were secured. The Druk Gyalpo Relief *Kidu* was launched for all who were impacted by the pandemic and still continues to grant monthly *kidu*.

Beyond this, those impacted and with children were paid Nu 800 more per child. All senior citizens were supplied with essential vitamins.

Bhutanese abroad who were impacted by the pandemic were listed under the relief *kidu* and sent money. Special relief flights were arranged for those desiring to return home. Extra attention and care was provided to everyone in quarantine and isolation.

When the nation faced its first lockdown, His Majesty commanded delivery of all essentials to the doorsteps. Those receiving relief *kidu*, but requiring essentials were given the *kidu* in kind.

Those in retreat were sent essentials and medicines. The profound gesture and vastness of compassion cannot be comprehended when a King commands feeding stray dogs during lockdown. It is a wonder.

From safeguarding the whole nation to ensuring essentials at household levels, His Majesty was omnipresent for all Bhutanese home and abroad. Such moments and the three national addresses by His Majesty brought the nation closer, illustrating how we are ‘one nation, one people’ under our King.

I am reminded of the coronation address where to being a father, a brother and a son was what His Majesty committed and the revelation of which we see every day.

Even as I deliver this State of the Nation Report, just a week ago, His Majesty completed the mandatory seven-day facility-quarantine for having travelled to high risk areas. Where else do we find such an exemplary leader?

For all that you have been and for all that you will continue to be, on behalf of the people of Bhutan, I thank you Your Majesty.

## Our Queen

Her Majesty The Gyaltsuen has been an unwavering source of strength for His Majesty The King and the people of Bhutan. When His Majesty announced the Royal Wedding in 2011, he shared, "But for the Queen, what is most important is that, at all times, as an individual she must be a good human being; and as Queen, she must be unwavering in her commitment to serve the people and country".

It is as if, His Majesty foresaw the benevolence and love Her Majesty would grant the people of Bhutan. Her Majesty travelled every corner of the country alongside His Majesty and embraced the people of Bhutan as her new family. We have since seen and felt Her Majesty's warmth.

With the COVID-19 pandemic, Bhutanese home and abroad saw the vigor provided by our Gyaltsuen to His Majesty as he toured the country to safeguard our people.

On the one hand, we had His Majesty safeguarding the lives of all Bhutanese, and on the other, we had Her Majesty personally serving all the front-liners.

While His Majesty's visits across the country rejuvenated the spirits of all Bhutanese, Her Majesty stood as the silent source of love and strength, for which we remain indebted.

An embodiment of elegance and warmth, we offer our gratitude to Her Majesty for nurturing the nation's sons, His Royal Highness (HRH) Gyalsey Jigme Namgyel Wangchuck and HRH Gyalsey Ugyen Wangchuck.

And as if the role of bringing up the nation's future was not colossal, Her Majesty assumes several social welfare projects as the President of the Bhutan Red Cross Society, the United Nation's Ozone Ambassador, and as Royal Patron for the Environment, Ability Bhutan Society and Bhutan Kidney Foundation.

Augmenting such humanitarian efforts, Her Majesty launched *Selwa*, an organisation that will complement efforts toward people with disabilities.

Further, the Queen's Project 'One *Gewog*, One Product' has created a niche market which enables our farmers to exhibit their produce.

As caring a mother, Her Majesty mentioned that pregnant women should have access to fetal monitoring equipment like CTG, which was used during the birth of the second Royal child. We have since pledged to make CTG available to all our mothers and acquired 55 so far to be distributed across the country. For the personal care to all mother and children that streams from Her Majesty's heart, we remain indebted.

We pledge to pursue Her Majesty's commitments to ensuring health care for all mothers and children, conserving our environment and other humanitarian efforts.

For all your love, support and care, we thank you Your Majesty.



## Our spirituality

In all pursuits, we seek refuge in the Triple Gem and our religious bodies. In such turbulent times, as much as we rely on scientific discoveries, this nation always found answers in our spirituality.

This time too, as we grappled with the pandemic, we had His Holiness the Je Khenpo Trulku Jigme Choeda and the monk body performing *kurims* and rituals across the country for the lives of all sentient beings fighting this battle, and for those who had perished.

The teachings His Holiness gave us as we remained shaken by the pandemic was a source of spiritual comfort and guidance to comprehend the situation with mindfulness.

We thank all our *Lams*, *Trulkus* and *Rinpoches* for their invocations to our guardian deities that have kept Bhutan and Bhutanese safe.

We are grateful to His Holiness for founding the Institute for Advanced Vajrayana Studies at Tango *Gonpa*, Thimphu. This institute will provide a platform for Buddhists all around the world to pursue studies of compassion and exploration.

But the year also witnessed the passing away of a great master among us, the late 68<sup>th</sup> Je Khenpo, Jetsun Tenzin Dhoendup. The nation grieved as the state funeral was held at Punakha just last month.

## Our bureaucracy

In all democracies, the government is empowered to decide on policies and plans, and their implementation. However, without a dedicated set of public servants, achieving any progress is implausible.

When we formed the government, we had aspirations and dreams for our country. Today we see that we can turn them into reality and this confidence comes from the support of our civil servants.

We remain thankful for the commitment and professionalism of our civil servants who assisted us to a seamless transition into the realms of governance.

With the COVID-19 pandemic, we had to reprioritise our plans and programs, we had to realign our economic trajectory and ensure that our people were safe. In all these, our civil servants remain committed and worked beyond their mandate.

An immense task for efficient service delivery during the COVID-19 pandemic was ensuring coordination among multiple sectors and agencies. Added to this was the 'work from home' initiative which was a very new concept in the civil service.

But the way our civil service accommodated to such changes and delivered uninterrupted services to our people, had us reassured.

We saw that our civil servants have the expertise in all spheres. Be it in ICT, managing logistics or finding solutions to problems, we will continue to see civil servants as the tower of strength.

## Our security

We have often heard stories about how our armed forces leave behind their families to protect ours. This year, we saw these stories unfold, right in front of our eyes. All across the country, our armed forces safeguarded the nation, dissuaded by neither heat nor cold, nor by rain and sun.

When fighting this pandemic, the first effort was to secure our borders. Our first line of defense became our security forces who still continue to scout over 699 kms of our dense perilous boundaries.

Often, we fail to appreciate the toil and blood our three armed-forces—the Royal Body Guard, Royal Bhutan Army, and Royal Bhutan Police—assent to without any grievances. Our retired armed force personnel from across the country chose to return to serve the nation in times of trouble.

Such sense of patriotism and dedication to the nation will continue to inspire us.

### Our De-Suups

This year, we saw the highest number of *De-Suung* (Guardians of Peace) undergoing training to join the orange force fighting the pandemic. We saw our promising youth volunteering, for the sake of our nation.

Some were joining the border security team, some were patrolling all core areas, some delivering essentials during the nation's first lockdown, and some with the health and rescue efforts.

Everywhere we looked, we saw the colour orange enhancing efforts to maintain peace and complementing our armed forces.

Marking a new milestone, *De-Suups* embarked on new journey of our nation-building efforts, particularly in improving and expanding water supply. We thank our volunteers, who, despite their age showed maturity in service to the nation.

## Our partnerships

In strengthening the reins of governance, we are thankful to all the agencies who agreed to come together as one and fight the pandemic as one sector. The system, for the first time perhaps, saw multi-sectoral networking and working approaches that have been a success. Our confidence remains boosted by this cooperation and support among all our agencies.

Our local government remains active in keeping our rural people informed and updated with all critical information. We are grateful to them for keeping our rural people safe and their lives vibrant even in such times.

We are also overwhelmed by the morale exhibited by the National Assembly, the National Council, and our Opposition. We have witnessed debates and decisions, with the best of standards and cooperation from all.

The judiciary is a critical estate in upholding the rule of law. For ensuring that all our people have the right to justice and ensuring justice is delivered, we remain grateful.

We thank the constitutional bodies and autonomous agencies. We look forward to working closely in improving our system.

I would like to also offer our appreciation to corporations, civil societies, non-government organisations, private sector, and all the individuals who have regarded nation-building as a priority and continue to work towards it.

I also remain thankful to our development partners. They have invested their time, trust and worked for the welfare of our people, like their own.

We were overwhelmed with so much support and unconditional efforts.

Unity in diversity is what we saw this year which has assured us that together, we can drive our country into a greater era.



## Our front-liners

**W**e offer our gratitude to all health workers across the country, our forefront troops fighting the pandemic. From being the first point of contacts to collecting and testing samples of patients, health workers were a critical in ensuring the virus was kept at bay, or quelled from spreading.

Notwithstanding the apparent risks, health workers across the country volunteered to even be posted to high risk areas along the southern borders of the country, just so their colleagues attending to fellow citizens testing positive, could be lent some respite from their unrelenting duty.

Such levels of commitment and selflessness motivated us across to work harder in our national endeavour to protect the people and the country from the cold grips of the pandemic.

Having to close all our schools in response to the pandemic was one of the most difficult decisions we had to make. But lives of our children, our future, could not be risked at any cost. Our teachers, understanding how critical it was to keep our children engaged, devised ways for virtual education and came up with methods that ensured learning continued.

Just so people had adequate and sustained supply of food and other essentials, customs, trade and other officials at the mini-dry port continued working despite the risk of high exposure. The first positive case outside the quarantine facility in Phuentsholing was from a worker at the mini-dry port. Despite that, our officials continued to ensure continued access to essentials in the country.

Similarly, teams from agriculture ministry, Bhutan Livestock Development Corporation and Bhutan Agriculture and Food Regulatory

Authority ensured that vegetables and dairy products were sourced and made available to Bhutanese across the country.

Public servants from various agencies worked under the Druk Gyalpo Relief *Kidu* to ensure those affected by the pandemic were tended to. The group undertook one of the most critical works of providing relief to those bereft of livelihoods because of the pandemic. From accessing right information to background checks and field verifications, the team ensured there was no room for complaints. That was apart from the regular jobs they had to continue doing at their respective offices.

National Land Commission officials and our foresters donned additional responsibilities of manning our borders along with our security personnel. Our taxi drivers, who were also red cross volunteers receiving adequate training to deal with COVID-19 deaths, although there were none, volunteered their services to help bereaved families at the crematorium.

One of the major decisions we took was to bring home our fellow Bhutanese from abroad. Despite knowing the high-exposure risks in other countries, our airlines and crew members continued to fly and carried out repatriation flights for Bhutanese wishing to return home. They spent their time on duty, undertaking two flights and into 21-day quarantine facility thereafter.

The entire nation hold their head high in appreciation of our front-liners for their sacrifices and selflessness, for choosing to serve in times of the pandemic and protecting the country and its people from it. On behalf of all Bhutanese, who owe our lives and safety to you front liners, and for the success in our fight against this disease, I offer my sincere gratitude.

## The taskforces

Proper coordination across all sectors was critical in our fight against this pandemic. I had the honour of leading the National COVID-19 Taskforce under the guidance of His Majesty The King.

The team comprising the Chief Operations Officer of the Royal Bhutan Army, the Chief of Police, and the foreign and health ministers, have offered the wisest of counsel and the best of inputs towards reaching the sort of decisions that saved and served the nation in the best possible manner in such critical times.

Alongside the national taskforce, the Central, Southern and Eastern COVID-19 Regional taskforces ensured compliance to the decisions of the national taskforce and saw to their seamless ground implementation. The regional taskforces have been instrumental in providing real-time ground realities for practical decision-making.

We also had the Dzongkhag COVID-19 taskforces across the country's 20 districts that provided information and support to our people at the local government levels.

As we continue to fight the pandemic, I am assured that with the kind of coordination and harmony we showed, inspired by this sense of nationhood His Majesty The King roused, we will come out unyielding to this pandemic.

We wish to commend and express our deepest respects to all taskforces for their efforts in securing the country in these difficult circumstances.

## Our people

For any nation, the crust of its foundation are the citizens. For Bhutan, I do not have enough words to thank our people who have displayed innate qualities of exemplary citizens.

When the COVID-19 pandemic hit Bhutan, our source of confidence to battle this disease came from the commitment and support of our people.

When we thank our taskforces, I must express that all Bhutanese are, in a big way, members of our taskforces.

I can still recount how our citizens came forward, with cash and in kind, and with prayers that we see through this pandemic as one. As we speak, the village surveillance teams in communities are closely working with the security personnel.

Bhutanese here and abroad, continue to be our source of conviction to work harder and leave a stronger nation for our next generation.

We remain grateful for this opportunity bestowed by our people to be a part of governance, and for the support our people continue to offer us.



# THE PAST



# Into the Past

With every occasion to present the State of the Nation Report comes the opportunity to reflect on our journey as a nation. We have completed one Buddhist cycle of democracy. This milestone encourages us to delve deeper into our understanding of the process that will usher us beyond.

In doing so, our hearts fill with gratitude and prayers for a nation that is secure and prosperous, one that has emerged stronger from the scrutiny of time.

On the bedrock of the principles of Gross National Happiness, we are a Democratic Constitutional Monarchy. We have a sage in a King who is as modern and as learned. It is a rare blessing that we are born in this country.

And yet, without asking ourselves pertinent questions of the time, without meditating on the past, we would be distanced from the reality to move forward as a nation. And this becomes even more critical in times like these where we are sailing through the storm of a pandemic.

In the last report, I asked whether we as a nation were on track as we claimed to be. Were we living up to the intent and spirit of democracy our golden throne had envisaged? Where did we go wrong and where did we thrive?

This time, in reflection, the pandemic projected one of our most important qualities—the unity and solidarity displayed under the leadership of His Majesty The King.

It would be a rare case in the world where a government receives so much wisdom and guidance from the King, and as much love and support from the people.

And when the world was engulfed with the health emergency, even the opposition party was on board to support the government in its endeavours to fight COVID-19.

But we always believed it has to be about governance, not politics. So, when we were passed the baton from the first two democratically elected governments, who played their part in shaping the system and advancing the process, we were clear about building on their initiatives in parallel to bringing about the change we pledged.

We indulged in healing the scars our communities were left with from the political divide experienced during the first two elections. Urging everyone to step outside their political preferences, we mindfully ensured putting country before the party in all our dealings.

As for governance, by the time we completed our first year, we had conducted more than 40 Lhengye Zhungtshog sessions, and another 30 Densa meetings. This does not include the over 1,500 meetings in my office and the 40 National Taskforce meetings we undertook during the pandemic. We worked closely with the public servants, private experts and local representatives as we sought to consult, resolve and initiate reforms.

From day one, our focus has been around health and education. So much has been achieved under our visionary monarchs and elected governments. We have free healthcare and education. But we also have a long way to go in terms of improving quality, relevance and access.

Upgrading facilities at BHUs, addressing doctor shortage, accelerating mother and child health, cascading cancer screening down to communities, and ground works to build a Multi-Disciplinary Super Specialty Hospital are a few to mention in health.

Despite the onset of the pandemic, innovative ways were adopted to ensure that routine services were sustained.

In education, teachers became the highest paid civil servants in the last salary revision, with health workers treading close. Removal of cut-off points

for Class X students offered opportunities for many of our youth to continue education.

Digitalising classrooms, shifting to formative learning and assessment, and transformation of TVET were all part of our initiatives to redefine education.

The decision to make the teaching profession the highest paid also received huge applause at the 74<sup>th</sup> Session of the United Nations General Assembly. Similarly, the maiden trip to New York for the General Assembly in September 2019 was a humbling experience, as I represented my country, along with my colleagues.

It is always a matter of pride to be attired in the national dress, sharing the stories of Bhutan with the world.

In due credit to our visionary monarchs, we have stories like the Constitutional mandate of maintaining 60 percent forest cover for all times, or the Gross National Happiness developmental principles that resonate with the Sustainable Development Goals.

For a government, all we have to do is walk the way paved by our Kings.

Besides the overall plans and visions that I shared, I had also highlighted a few specific activities that would serve as litmus to the progress we sought to achieve until the submission of the next report, which is to this august gathering today.

It will only be appropriate that I offer some of the updates from the commitments made in the past section last year.

## Health

### We will introduce 1000 Golden Days Plus program

- ❖ Endorsed the 'Policy to Accelerate Mother and Child Health Outcome'.
- ❖ Identified the key target beneficiary population, worked on the disbursement modality and eligibility criteria.

### Taking Ultrasound and endoscopy services to our people

- ❖ For the first time in our history, 89.6 percent of our hospitals have been equipped with X-Ray and ultrasound machines.
- ❖ With support from our donor-partners, acquired 24 USG and 28 X-Ray machines, a mix of fixed and portable ones.
- ❖ They will be distributed to hospitals across the country.

### Ensure Pap smear as a part routine check-up for all women

- ❖ Conducted only in four dzongkhags [Paro, Bumthang, Mongar and Punakha]
- ❖ 10,921 women screened.

## Education

### Uplift standards of two teacher training colleges

- ❖ Received proposal from Royal University of Bhutan.

### Increase stipend for trainees of two teacher training colleges

- ❖ The trainees of the two colleges receive Nu 3,500 for borders and Nu 4,000 for day-scholars.
- ❖ The highest stipend amongst other RUB colleges.

## Foreign Policy

### Establish an Embassy/consulate

- ❖ Works underway to establish Embassy in Canberra, Australia.

### Explore establishing diplomatic relations

- ❖ Germany – Bilateral relations established on November 25, 2020.
- ❖ Israel – Formal signing will happen today.



## Tourism

### Pass and implement Tourism Policy

- ❖ Tourism policy approved by GNHC commission and Densa Meet.
- ❖ Awaiting formal Cabinet endorsement.

## CSI

### Establish autonomy for Start-Up center

- ❖ Cabinet has asked MoEA to review and report on the feasibility.

## Digital Drukylu

### Launch e-PIS (electronic Patient Information System)

- ❖ Detailed technical assessment for the ePIS system under progress.

## Waste management

### Distribute three-coloured bins to every household and institutions

- ❖ Distribution not carried out.
- ❖ Seven proposals received for the supply and manufacture of bins.
- ❖ Drop-off centers being constructed with colour-codes.

## Legislative Plans

### Initiate NCWC bill

- ❖ A bill has been drafted by NCWC.
- ❖ However, with existing legislations such as Child Care and Protection Act 2011, Domestic Violence Act and Child Adoption Act, there is no urgency for now.

### Enactment of Limitation Bill, Amend narcotic, drugs and psychotropic substance and substance abuse act, and Draft Administrative tribunal bill

- ❖ Not pursued.

### Amend RIA rules and regulations

- ❖ Amended during 43<sup>rd</sup> session of Lhengye Zhungtshog.

- ❖ Revised as Legislative Impact Assessment 2019.

## Organic farming

### Supply locally grown vegetables in school

- ❖ The stipend for all students in schools was increased and the increased amount was given to MoAF for the supply of vegetables.
- ❖ The process has been initiated but school closures impeded the progress.

### Implementation of decentralization policy

- ❖ The policy will be discussed in the next GNH commission.

### Construct gender-friendly toilets across all dzongkhags

- ❖ This could not be pursued. However, having realised that only 103 of the 205 gewogs have access to pour flush toilets, during the World Toilet Day, we committed to ensure 100 percent toilet coverage in all 205 gewogs by the end of 2021.

### Revise FDI policy and CSI policy

- ❖ The policies have been revised and endorsed by the Cabinet.

### Streamline present taxation system

- ❖ Works are underway to develop Bhutan Integrated Taxation system [BITS].
- ❖ BITS will streamline existing tax leaks and enhance the system.
- ❖ Systems of ePEMs and GST will also ensure streamlining the taxation system.

### GNHC to formulate long-term strategy roadmap

- ❖ The 21<sup>st</sup> century economic roadmap will be completed by the end of the month.

### Strengthen public service delivery

- ❖ Improved business licensing system.
- ❖ Integrated public service delivery works underway.
- ❖ Public Service Call center established and is being upgraded.

### Look into poor quality in public construction and procurement

- ❖ Revised government procurement rules.
- ❖ Engineers council formed for better quality assurance.
- ❖ BSR reforms initiated.

## The second year

Building on the foundation that was laid in the first year, and with renewed commitment for more action, we turned two years in office on November 7, 2020.

As a medical professional, I would always say that the system needs scanning to diagnose the disease and to start treatment. Now that we had figured out the problems, it was time to start treatment and for that, we had no time to waste.

Getting down to business, the first Cabinet meeting of the second year in office, held on November 12, saw the government approving the proposal to increase pay and allowances for the State-Owned Enterprises.

This was a follow up to the landmark pay revision of the civil servants that saw the teachers and health workers become the highest paid, for the first time in the country.

The session also saw significant discussions on the introduction of Goods and Services Tax, and the presentation of its Bill in the winter session of the Parliament.

While the past year has been overwhelmed by the pandemic and the need for measures to protect lives and livelihoods, several key initiatives and reforms have come through that will have a long-lasting positive impact, far beyond the pandemic, on the lives of the people and the domestic economy.

These include initiatives to reform and modernise the taxation system, get the country's first joint venture hydropower project moving, change the way State-Owned Enterprises function and provide strategic direction, finalise tourism policy, and pursue legislation to professionalise the mines and minerals sector, among others.

But when the nation brushed against the COVID-19 pandemic, priorities shifted to fight the disease and protect the people from a challenge that was unprecedented in modern history.

Upon comprehension of the situation, as much as it was a task for the government to manoeuvre all its activities around the limitations posed by the pandemic, it was an opportunity to embrace the new normal.



**THE PRESENT**



# A Nation in the times of COVID-19

While reports across the world continue to be rife with soaring cases, of people with COVID-19 and the loss of lives from it, we have managed to shield ourselves from the fatal blows of the disease.

In living up to His Majesty The King's command that no Bhutanese citizen should succumb to the virus, we made relentless preparations to ensure just that.

The first official acknowledgement of the disease was held through a press conference in January, just 12 days after the news surfaced from Wuhan, China. Alongside the cautionary notes to the public and available health facilities, surveillance mechanisms were installed at the Paro International Airport soon after.

First up was the rigorous public health preparedness. Among others, designated isolation wards were arranged in the national and regional hospitals premises to accommodate those testing positive. Flu clinics were established across the country to detect strains of the virus.

The first coordination meeting for the National Preparedness and Response Plan was held on January 21.

There we discussed fundamentals such as strengthening surveillance, introducing more preventive and containment mechanisms, mobilising funds, and ensuring supply of essentials.

The country reported its first case, a 76-year-old tourist, in the wee hours of March 5. Since then, our gear shifted to efficiently managing the imported cases.

Among others, a mandatory 21-day quarantine in state-funded facilities for Bhutanese entering the country was devised.

From grounding flights, which was done across the globe, to sealing borders in tune with efforts of the neighbouring countries, we took additional measures. Schools were closed, and arrangements were made to accommodate Bhutanese living across the border in the Indian town of Jaigaon.

## The lockdown

In the thick of it, a confirmed COVID-19 case in the southern border town of Gelephu tripped the switch, to shut down the country until it was contained. The lockdown, initiated on August 11, had all schools, institutions, offices and businesses closed for people to stay home.

Having barely dealt with the case, within a few days, another emerged from a mini-dry port in Phuentsholing, the country's first case of local transmission, which required contact-tracing more than 3,000 people in Phuentsholing and other neighbouring localities in Chhukha Dzongkhag, and in Paro and Thimphu.

In the course of the 21-day lockdown, amid commotion and major glitches, the government ensured people's medical and essential needs were provided for. Vegetables were supplied at the doorsteps. The abrupt halt rendered many travellers stranded across the country.

While volunteers, private individuals and public officials stepped in to ease the process and facilitate however possible, health officials worked round the clock to inquire into possible transmissions.

Upon His Majesty's command, a zoning system was introduced in *thromdes* and *dzongkhags* by the end of the second week of lockdown. The idea was for every zone to operate as a self-contained unit, which required essential services, grocery shops, vegetables, livestock products and pharmaceuticals.

Families were given a card with which one representative could step out during the specified time period. Several days before that, the government allowed movement of rural residents within their respective gewogs.

It is only through effective lockdowns and an easily available, reliable testing that we can fight this disease. And the first lockdown proved its worth. All contacts were traced, identified and tested, and those found positive were moved into isolation. It led to a successful containment of the pandemic, preventing it from spreading into communities.

## Lockdown lifts

The lockdown lift was spaced out in a manner that would discourage movement and crowding of people.

Even during the lockdown, relaxation means were introduced by initially allowing people in the villages to go about in their fields. Once identified into zones, residents in urban areas were allowed certain hours to shop for groceries and vegetables in identified stores within the vicinity.

By the end of the 21-day lockdown, for the first three days, vehicles were disallowed movement. People could, however, walk and cycle. By the end of the third day, public transport vehicles could carry passengers at only 50 percent capacity, within their own districts. Grocery and pharmaceutical shops opened, restaurants were allowed take-away services, and non-contact sports were allowed.

In the subsequent weeks of lifting the lockdown, more shops opened, offices resumed in full, and private vehicles were allowed movement within the district of their residence. For travel to other districts, people had to register their movement with the traffic police in advance.

The purpose of the lockdown was fulfilled, as people recognised the good intention of policy measures taken by the government, and extended their full cooperation.

## Opportunities in lessons

In the very challenges posed by the pandemic, were also visible opportunities for us. Beginning with health, it amplified our focus on the need to care for the vulnerable and the chronically ill. The need for change in lifestyle received stark focus.

It re-emphasised, what should, otherwise, be a matter of habit to maintain hygiene and cleanliness—the basic of which is washing hands. The need for boosting immunity called for change in dietary habits, which would also contribute to decline in lifestyle diseases.

Self-sufficiency, a long-aspired national goal that has remained elusive, couldn't get more real. With the closure of borders and grounding of flights dawned this reality.

It also illuminated the value of agriculture and its produce. The prospects of greater returns from the fields if taken on a commercial scale, was another realisation for us.

In construction, the departure of expatriate workers on which the country heavily depends, opened possibilities for Bhutanese to take up jobs in the sector. Lack of skills called for boosting curriculum and syllabus in the vocational institutes, and to absorb more.

Use of digital technologies and the need for overall digitalisation, not only in educational institutes but across the government functionaries, was another opportunity that received attention.

Provision of supplies during the lockdown awakened the public service machineries, to strategise and rearrange delivery of essentials for a smoother process—not just during the pandemic but as a way of life. Our trade practices had to be formalised, and supply chain ensured.

Decongesting the farmers market and opening additional avenues for farmers in various localities—starting with the city, to the *thromdes* and the dzongkhags, all the way to the gewogs—is an initiative being taken forward despite the many hurdles and criticisms.



All in all, a majority of the initiatives and many of what was implemented as a response in the wake of the pandemic, were commitments we made to the people during the election. The circumstance came as a boost, and the budget prioritisation will see to it that they are met.

Our measures to ease public strictures in response to the pandemic, in a staggered manner, have so far proven effective. That was how the country has always gone about on its journey

to modernisation. Tried and tested, it stands to benefit us all.

Even as developed nations produce and begin to use vaccines against the virus, we will continue to stick to the measures put in place, until such a time the world resumes a certain degree of normalcy.

Here too, we stand to gain from the lessons of countries within the region and beyond.

## Nation responds to pandemic

**O**n March 12, a week after the country's first COVID 19 case was confirmed, I issued an executive order to develop a national preparedness and response plan to deal with the uncertainties posed by the pandemic.

Prescribing to the principle of “hoping for the best and preparing for the worst” a whole of government approach was adopted to come up with specific strategies to protect the health and livelihoods of the Bhutanese people.

The Plan broadly looked at measures to address public health concerns, boost public confidence, foster economic security and communicate clearly to the public on the pandemic situation.

The Plan also defined lock downs and implementation protocols, developed standard operating procedures for worst-case scenarios, and provisioned to support the monastic community performing *kurims* for the wellbeing of the country and the people.

Maintaining an adequate stock of essential food and non-food items, ensuring uninterrupted delivery of all essential public services, including healthcare, cushioning impact on the economy and employment and mobilizing funds to finance the interventions were some of the strategies included in the Plan.

### National Resilience Fund to revitalise the economy

As per the Command of His Majesty The King, a National Resilience Fund (NRF) has been established since April 2020 with a fund size of Nu 30,000 million.

The NRF supports the Druk Gyalpo Relief *Kidu* (DGRK) for individuals directly affected by the pandemic, and full/partial interest waiver on loans contracted before April 10, 2020.

The relief *kidu* in the form of income support for affected individuals has been extended till March 2021, while full interest payment relief was granted till September 2020 and partial (50 percent) interest waiver will continue until March 2021.

About 139,096 account holders have benefitted under the interest payment relief. The interest waiver granted under the DGRK, amounting to Nu 5,622 million in the last six months through the NRF, has also provided cash flow to the financial institutions.

## Druk Gyalpo Relief Kidu

The Royal *Kidu*, a uniquely Bhutanese institution, provided immediate financial support to distressed individuals affected by the pandemic. Besides defraying cost of living expenses and sustaining demand for goods and services, the Royal *Kidu* has also boosted morale and provided assurance and hope in these difficult times.

For the government that could have been easily overwhelmed in attending to the thousands of distressed individuals the Druk Gyalpo Relief *Kidu* bought it valuable time to prepare and implement other response plans.

As of November, 2020, about 43,855 individuals applied for the Druk Gyalpo Relief *Kidu* out of which 34,384 individuals have at least received *kidu* once. 7,731 individuals have been receiving relief *kidu* for the last eight months.

In the first phase, 25,126 individuals received full and partial relief *kidu* of Nu 12,000 and Nu 8,000. Alongside, Nu 800 was paid to 13,314 children. Nu 679.6 million was disbursed in Phase one.

Following this, in the second phase the relief *kidu* amount was revised from Nu 12,000 and Nu 8000 to Nu 10,000 and Nu 7000. Nu 501.4 million was disbursed to 28,159 individuals and 6,297 children.

As of December 5, 2020, under phase three, 15,064 individuals and 5,566 children received the relief *kidu*. Nu 273.77 million was disbursed.

The Druk Gyalpo Relief *Kidu* has touched the lives of the most vulnerable sections of society.

In addition, businesses affected by COVID 19 containment measures also received *Kidu*. All returnees who went abroad, mostly to the middle east to work, also received the cash relief. Similarly, *kidu* was granted to De-Suups who volunteered their service.

In august around 4,000 *De-Suups* received the *kidu*. 2,975 and 2,593 *De-Suups* received *kidu* in the months of September and October respectively.

Other initiatives of the Relief *Kidu* includes ration supply and support during the lockdown.

## Relief Fund

As of November 2020,

**43,855** individuals applied  
for Druk Gyalpo Relief *Kidu*

### Phase I

**25,126** individuals  
**13,314** children

**Nu 679.6M** disbursed as *kidu*

### Phase II

**28,159** individuals  
**6,297** children

**Nu 501.4M** disbursed as *kidu*

### Phase III

**15,064** individuals  
**5,566** children

**Nu 273.77M** disbursed as *kidu*

### Kidu to De-Suups

August **4,000** September **2,975**  
October **2,593**



## Waiving off loan interest

On Royal command, interest on all types of loans was waived off from April to September and monthly repayment of the principal loan amount deferred, without penal interest, from a year from April 2020.

This has come as a huge relief for thousands of people who took loans to build hotels, homes and start businesses.

The waiver has directly benefited 145,460 individuals and businesses (account holders) and thousands of others have reaped indirect benefits; some hotels have been able to retain its employees and tenants have benefitted with houses owners passing on the waiver in reduced rents.

The total interest waiver until September amounts to Nu 4.38 billion. The waiver from April to June is borne equally by the government and the financial institutions.

The waiver between July and September is fully borne by the government. From October, the interest waiver is at 50 percent and will continue until March 2021.

The total expenditure from the Druk Gyalpo's Relief *Kidu* and Interest Relief Payment as of August, 2020 was Nu5,700.737 million.

## Other monetary measures

With the closure of international borders availability and access to undisrupted supply of essential commodities was viewed as an immediate challenge with the potential to cause wide-spread social and economic difficulties.

To address this, working capital at five percent interest was provided to wholesalers and major retailers from March 28 to procure essential commodities and ensure undisrupted supply to retailers all over the country.

Similarly, working capital at five percent interest was extended to the tourism sector to finance operational costs and to help businesses retain their employees.

For activities in the CSI and agriculture, the National CSI bank has extended microloans up to Nu 500,000 at two percent concessional interest rate and a working capital loan at four percent, for a period of three months.

## Fiscal measures for relief

Alongside the Druk Gyalpo Relief *Kidu* and loan interest waiver, the government has also deferred all CIT and BIT filing for income year 2019 till June 30, 2020.

CIT and BIT payment for tourism and allied sectors was deferred up to December 31, 2020. Firms were given the option to settle their CIT and BIT on installment basis.

For tourism related businesses leasing government properties, monthly rent and other charges were waived till December. To help the industries, a deferment of electricity charges was extended for six months (July- December 2020) and demand charges were imposed based on actual energy consumption.

- ❖ Hotels that were used as quarantine facilities received free electricity and WIFI from July until September.
- ❖ Fast tracking the implementation of 12<sup>th</sup> Plan.

Amidst tremors of the pandemic, the implementation of 12<sup>th</sup> five year plan was disrupted. To revitalize the rural economy and create employment opportunities, the 12<sup>th</sup> plan will be front loaded where ever possible. Focus sectors will include tourism, agriculture and infrastructure.

## Organising repatriation flights

As of October 2020, the government arranged 47 special flights as well as road transportation, and evacuated a total of 4,569 Bhutanese and foreign residents from the region and beyond.

The flights were organised mainly to India, the Middle East and Singapore to bring home Bhutanese stranded abroad, including patients and their escorts. Majority of the returnees were Bhutanese working, studying and living in India and the Middle East.

There were also Bhutanese returning from the United States, Europe, Africa and other South East and South Asian countries.

In addition to flights, repatriation via road was also organised by the Consulate in

Kolkata during the lockdown period in India to evacuate 460 people.

In the last few months, as governments eased restrictions and resumed economic activities, some Bhutanese have requested the government to facilitate their return to countries of their workplace or studies.

Till date, the return of Bhutanese to the UAE, Kuwait, the Maldives, Sri Lanka and Thailand has been organised. In total, the exit of 641 Bhutanese, including to India, and 142 foreigners who had to travel out of the country due to compelling reasons, have been facilitated.

Further, the return of 124 Bhutanese to their workplaces in Kuwait will be facilitated on December 8.

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**HEALTH**



Over the decades, great strides have been made in improving our health services. Through the persistent, consistent and calculated efforts of our leaders of the past and present, the public health arena has seen numerous achievements. However, there is very little room for complacency.

The ever-evolving application of technology in health, and the change in health-seeking behaviour of our people pose huge challenges to the delivery of equitable, quality and people-centric health services.

Escalating healthcare costs, fuelled by the transition in epidemiology and rapidly progressing standards of services, continues to pose a major challenge. It has also become a high priority, to design and provide appropriate services for our growing elderly population.

Efforts have to be scaled up to meet the requirement for doctors, specialists and sub-specialists. The gradual introduction of critical sub-specialist services will not only cut down on the escalating ex-country referral costs, but also make it convenient for our people to avail specialised services.

The COVID-19 pandemic has truly tested the resilience of health systems across the globe, with even the most advanced nations being pushed to unforeseen limits. With major public health emergencies such as this bound to repeat in the future, it is of critical importance that we build health system resilience and also put national response systems in place.

## Dealing with COVID-19

Barely two weeks after the first case of COVID-19 was reported in China in January 2020, when very little was known about the virus, we began working on guidelines and standard operating procedures (SOPs), and initiated trainings in critical care and other services to prepare for any eventualities.

Towards the second week of January, health declarations and fever screening systems were installed at Paro International Airport, and subsequently at all formal entry points into the country. The medical condition of more than 8,000 tourists in the country at that time was monitored, and flu clinics were established in major districts.

In an unprecedented move, the recruitment of about 140 doctors, nurses and technicians was fast-tracked to help manage the pandemic. This was facilitated with access to an efficient and steady stream of financial resources. When the first COVID-19 case in the country was detected on March 5, we were ready and equipped to face the challenges. By then 54 flu clinics, across the country had been equipped.

The 21-days mandatory quarantine in government-sponsored facilities was put into effect, and almost all the cases were detected from these facilities. In what is the first of its kind, a 14-day de-isolation system for those recovering from the virus was also started to ensure no cases of relapse.

To strengthen surveillance efforts, RT-PCR testing centres were set-up in five strategic places—Mongar, Dewathang, Gelephu, Phuentsholing and Thimphu.

In order to curtail the risk of further transmission of the virus, a 21 days-long national lockdown was imposed in August when the first case outside quarantine was suspected. This timely intervention greatly helped contain widespread transmission of the virus.

Later on, upon identifying the southern border districts and towns as high-risk zones for COVID-19

transmission, a seven-day mandatory quarantine for individuals travelling from high-risk areas to low-risk areas was institutionalised.

This conservative approach to handling COVID-19 was initially seen as being overdone at times. Today, it is seen as a blessing going by the successful management of COVID-19 cases so far.

Disseminating timely and factual information to the general public is key during a pandemic; hence, numerous messages, information and developments on COVID-19 were disseminated through mass media.

In preparation for the worst-case scenario, 50 health professionals (43 doctors and 7 others) undergoing long-term training in various countries were called back, in March 2020. Nurses undergoing training in domestic institutes were also mobilised and deployed.

As on December 11, we have 434 cases of which only 39 are active.

## Ensuring routine services

Bhutan may be one of the few countries where the management of COVID-19 and the routine healthcare services are being managed separately and efficiently. Delivery of routine healthcare services were not compromised by the pandemic.

A vigorous population mapping with line listing of pregnant women, mothers, children, elderly population, and people with underlying conditions and disabilities were carried out.

This was to ensure that essential and emergency services reached them. Routine immunisation services and emergency Mother and Child Health (MCH) services were provided across the country without interruption.

In addition to the emergency medical service hotline 112, service hotlines 6060 and 2121 were set up at the Health Help Centre. These are dedicated to queries and issues related to COVID-19, and for enquiries related to elderly care.

Medicine refill services for chronic patients were provided door to door by healthcare workers. In Thimphu, 38 outlets were identified to drop medicine refills. Blood Banks were stocked with adequate supply of safe and quality-assured blood and blood products, to meet daily requirements of blood transfusion in hospitals across the country.

Routine vector surveillance and case-based interventions of malaria, and dengue control and prevention activities were implemented without interruptions in all high-risk districts. Despite the pandemic, HPV vaccination was successfully introduced for boys in view of cervical cancer elimination, and the routine seasonal influenza vaccination was conducted for all, starting from high-risk groups.

A total of 400,000 pairs of eyeglasses were acquired (as assistive products), and are being distributed to individuals with visual impairment through health facilities. Refractive error screening has been carried out for all students, with eyeglasses provided to those with visual impairments.

Eye camps have been conducted in 12 districts, through which more than 3,000 people have been screened for cataract and 800 cataract surgeries have been carried out. Oral health camps are currently being conducted throughout the country to reach the unreached population.

To give preference for the elderly population, standard signage has been made and will be distributed to all health facilities by the end of this year. In addition, a health and wellbeing handbook for the elderly population is being developed, and will be distributed to every elderly individual visiting the hospital by the end of the year.

## Augmenting existing services

The construction of a 500-bed Multi-Disciplinary Super Specialty Hospital, a 65-bed Mother and Child Health Hospital for eastern Bhutan in Mongar, and a 100-bed hospital at Taba



is being pursued. The initial construction works are expected to begin as soon as the COVID-19 situation improves.

Similarly, the Project for Reconstruction of the 60-bedded National Infectious Diseases Hospital in Gidakom, is set to take off in 2021 with the basic design study completed. Additionally, the construction of a 30-bed ENT centre will also be initiated.

For the first time, the proportion of hospitals equipped with X-Ray and USG has reached an all-time high of 92 percent. To enhance diagnosis of tuberculosis and accelerate achievement of related global goals, two new GeneXpert machines were installed at Wangdue Phodrang and Trashigang Hospitals for rapid diagnosis of drug susceptibility and MDR-TB in the country. We now have eight GeneXpert machines installed at strategic locations.

A total of 55 CTGs have been acquired and will be installed in hospitals across the country. The installation of the CTGs will significantly improve MCH services across the country, and help achieve vital MCH commitments and goals.

Given the increase in number of quarantine facilities, waste generation has also increased with approximately 500 kg waste per day from the facilities in Thimphu alone. Since autoclaving facilities were not possible, a 100kg incinerator has been installed at Memelakha.

And to enhance our surge capacity, 185 additional health professionals have been recruited on provisional appointment with effect from September 1, 2020.

## Key initiatives

### Health Flagship

The Health Flagship Project aims to ensure that no lives are lost to gastric cancer, cervical cancer and breast cancer, which are detectable, preventable and curable. Therefore, it will focus on enhancing a robust screening program for these cancers, which will be carried out based on a screening guideline.

To enhance the screening of gastric cancer, 10 sets of high-end endoscopy machines were procured. Appropriate transportation arrangements have been made to take screening services to the far-flung and hard-to-reach places in the country.

As a first phase of the gastric cancer screening program, 10 northern dzongkhags will be covered through health camps, and the remaining will be covered in the following year. Screening of target population for gastric cancer has been completed in Mongar and Wangdue Phodrang, and endoscopy camps for these screened high-risk populations are scheduled in January 2021.

❖ Procured **10** Endoscopy set and accessories

❖ **1,306** Colposcopy performed and  
**310** treated

❖ Screened **12,318** women for Cervical  
Cancers

For the cervical cancer screening program, a highly specific test called HPV testing and reflex cytology will be performed in women aged 30-65 years. A sophisticated HPV testing platform is to be installed in three regional referral hospitals.

So far, using the conventional Pap Smear test, cervical cancer screening program was completed in Mongar, Punakha, Bumthang and Paro.

Taking encouragement from WHO's theme this year "Universal Health Coverage: everyone everywhere", Bhutan has taken the challenge to eliminate Cervical Cancer. This commitment has also been declared by Bhutan during the 144<sup>th</sup> Session of the WHO Executive Board.

For breast cancer screening, mammography services will be expanded. The target population for mammography are 40-65 years old. The self-breast examination and clinical breast examination are currently used as the screening methods in the general population.

In ensuring that services were continued despite the pressure on health facilities, PEN Hearts Plus services were rolled out in Paro, Bumthang, Mongar and Trashigang in the past year. The service screened 12,318 women for cervical cancer, and 1,306 Colposcopy were performed while 310 were treated.

## Digitising the health system

The pandemic was an opportunity to significantly leverage ICT. Applications developed in-house became critical to enhance service delivery.

The Health Facility System was developed and implemented to capture COVID-19 related data. It has so far captured data of more than 20,000 quarantined individuals, and more than 66,000 people who were screened.

More than 260,000 citizens and 106,922 sites, including 17,347 transport service providers, have registered the DrukTrace, an attendance app developed for contact tracing in the event of an outbreak. It has been used 2,712,878 times since then.

Other applications include the Stay-Home App to remotely monitor health status of quarantined individuals, and GIS dashboards, among others.

Digitalising the health records, a team at the National Referral hospital has been compiling data of all patients treated so far. Proper classification of case codes and diagnosis is being undertaken.

Towards the effort of digitising the health system, a project on digitisation of health records was also implemented. For the implementation, 90 people were engaged who completed medical records archiving for in-patient files for the year 2020 and also completed data scanning for 10 years of Expanded Program of Immunization (EPI) Records in JDWNRH.

## Mother and Child Health

The 'Policy to Accelerate Mother and Child Health Outcomes' was endorsed during the 71<sup>st</sup> session of the Third Lhengye Zhuntshog in September 2020.

The policy is intended to strengthen and reduce disparity in mother and child healthcare. It is also geared towards improving health-seeking knowledge, practices and behaviour with regard to MCH. As reiterated many times, a child in a far-flung village and a child in an urban centre must have the same access to health care amenities.

The Royal Guest House in Mongar, which was converted into a hospital to treat COVID-19 patients, upon Royal Command, will serve as a mother and child hospital for the east.



# **GOOD GOVERNANCE**



At the heart of realising national aspirations captured in periodic plans, and fulfilment of commitments to the people, sit efficient public service delivery. Any changes to the collective aspirations within the stipulated term of the government, calls for a responsive political leadership.

Both these critical components that ensures a society's smooth progress is anchored on good governance—apty integrated in our nation's guiding philosophy of GNH as one of its four main tenets.

Since we received the sacred *dakyen* from the golden throne two years ago, we endeavoured, mindful of our national priorities, to building a nation that is bonded closely, and that together progress as a people.

Our efforts to serving in this manner was complemented by the efforts of the other branches of government, the legislative and the judiciary. Our civil servants and those from other government and non-government agencies have played as big a role in this venture.

Several reforms and initiatives that we undertook in the last two years were possible because of the support we received from the system in place and the people who make it.

With the COVID-19 pandemic, our system has grown all the more robust and harmonised. Many of the planned activities needed reprioritisation and required efficient administration through multi-sectoral engagements. All these were swiftly carried out and as we venture into the new normal, we advance with renewed commitment and better coordination.

The Lhengye Zhungtshog, the government's executive arm has been working relentlessly, alongside challenges posed by the pandemic, to meet the goals and aspirations of the country and its people. It crafted public policies, and reviewed economic plans and social strategies.

Between June 26, 2019 and November 2020, 50 Cabinet meetings and one special sitting were held. Over the course of the meetings, more than 310 agendas of national importance were discussed.

## Key Initiatives

### Legislative reforms proposed

Several legislative bills were proposed for drafting, amendment and enactment as indicated:

- ❖ Health Bill of Bhutan 2020 (enactment)
- ❖ Fiscal Incentives Bill 2020 (enactment)
- ❖ Pay Revision Amendment Act (enactment)
- ❖ Housing Bill of the Kingdom of Bhutan (for drafting)
- ❖ Mines and Minerals Management Act 1995 (amendment)

### Policy reforms

Since the government came into office, the following policies have been approved:

- ❖ National Competition Policy
- ❖ National Climate Change Policy
- ❖ National Gender Equality Policy
- ❖ National Sanitation and Hygiene Policy
- ❖ Policy to Accelerate Mother and Child Health Outcomes
- ❖ Amendment to Clause 12 of the FDI Policy
- ❖ National Tourism Policy
- ❖ National Education Policy (Initiated)

In addition, the following approvals and decisions were made:

- ❖ Rules of Procedure for Legislative Impact Assessment
- ❖ Guidelines on the Management of Regional Tourists 2020 and SOP
- ❖ Extension of the Provident Fund scheme to the private sector
- ❖ To institute an apex National Accreditation Committee, with the mandate to prepare plans and strategies for establishing a National Accreditation Body
- ❖ Eligibility of all children who complete their 5<sup>th</sup> birthday before the date of admission into school, for enrolment into PP.

Furthermore, a consolidated decentralisation policy has been drafted since August 2019 and is now in the process of being finalised.

The policy is expected to reinforce the implementation of the principles of democracy as enshrined in the Constitution and in the Local Government Act 2009.

## Internal systemic reforms

### Simplification of the PRR:

Recognising the challenges in the wake of the pandemic, the Procurement Rules and Regulations for Procurement of Goods, Works and Services (PRR) have been simplified.

The Simplified Procurement Rules and Regulations under COVID-19 situation for Procurement of Goods, Works and Services (SPRR) 2020 was issued to make public procurement more efficient.

### Launch of e-GP Phase II:

Phase II of the electronic Government procurement (e-GP) was launched in July 2020. This is expected to further strengthen the procurement processes to ultimately achieve greater efficiency, transparency and cost-effectiveness.

In the region, Bhutan is one of the first countries to initiate the e-GP system, shifting from paper-based tendering to electronic tendering, to realise the potential benefits of efficiency, effectiveness and reduced administrative costs.

### Incorporations into BOQ:

The incorporation of the Occupational Health & Safety Items in the Bill of Quantities (BOQ) in all construction works, and its insertion in the Bhutan Schedule Rates, has been approved.

## Public service delivery

### Integrated Citizen Services project:

One of the major reforms in public service delivery (PSD) will be evident through the Integrated Citizen Services project.

The project aims to simplify services and integrate the systems, so that citizens face minimal burden of travel time and document submissions.

The business process and re-engineering of 10 most commonly availed public services has been completed, and automation of the services will be initiated.

### Citizen Satisfaction Nationwide Baseline Survey:

To establish baseline data on citizens' perceptions that measure their satisfaction on key public services, a nationwide survey is being conducted.

It will also gather information on crucial needs of the people, to enable public agencies to offer more citizen-centric public services.

### Public Service Call Centre:

Recognising that the grievance redressal mechanism is a key aspect of public service delivery, an integrated Public Service Call Center (PSCC) has been established.

This will provide an easy avenue for citizens to inquire and seek assistance with regard to various public services. Today, the centre is reachable through toll-free numbers 1010 and 1199.

Gradually, the centre will streamline and consolidate all toll-free numbers for public services, and establish a one-point contact number for all assistance related to PSD.

### Improving service delivery standards:

With emphasis on compliance to service delivery, its standards on all key public services have been developed and made available for easy reference of those availing public services.

To strengthen the responsibility of service providers towards improving efficiency, the Prime Minister's Office is increasingly collaborating with the service-providing agencies towards instituting effective monitoring mechanisms.

A notable example of this is the Government Performance and Management System (GPMS) to monitor PSD.

**Community Services Department:**

This has been established under the NCSIDBL to manage Community Centres as efficient one-stop service access points in all 205 gewogs.

**State-Owned Enterprises reforms****Performance-Based Variable Incentive:**

Pegging incentives to performance and doing away with the blanket corporate allowance entitlement is one of the reforms initiated by the government to transform State-Owned Enterprises (SOEs) into efficient corporate enterprises.

The reform, which came through with the pay revision for SOEs last year, is also aimed at curbing the proliferation of allowances that existed in some SOEs, and at making Board members more accountable.

Employees can draw up to 50 percent of their annual salary as PBVI if rating is “excellent”, 35 percent if “very good”, 25 percent if “good” and 15 percent if “satisfactory”. With the PBVI, SOEs will follow a system that is already in practice with Druk Holdings and Investments (DHI) companies.

Annual Performance Compact (APC) has been signed with 13 SOEs on May 19, 2020. These APCs form a critical component of good corporate governance and with their signing, the performance of SOEs is expected to be enhanced. Further, it is expected that these will help strengthen coordination between the government and SOEs.

The signing of APC is in keeping with the Public Finance (Amendment) Act 2012, which mandates the finance ministry to manage government investments in SOEs for the long-term benefit of the country and people. Similarly, the Corporate Governance Guidelines 2019 requires the Boards of SOEs to sign APC with the Minister of Finance.

The key objective of the APC is to provide companies with a framework for annual target setting, and for reviewing and evaluation of the targets.

This is expected to improve the performance of SOEs, fix accountability and responsibility

on the Board of SOEs, provide transparent and measurable targets, and provide clear directions.

**Strengthening Local Governance****Decentralisation Policy:**

While the devolution of power and participation of people in local decision-making had long been initiated, a clear written policy to augment those provisions had been missing.

A consolidated decentralisation policy has been drafted and is now in the process of being finalised. The policy is expected to reinforce the implementation of the principles of democracy as enshrined in the Constitution and in the Local Government Act 2009.

**Local Government (Amendment) Bill:**

The Local Government (Amendment) Bill 2020 has been drafted much in the nature of a new Bill, and submitted for deliberations in Parliament. Subsequently, the LG Rules and Regulations 2012 is undergoing revision in accordance with amended clauses of the LG Bill, while also harmonising with provisions in the *Thromde* Rules 2011.

**Strengthening LG capacity:**

Several in-country and ex-country trainings/workshops were organised to enhance knowledge, skills and abilities of all Gups, Dzongrabs, Dungpas, Gewog Administrative Officers, *Tshogdrungs* and female *Mangmis*.

In addition, an MoU was signed on October 5, 2020 between the Department of Local Governance and the Royal Institute of Management (RIM), to strengthen cooperation as well as to institutionalise regular capacity development programs for LG functionaries.

**GECDP Mainstreaming Reference Group:**

A two-day sensitisation workshop was conducted for local Mainstreaming Reference Group (MRG) members, on mainstreaming Gender, Environment, Climate Change, Disaster and Poverty (GECDP).

The Terms of Reference for MRG members and continuation of membership have been

reviewed and revised. Deeper understanding on budget utilisation was reached in preparation for swift implementation of MRG priorities. A sum of Nu one million each has been allocated to all 20 dzongkhags for the fiscal year 2018-2019, to implement MRG activities.

#### **Rationalisation of gewogs and dungkhags:**

A study was conducted to assess the existing situation of gewogs, dungkhags and *thromdes*, and to study the configuration issues of villages and gewogs. A taskforce has also been instituted, comprising members from all relevant agencies.

#### **Protocol for LG proceedings:**

A protocol was developed to guide Local Governments and their administrations to effectively conduct LG sessions. The Protocol is prepared based on relevant provisions of the LG Act 2009 and its 2014 amendment, and the LG Rules and Regulations.

#### **Documentation of good practices in LGs:**

A document entitled “65 Good Practices of Local Governments” has been published. Its purpose is to inspire as well as to provide replicable examples from across LGs in the country, as a way to encourage good practices and to raise the standard of local governance to a new level.

#### **Development of communication materials:**

In adjusting to the current situation with COVID-19, alternate approaches are being explored to effectively reach wide-ranging stakeholders while reducing costs. So far, video materials and transformative modules have been produced into digital formats.

These include five short videos on GECDP mainstreaming; and five short videos on Chiwog Zomdu, Services from Community Centres, Signage, Grievance Redressal at Gewog Level, and Dissemination of Information.

#### **Community Contracting Protocol:**

Following the first edition in 2012, the Community Contracting Protocol 2020 has been published. It is intended to encourage public participation in community development.

The Protocol talks about, among others, building local resilience, capacity, curbing rural-urban migration, economic development, and sustainability and ownership of development facilities.

### **Judiciary**

The judiciary is an important estate in nation building and creating a reliable, fair and efficient justice system. In these efforts, the judiciary resolved about 70 percent of the total cases registered from July last year.

#### **Establishment of Court Annexed Mediation (CAM)**

CAM was instituted in Dzongkhag and Dungkhag Courts to enhance access to justice and promote harmony in the society. It is aimed at providing opportunity for litigants to opt for negotiated settlement with an assistance of a neutral in-house judicial mediators at any time during the process of litigation.

#### **Electronic Litigation (e-litigation)**

As a measure to provide unimpeded access to justice for all during the COVID-19, a pilot project on e-litigation was initiated. In the pilot phase, 14 Courtrooms throughout the country will be equipped with audio visual equipment to hear cases online/remotely and avoid travels.

#### **21<sup>st</sup> Century Judiciary Roadmap**

Taking cue from the 112<sup>th</sup> National Day address, “The government, lawmakers, civil service, and institutions must undertake the responsibility of restructuring and improving our laws, policies and procedures”, the judiciary has started to draft Strategic Plan (21<sup>st</sup> Century Judiciary Roadmap) in line with the development of 21<sup>st</sup> Century Economic Roadmap.

Public and stakeholder consultations to garner wider views and expectations are being undertaken. The Strategic Plan for a span of ten years (2020-2030) will provide direction and guidance to evolve Judiciary as a 21<sup>st</sup> Century Judiciary easily accessible and open to constructive feedback.



## Law and order

The Royal Bhutan Police (RBP) was able to prevent and reduce crimes, from 5.5 percent (crimes per 1000 population) in 2019 to 5.07 percent in 2020, due to various policy interventions, strategies and programs.

Similarly, traffic accidents and fatalities were maintained within the set targets of less than 118 accidents (per 10000 vehicles) and 8.21 deaths per 10000 vehicles.

This can be credited to the numerous sensitisation programs conducted, intensified highway checking, and implementation of a zero-tolerance policy by the RBP.

## Fighting corruption

The Corruption Perceptions Index for 2019, published by the Transparency International in January 2020, showed that Bhutan has maintained its position as 25<sup>th</sup> cleanest country among 180 countries/territories.

At the national level, the National Integrity Assessment 2019 indicated a good level of integrity with a score of 7.97 (on a scale of 0-10).

## Free and fair election

Two local government and one parliamentary bye-elections were successfully conducted in the recent months. With an overall voter turnout of 73.9 percent, Chhoeckhor Tang bye-elections saw the candidate of the ruling party, secure a seat in the Parliament.

## Towards a vibrant media

We place high importance in our media, more so as an enabler for democracy. An independent, professional and responsible media is critical for a nation as it seeks to empower people with credible information.

We are appreciative of the role our media played during the pandemic in disseminating timely and crucial information to our people. Our mainstream media came out in full strength to work closely with the government to share facts

and details, while countering deluge of fake news at the time.

From day one, we worked with the conviction that the biggest support an elected government can give to mainstream media is to be open and accessible.

This is evident from the fact that we held 69 formal press interactions in two years, the highest as per the record. The interactions do not include in person, phone or email interviews I and the ministers entertained irrespective of time and place.

Among others, following are some of the activities initiated.

- ❖ Released Nu 2.65 million of the Nu 4.6 million committed for media enterprise development to Bhutan Media Foundation (BMF) last month.  
The amount replaces earlier print subsidy private media received from government. The BMF will coordinate with the media houses and use the fund for activities that will improve quality and content of media.
- ❖ To encourage the private media houses to develop local content, Nu 2.39 million was also released to five private media houses as printing subsidy.
- ❖ A draft concept note on a proposed media policy has been submitted to the GNH Commission. The proposed policy will consolidate existing policies, and will also address the shortcomings related to media and information as well emerging trends.
- ❖ In line with the Information, Communications and Media Act of Bhutan 2018, the National Film Commission (NFC) was established on August 15, 2019 to nurture the growth of the Bhutanese film industry.  
Similarly, to promote, protect and ensure freedom and independence of the media, the Media Council was established on September 10, 2019.
- ❖ Ministry of Information and Communications led the information management during COVID-19 pandemic.

Among others, it streamlined the dissemination of official information to the public, newspaper and social media were monitored a daily for correct dissemination of news and articles and toll-free helpline numbers consolidated to improve access.

## Civil society contributions to development and governance

Civil Society Organisations (CSO) continue to make critical contributions towards our nation's socio-economic progress. Some are also increasingly working towards enhancing critical areas of democratic governance.

Today, there are more than 40 registered CSOs, and many more informal groups and networks, involved in providing social welfare, improving quality of life, and creating an engaged citizenry.

Recognising the critical services provided by CSOs in wide-ranging areas, we continue to work in partnership with many of them as this helps supplement our efforts in ensuring that no one is left out from the benefits of development. At the same time, mindful of the issues and challenges facing the civil society sector, efforts continue to be made to streamline regulations and procedures concerning the sector.

The following are just some of the many contributions of the sector over the past year.

Towards improving the lives of vulnerable rural populations, 542 new homes were constructed in 62 remote villages across 14 districts, benefitting 2,439 individuals. With the outbreak of COVID-19, enhancing food and nutrition security was prioritised by linking with the national COVID-19 response. Rural communities across 11 dzongkhags were provided seeds, saplings and tools to enhance food production.

Bhutanese youth have been supported in finding meaningful employment, including through the provision and facilitation of numerous scholarships for education, and skilling opportunities.

Efforts are ongoing in promoting social entrepreneurship, organic agriculture, waste

management, GNH-based education, local culture and tradition, and building GNH villages, with a special focus on youth as participants and beneficiaries.

Local communities are also being empowered through their engagement in the sustainable management of the environment.

The special needs of persons living with diverse abilities are also being addressed. In 2019, 27 children with disabilities benefitted from a clinical intervention program, which provides early intervention services and trains parents on child improvement.

Consequently, six children transited to ECCD centers and another six to mainstream schools. The 'Social Inclusive Development for People with Disabilities in Bhutan,' was formally launched in 2019.

In addition, a total of 32 patients successfully underwent kidney transplant, with the involvement of the civil society sector, which includes counselling and financial support among others. More than Nu 6.75 million was spent under this care and support program. The welfare of victims of domestic violence, and children coming in conflict with the law, continue to receive priority.

Considering the low representation of women in local government, a workshop was initiated to mobilise, motivate and train potential women to contest in the third LG elections coming up in 2021. Participants were familiarised with the Election Act, Election Rules and Regulations, Functional Literacy Test and campaign strategies.

A total of 131 women from 19 dzongkhags were covered under the program. Towards mainstreaming gender in the workings of the Parliament, the Bhutan Women Parliamentary Caucus (BWPC) was launched in 2019.

In the same year, the Bhutan Democracy Forum engaged political parties, members of parliament, journalists, academics and local leaders to talk about Bhutan's experience with democracy and elections, as well as to share their political concerns, experiences and lessons.



The youth podcast, Da rei naba continued to cover themes of mental health, GNH, gaming addiction, copycat culture and recovering addicts.

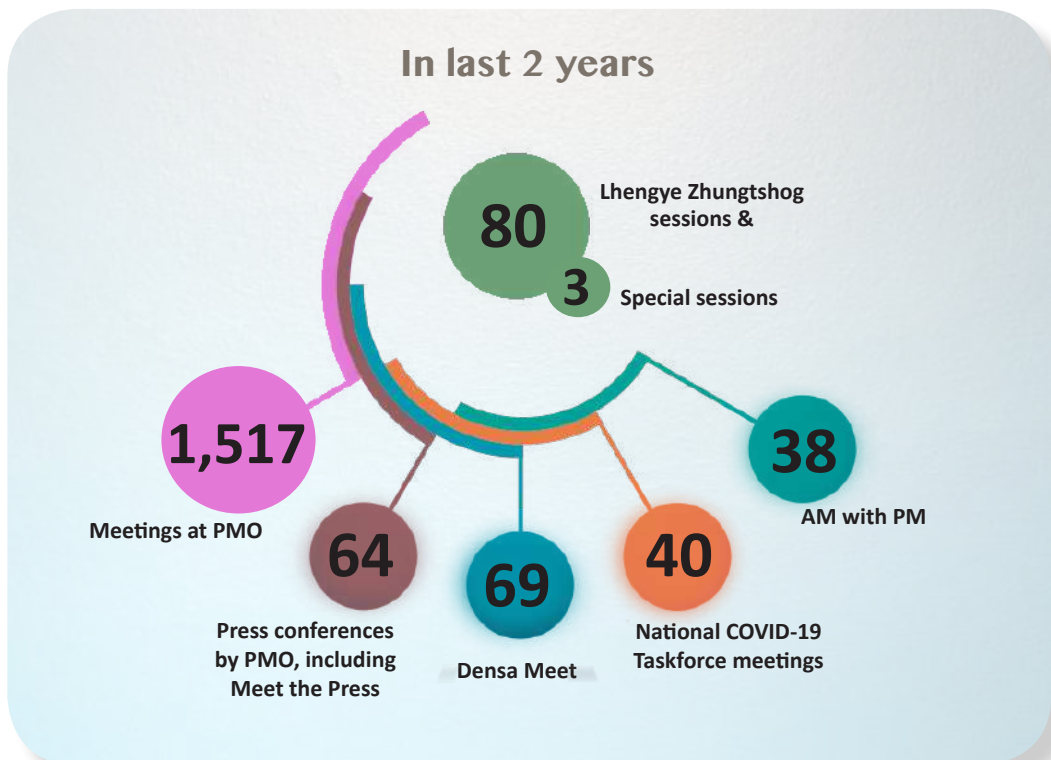
In-depth analysis and conversations about the tourism industry was provided in a non-partisan journal, contributing to major policies particularly on mass tourism. Media development was supported through trainings and scholarships for media professionals, and media literacy for wider members of society.

That in turn contributed to sustainability and growth of newspapers, broadcast stations and journalists. Over the course of creating public awareness to fight corruption, a community

scorecard was also conducted on selected services provided by colleges in the country.

CSOs have also been active in preserving and promoting the nation's living arts such as weaving traditional textiles; nurturing creativity among the youth through contemporary arts; inspiring behavioural change through public awareness and volunteerism; and advocating the spiritual practice of tsethar, or saving lives of animals.

Many of the CSO initiatives, across all areas of engagement, are inspired by His Majesty The King's vision for a compassionate and just society, and are further supported through royal patronage.







**EDUCATION**



Highest priority continues to be accorded to education in the nation-building process. Bhutan today is close to achieving universal primary education with adjusted net enrolment rate at 99.37 percent.

This has been accelerated by various initiatives such as school reform programs, expansion of educational facilities, and support mechanisms introduced over the years.

Apart from expanding access to education through extended classrooms in primary and secondary schools, a number of Early Childhood Care and Development (ECCD) centres was established to increase school readiness and also to promote children's overall social, cognitive, and intellectual development.

However, the education system has come under increased public scrutiny and debate, over its inability to provide students the necessary knowledge and skills, and a need for its systematic transformation.

Inspired by the aspirations of His Majesty The King, a time-bound strategic education roadmap is under development—to prepare and nurture Bhutanese children to be nationally rooted and globally competent in the 21<sup>st</sup> century and beyond. Revisions are also being made towards finalising the draft National Education Policy 2020.

As of 2020, a total of about 1,70,806 students were enrolled in 535 schools and 74 extended classrooms. Seven Middle Secondary Schools (MSS) have been upgraded to Higher Secondary Schools (HSS) for the 2021 academic session.

## Education during COVID-19

### Closure and reopening of schools and educational institutes

Following the first reported case of COVID-19 in the country on March 5, 2020, schools in Paro, Thimphu and Punakha were closed starting March 6.

This was immediately followed by closure of schools in Wangdue Phodrang Dzongkhag, Phuentsholing *Thromde*, and one school under Chhukha Dzongkhag on March 7. On March 18, an executive order was issued for the closure of all schools and educational institutes in the country.

All students studying in class X and XII resumed their academic sessions on July 1, while those in class IX and XI were to resume on August 14. With the nationwide lockdown all schools were closed from August 11. Classes IX to XII were reopened from September 15 except in Gelephu, Samdrup Jongkhar and Phuentsholing *thromdes*.

While schools under Gelephu and Samdrup Jongkhar *Thromde* were re-opened later, the students and staff from the schools, including private schools, under Phuentsholing *Thromde* were relocated to schools under Punakha, Wangdue and Samtse dzongkhags from September 14.

To provide psychosocial support to those in need during the closure of schools, various platforms were explored. A total of 1,924 individuals sought support, of which 1,555 were students and 369 were parents and

teachers. Common concerns were related to family issues, anxiety, substance use, and relationship issues among others.

Psycho-education classes were conducted for all grade levels through Google Classrooms. School Guidance Counsellors provided extended psychosocial support to classes VII and VIII. They were also trained on how to provide psychosocial support and family interventions.

Advisory notes, check-lists, and awareness material on the outbreak and preventive measures related to COVID-19, and on closure of schools were issued.

In preparation for opening of schools and centres, guidelines were developed, outlining requirements to be fulfilled before, during and after reopening. Numerous efforts to improve Water Sanitation and Hygiene (WASH) facilities were fast-tracked in all schools.

## Education in emergency and adapted curriculum

### School Education:

After the closure, schools and the ministry were faced with the challenges of continuing teaching and learning, while ensuring the safety of students and staff.

#### a) Curriculum delivery

For the senior classes until schools reopened, the students continued with the adapted curriculum and lessons delivered through Bhutan Broadcasting Service (BBS), Self-Instructional Materials (SIM), radio, Google Classroom and other social media platforms. Once the schools were re-opened, prioritised curriculum was used for grades IX to XII.

For students of Pre-Primary (PP) to Class VI, it was decided that they continue adapted curriculum through online education or alternative forms of education, with no contact

teaching in the school setting for the 2020 academic year. They used social media and SIM supported with radio lessons, in addition to lessons delivered through BBS.

#### b) Curriculum adaptation

The earlier curriculum has been adapted to suit the needs of students studying in different grades. The adapted curriculum was based on literacy and numeracy at Key Stage I and II (classes PP to VI), and theme-based curriculum for Key Stage III, IV and V (classes VII to XII).

On the other hand, the Prioritised Curriculum (PC) is a distilled curriculum. It emphasises the most fundamental and essential learning contents and concepts, aligned to the most carefully selected learning outcomes and objectives. It encompasses procedural knowledge, skills, values, strategies, and processes. It comprises 65 percent of the actual curriculum content which has been developed based on the remaining instructional time left for the academic year 2020.

#### c) Development of online lessons and SIM

A total of 470 video lessons were developed and recorded to be broadcast on BBS TV. All the lessons delivered in EIE through BBS were also uploaded in the education ministry's e-library and Sherig-YouTube, and Sherig Facebook page for student's easy access and future references.

In addition, online textbooks are also available through its website. The delivery of curriculum through BBS TV is supplemented by the use of social media platforms like WeChat, WhatsApp and Telegram.

Introduction of Google Classrooms to establish teacher-student-parent linkage for children's engagement and interaction in learning, are in line with the Guidelines for Curriculum Implementation Plan for Education in Emergency.



SIMs with the theme 'Reaching the Unreached' were developed primarily to facilitate education of 32,135 students living in remote places, with either limited or no access to BBS and internet for e-learning lessons.

These are print materials that carry the same learning lessons as per the adapted curriculum currently being broadcasted through BBS. A total of 670 SIM was developed and printed for Key Stage 1-5.

The implementation of SIM was launched on May 2, 2020 coinciding with the Birth Anniversary of the Third Druk Gyalpo, which is also observed as Teacher's Day. In order to guide and support their learning particularly at lower grades (PP-III), achievement of learning outcomes through SIM will be supplemented and supported by lessons aired through radio. Non-Formal Education:

Due to COVID-19, 403 Non-Formal Education (NFE) centres and 24 Community Learning Centres (CLC) across the country were closed. Emergency guidelines for NFE was developed to ensure learners' learning are not disengaged, and to achieve key desired learning outcomes set for the academic year.

The lessons were delivered through social media platforms such as WeChat, WhatsApp and Messenger. The instructors delivered the curriculum remotely for the learners. The learners used the lesson delivered through BBS TV, self-instructional materials and free e-kuensel supplied to the centres.

Given the pandemic, completion of the course was deferred till the end of December 2020 or June 2021, as per the convenience of the learners and depending on the number of days the centres remained closed.

### **Assessment and examination**

Given the prolonged closure, the implementation of regular curricula was not feasible and schools were directed to implement the adapted or prioritised curricula based on the situation. The guidelines on

Assessment and Examinations for Education in Emergency Curriculum was developed.

Assessment of student learning outcomes as per the adapted curriculum are done by posing a set of competencies-based, thought provoking questions at the end of each lesson. Further, students will be provided with bridging classes to enable them to catch up with lessons lost due school closure.

The Theory Board Examinations for BCSE (X), BHSEC (XII) and LCSC (XII) will now be conducted from March 1-13, 2021. The BHSEC (XII) practical examinations in Science and Computer Studies will commence on February 20-27, 2021.

### **Higher education**

Higher Education Institutions (HEIs) were closed for a long duration, resulting in loss of instructional time. Various taskforces were formed among HEIs to determine strategies in response to COVID-19.

Necessary arrangements for online classes, assessment modalities and progression were put in place so that students did not miss the semester. Since online classes involve extended use of internet, data packages were provided at the initial stage to facilitate uninterrupted learning sessions.

For those studying abroad, both on government scholarships and self-funding, data on students were compiled to facilitate in arranging repatriation flights during the pandemic.

Despite the situation, 170 new students were selected for the 2020 cohort of scholarships, out of which two withdrew. Out of 168 students' admissions processed for the academic session 2020-2021, admissions of 153 have been confirmed and their online classes have commenced. Admissions of remaining 15 students are awaited.

The conduct of examination for 57 MBBS and five paramedical students was coordinated

with the host institutions, as the students could not return to university under the circumstances.

In cases where students' physical presence was required for practical examinations, their return to their universities were facilitated with repatriation flights arranged during the nationwide lockdown.

## Key initiatives

### Revision of enrolment age

The school admission age was brought down from six to five years starting with the 2020 academic session.

All dzongkhags, *thromdes* and schools were notified to register all children who were five years of age on or before February 5 for admission into PP, in both public and private schools. They were also directed to accommodate and adjust all the eligible children, and to make it a smooth admission process.

The lowering of admission age called for an additional 7,000 student seats, which requires additional human resources as well as infrastructure. Considering this, schools are instructed to stagger absorption of the additional children, over a few years.

With the pandemic disrupting the academic session, those enrolled in PP will not require to be enrolled again in the next session.

### Continuous formative assessment

Cognisant of the de-merits of summative assessment in students' progressive learning and competency development, the Continuous Formative Assessment (CFA) was introduced in classes PP to III this year. The expectation is to upscale to higher grades progressively.

The CFA is purported to have real-time feedback on learning and provide timely support; and assess students based on their

abilities and competencies.

This also informs teachers about what works and what doesn't, on a continual basis, enabling them to make changes in teaching approaches and strategies with more efficient use of resources.

### Education ICT Flagship

Preparations are underway to introduce Coding as a compulsory subject from class PP to XII from the 2021 academic session. Towards this, a new ICT Curriculum Framework has been developed.

All schools will be equipped with at least one computer-lab each by March 2021. A total 271 ICT teachers and 118 general teachers have been trained to teach ICT in primary classes. More than 400 additional teachers will be trained in the coming vacation.

The development of a Learning Management System (LMS), an e-Learning platform, is underway. It will provide access to quality online courses for students and teachers, and host customised materials aligned with the curriculum.

Teachers will be trained for online pedagogy through the Digital Drukyl Flagship Project. Further, a modality to provide digital devices for students and teachers is being explored.

### Development of education roadmap

Currently under development is the 21<sup>st</sup> Century Education Roadmap: Education for Human Development.

The aim of this is to transform the education system to one that is well-positioned to meet future needs, facilitate continuity in learning through various modes of teaching and learning, achieve the desired learning outcomes, and outline an overall support system for teaching and learning needs in the new normal.



The roadmap will focus on some key areas such as student learning outcomes, need-based curriculum, structural changes in school education, teacher development, examination and assessment, ICTisation of education, safety, health and wellbeing, transition of school education to tertiary education, and education financing, among others.

### Enhancement of hygiene, sanitation and nutrition

WASH facilities in schools are considered an indispensable part of school reopening in the wake of the pandemic.

Accordingly, facilities have increased from 9,654 (pre-COVID times) to 17,071 functional hand-washing tap points, including in those schools with class PP-VIII which will be opened from 2021.

School meals are critical to student wellbeing and readiness to learn, often being the sole reason for enrolment and attendance in some areas.

Today 88,320 students are supported with a school feeding program, of which 40,646 avail three meals, 33,3531 avail two meals, and 14,143 avail one meal.

### Enhancing teacher standard

The Bhutan Professional Standard for Teachers (BPST) has been launched, to standardise and enhance quality of teaching and learning in schools.

It articulates teacher quality within seven broad standards encompassing professional and personal practices. The standards are founded on the educational philosophies of child-centeredness, inclusivity, lifelong learning, and Bhutanese values grounded on *Tha Damtshig* and *Ley Jumdrey*.

BPST is envisaged to be the foundation of a system, that nurtures and retains teachers who are highly motivated to deliver quality learning for Bhutanese children.

### Scholarship to private schools

Following the decision to place all class X pass students into class XI in both government and private higher secondary schools, 2,068 students have been placed in private higher secondary schools under government scholarship. Of this, 646 are boarders and 1,422 are day-scholars.

The total number of government scholarships offered to private higher secondary schools has dropped by 1,935 students. This difference has resulted from the additional space created with the completion of classroom construction, and uniform student placement in government schools.

For 2020 cohort, the scholarship fee was raised from Nu 30,000 to Nu 40,000 for day-scholars, and from Nu 50,000 to Nu 70,000 for boarders. With this revision, all private higher secondary schools have agreed to invest Nu 5,000 received from every day-scholar, and Nu 10,000/- received from every boarder admitted under government scholarship towards revision of teacher salary.

### Technical and vocational education and training

Towards creating diverse educational pathways, TVET is being promoted as a part of mainstream education.

It has been introduced as an optional subject in class IX in seven pilot schools from the 2020 academic year, and will be rolled out in classes X-XII in subsequent years.

STEP-UP, or the Skills Training and Education

Pathways Up-gradation Project has been initiated. A framework covering PP to class XII has been developed.

The TVET program in schools is being strengthened with: curriculum infusion in class PP-III; vocational clubs in class IV-VIII; pre-vocational orientation programs (PVOP) in class VII-VIII; and school TVET courses as electives in classes IX-XII.

### **Tertiary education**

Tertiary education offered through the colleges and institutes under the Royal University of Bhutan (RUB) currently caters to 11,496 students. The intake of students in 2019 was 2,701, and in 2020 the intake was 2,526.

The key reform underway is on improving the quality of programs, faculty, infrastructure and facilities, towards producing quality graduates. With efforts in the 10<sup>th</sup> and 11<sup>th</sup> FYPs focused on improving access, enrolment in all colleges had increased significantly.

As such, student numbers are being rationalised in each college, within its optimal carrying capacity. Programs which are not very relevant will be phased out. More

STEM-related programs will be developed and introduced.

With the enhancement of entry grade and remuneration of faculty, their performance is being managed rigorously and promotion criteria made quite stringent. As part of student services, Happiness and Wellbeing Centres are being instituted in all colleges.

All newly recruited faculty will be required to undergo a semester long full-time Post Graduate Certificate course in Higher Education at Samtse College of Education. Work is underway on developing a project on 'Blended Learning' which has gained impetus due to the COVID-19 situation. Research is being encouraged and instituted, and the funding modality of the university is being reviewed.

All programs are being reviewed for relevance and currency, and collaborations with reputed institutes are being explored to learn from best practices.

The expectation is that competent teachers will be produced from these two colleges, to bring about a difference in our education system.



**ECONOMY**

The economy grew at three percent in 2018, and improved to 5.46 percent in 2019. It was projected to grow further at 6.9 percent in 2020.

However, as containment measures for the pandemic brought large parts of the economy to a standstill, growth has been revised downwards to -2.1 percent based on June estimates.

The economic fallout transmitted primarily through the tourism and allied sectors, and spread over to construction, manufacturing and other sectors. Industrial production has also been severely affected due to disruptions in trade and labour shortages

## Macroeconomic Performance

### Real sector

#### GDP Growth:

Economic growth is expected to decelerate

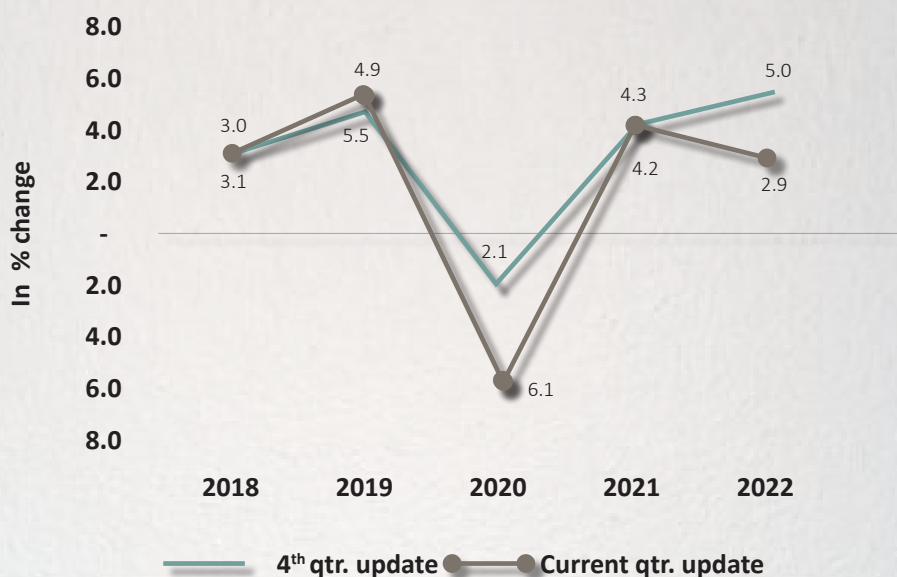
further to -6.1 percent from June estimates of -2.1 percent. The reduction mainly emanates from the industry sector, for which the forecast has been significantly downgraded from 3.1 percent to -3.6 percent; this is based on a census conducted in September 2020, which indicated a substantial decline in its average half-yearly income.

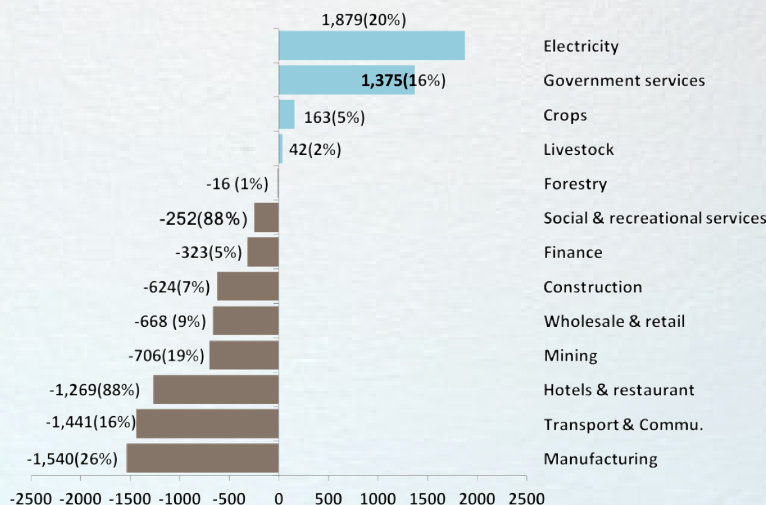
Growth in wholesale and retail trade has also been revised down as domestic demand remained subdued due to the pandemic, further aggravated by the nationwide lockdown in August.

Meanwhile, household consumption is estimated to decline by 24 percent and private investment by three percent in 2020. On the other hand, public investment is estimated to increase by 30.5 percent, as implementation of planned activities have been frontloaded to induce domestic demand and contribute to economic growth.

However, disruptions in trade and labour shortages is expected to hamper development progress despite various intervention measures.

Figure 1: GDP Growth





Source: 1<sup>st</sup> Quarter Macroeconomic Framework update, Ministry of Finance

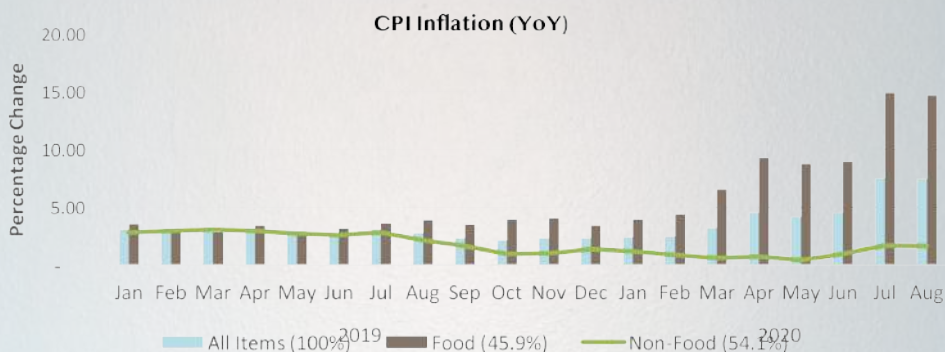
Further, with no sign of easing from the pandemic and the recent lockdown, economic loss by sectors in 2020 is estimated to be about Nu. 3.4 billion. This is largely attributed to downfall in the manufacturing, transport and communication, and hotels and restaurant sectors, among others. Most of the economic sectors as shown in the figure above are expected to experience output declines.

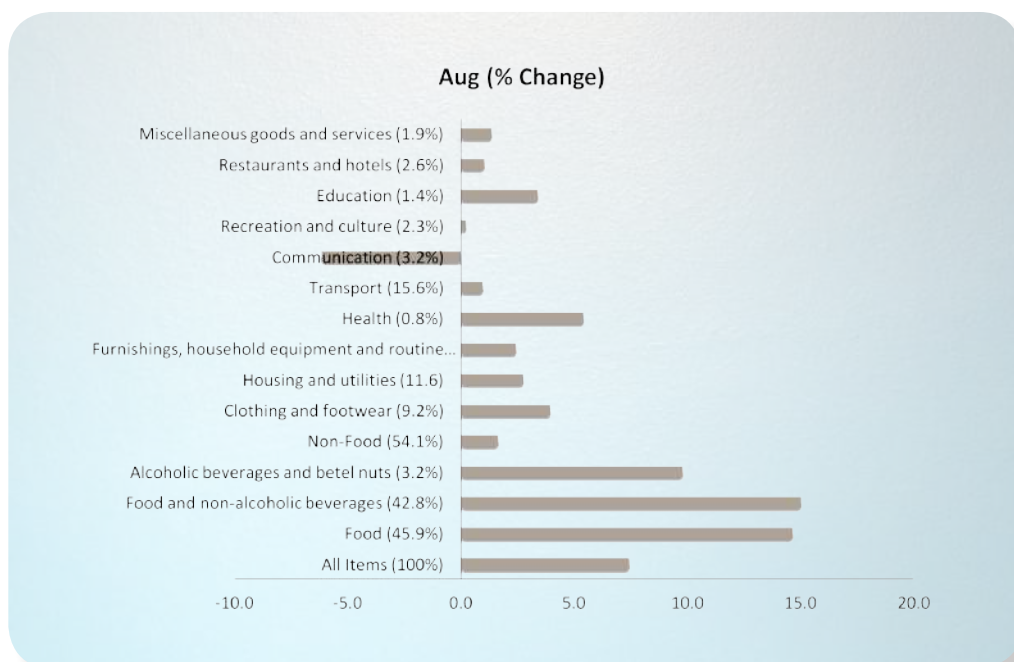
### Inflation:

Commodity prices have been on the rise, driven by increase in imported and domestic food prices.

CPI inflation had averaged a little over two percent in the six months prior to the detection of the first COVID-19 case in March. Since then, inflation has risen from 3.3 percent in March to 7.4 percent in August.

Build-up of inflationary pressure in the recent months are largely on account of rise in prices of food and non-alcoholic beverages (15%), and alcoholic beverages and betel nuts (9%). Supply chain disruptions in food production are expected to continue, pushing up food prices over the medium term.





## Employment:

The unemployment situation is further impacted by the pandemic, as also elaborated later in the report. The overall unemployment rate is anticipated to increase from 2.7 percent in 2019 to 14.3 percent in 2020. However, considering various intervention measures, the overall unemployment rate could remain around 9.6 percent in 2020.

## Fiscal Sector

Total resources projected in the 2020-2021 financial year is Nu 53,822 million. Of this, 62 percent is estimated from domestic revenue, and the remaining from external and internal grants as per the approved budget.

With domestic revenue performance affected

by the pandemic, collection of direct and indirect taxes for the 1<sup>st</sup> quarter has decreased by 8.6 percent and 54 percent respectively, compared to the 1<sup>st</sup> quarter of the previous year. The actual revenue collection for the 1<sup>st</sup> quarter amounts to Nu 5,359.9 million, which is 17 percent as compared to 20 percent in the previous year.

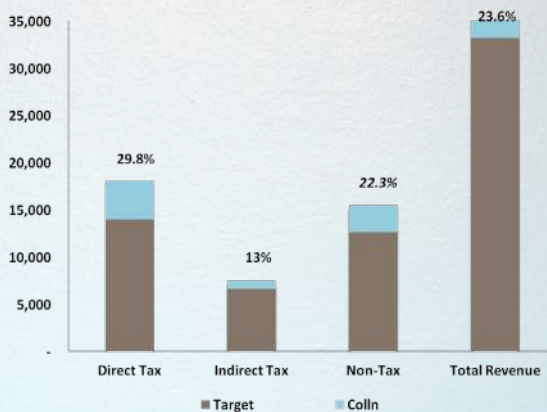
However, with the receipt of a profit transfer of Nu 2,462.7 million from Mangdechhu Hydropower Project (pertaining to the previous fiscal year), the revenue situation has stabilised with a total collection of Nu 7,822.6 million.

Besides hydropower, corporate tax and sales tax are the major sources under tax revenue, and a decline from these sources indicate that there is a risk of revenue target not being achieved if the current situation persists.

**Table 1: Revenue Quarterly Comparison**

	Jul-Sep'19	Jul-Sep'20	%
<b>Total Revenue</b>	<b>7,187.68</b>	<b>7,822.65</b>	<b>8.8</b>
<b>Tax Revenue</b>	<b>6,424.51</b>	5,009.91	(22.0)
<b>Direct Tax</b>	<b>4,540.59</b>	<b>4,150.82</b>	<b>(8.6)</b>
o.w. CIT	2,745.79	1,761.64	(35.8)
BIT	279.90	170.71	(39.0)
PIT	450.28	285.40	(36.6)
Tourism Royalty	208.63	-	(100.0)
Hydro Royalty	706.20	1,002.82	42.0
<b>Indirect Tax</b>	<b>1,883.92</b>	<b>859.09</b>	<b>(54.4)</b>
o.w. Sales Tax	1,207.45	684.18	(43.3)
Excise Duty	250.65	70.48	(71.9)
Green Tax	220.23	36.86	(83.3)
Customs Duty	92.42	67.56	(26.9)
<b>Non-Tax Revenue</b>	<b>763.17</b>	<b>2,812.73</b>	<b>268.6</b>
o.w. Profit Transfer MHP	-	2,462.66	
Int. Receipt	416.66	175.18	(58.0)

Source: 1<sup>st</sup> Quarter Macroeconomic Framework update, Ministry of Finance

**Figure 4: Revenue Status for FY 2020-21**

Source: 1<sup>st</sup> Quarter Macroeconomic Framework update, Ministry of Finance

The revision of the Chhukha Hydropower Plant (CHP) export tariff is due from January 2021. Upon successful completion of the CHP tariff negotiation, an additional revenue generation of Nu 491 million is expected.

External grants estimate as per the approved budget is Nu 20,142.8 million, of which 19.6 percent has been received during the first quarter.

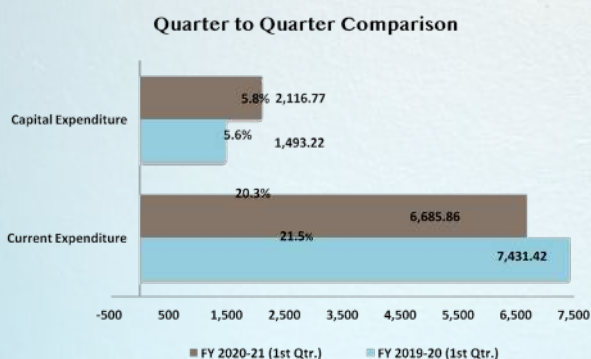
Grants receipts is higher by 13.5 percent compared to the previous year, mainly on account of frontloading Government of India (GoI) assistance and other project-tied assistance from

the multilateral development banks.

Total expenditure approved for the fiscal year is Nu 69,151 million, of which current expenditure is Nu 32,900 million and capital expenditure is Nu 36,251 million. During the first quarter, 20.3 percent has been spent on current expenditure while only 5.8 percent has been disbursed against the approved budget for capital expenditure.

The total expenditure incurred for COVID-19 response and the Druk Gyalpo Relief *Kidu* till date is given in table 2.

**Figure: Total Expenditure Status for FY 2020-21**



**Table 2: COVID-19 Response & Measures**

In million Nu	FY 2019-20	FY 2020-21
Budget provided for COVID-19	2,033.3	1,076.7
DGRK:		
Of which Income Support	679.1	660.0
Interest Payment Relief	1,823.0	3,683.7
<b>Total</b>	<b>4,535.4</b>	<b>5,420.4</b>

The initiative to accelerate the plan through frontloading of its activities has substantially increased the capital budget allocation, constituting 32 percent of the plan outlay.

During the quarter, a capital budget of Nu 1,433.5 million has been incorporated for externally funded projects. Given the size of the capital expenditure, associated works are being closely monitored to ensure that capital budget is fully utilised for development projects.

The coverage of current expenditure by internal resources stands at 102.4 percent. However, if the pandemic situation persists, there is risk of revenue performance being impacted.

The estimated fiscal deficit of Nu 15,329 million with the revised GDP base (Nu 184,813.5 million)

for the FY 2020-2021 stands at 8.3 percent of GDP, compared to the initial estimate of 7.4 percent of GDP (Nu 208,199.7 million) presented earlier this year.

The fiscal deficit is estimated to be financed largely through domestic borrowings (Nu 13,592 million), as net external concessional borrowings (Nu 420 million) are only adequate for repayment of past external loans.

In the medium term, the fiscal deficit is projected to remain elevated as non-hydro revenues remain subdued, whereas government spending continues to rise due to implementation of COVID-19 relief and recovery measures. As a result, the financing requirement could increase, adding on to the debt stock.

**Table 3: Summary of the revised fiscal framework**

Sl.no		FY 2019-20	FY 2020-21		Achieved (%)
		Actual (prov.)	Budget	Status (1 <sup>st</sup> Qtr.)	
<b>A</b>	<b>Total Resources</b>	<b>52,614.20</b>	<b>53,822.10</b>	<b>11,822.10</b>	<b>22</b>
<b>I</b>	<b>Internal Resources</b>	<b>36,710.20</b>	<b>33,679.20</b>	<b>7,880.70</b>	<b>23.4</b>
i.	Domestic Revenue	36,218.90	33,189.40	7,822.60	23.6
	Tax	22,725.80	20,569.60	5,009.90	24.4
	Non-Tax	13,493.10	12,619.80	2,812.70	22.3
ii.	Other Receipts	491.4	489.8	58.1	11.9
<b>II</b>	<b>External Resources</b>	<b>15,932.10</b>	<b>20,142.80</b>	<b>3,941.40</b>	<b>19.6</b>
i.	GoI	11,444.00	16,502.40	3,341.90	20.3
ii.	Others	4,488.20	3,640.40	599.5	16.5
<b>B</b>	<b>Total Expenditure</b>	<b>57,472.30</b>	<b>69,151.10</b>	<b>8,802.60</b>	<b>12.7</b>
i.	Current Expenditure	35,523.60	32,900.00	6,685.90	20.3
	o/w Primary Current	34,692.00	30,872.30	6,520.90	-78.9
ii.	Capital Expenditure	21,258.20	36,251.10	2,116.80	-94.2
iii.	Advance/Suspense (Net)	690.6	-	-	
<b>C</b>	<b>Fiscal Balance</b>	<b>-4,858.10</b>	<b>-15,329.00</b>	<b>3,019.40</b>	

*Note: As of October 19, 2020, Nu 4.43 bn has been received from the NRF fund and spent for relief measures.*

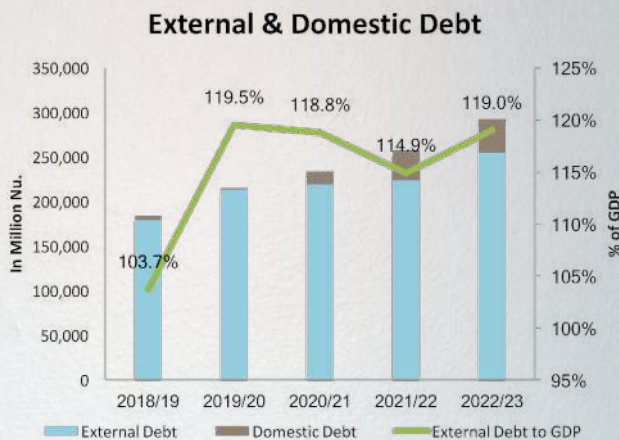
As on June 2020, the total public debt was Nu 215.4 billion, which is about 120.6 percent of GDP. The share of external debt was about 99 percent of the total debt, mainly comprising of hydro debt (75 percent), and accounting for 119.5 percent of GDP.

The public debt projected for the 2020-2021 financial year is Nu 233.7 billion (126.5 percent of GDP), an increase of 8.4 percent from the previous year—as both external and domestic debt are expected to increase mainly on account

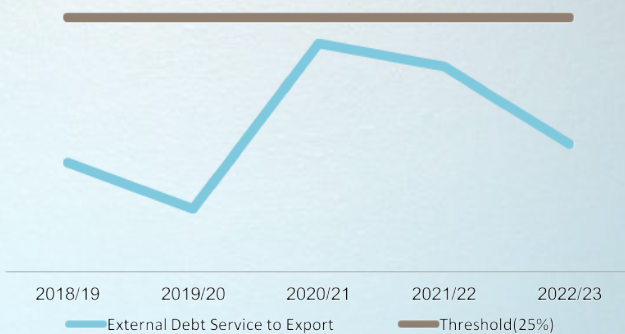
of Kholongchu loan disbursement, and borrowings from the domestic market through issuance of T-bills and Government Bonds to meet the resource gap. As a result, the domestic debt stock is also estimated to go up from one percent to seven percent of GDP.

From the estimated external loan of Nu 4,032 million for the year, 46 percent is for programme loan and the remaining is project-tied loan. During the 1<sup>st</sup> quarter, Nu 35.2 million has been availed under the programme loan.

**Figure 6: Total Public Debt Status**



**External Debt Service to Exports**



**External Sector**

On the external front, current account deficit is expected to narrow from 15.3 percent of GDP to 7.7 percent of GDP as a result of reduced demand for export and import amid COVID-19.

In the past nine months total trade volume dropped by 30 percent, as non-hydro exports reduced by 43 percent and imports fell by 25 percent.

For instance, from the top commodities exported to India, iron and steel which comprise almost 62 percent of total exports fell by 50 percent.

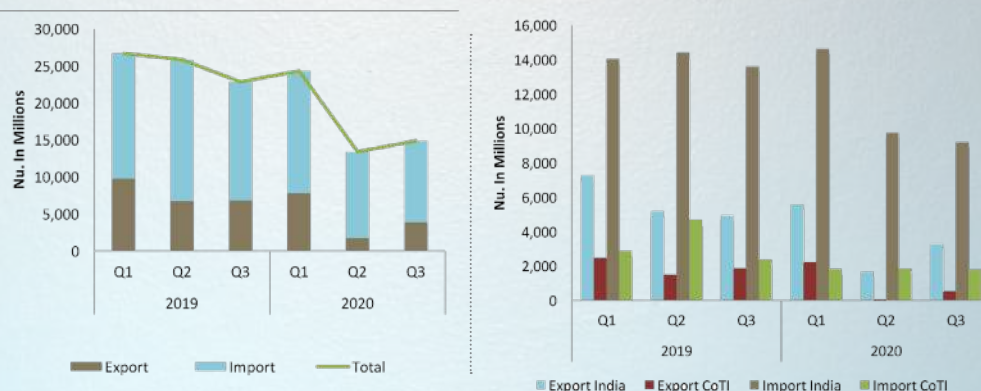
As a result, goods and services trade deficit is expected to improve to 5.6 percent of GDP, from 13.6 percent of GDP in the previous year.

The decline in trade indicates that the manufacturing sector has been impacted by the current situation, and the drop in productivity levels has affected overall growth.

Table 4: Top Exports to India 2020

Chapter	Description	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total	Share
72	Iron and steel.	1,191.8	1,232.2	851.3	226.2	448.3	413.2	748.9	693.5	748.3	6553.7	62%
25	Salt; sulphur; earths and stone; plastering materials, lime & cement.	525.5	502.9	383.7	20.3	121.8	149.1	190.4	109.7	199.2	2202.6	21%
22	Beverages, spirits and vinegar.	81.5	104.0	89.1	11.3	39.4	55.9	58.8	19.7	55.8	515.5	5%
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements, of isotopes.	65.9	77.9	39.8	8.3	15.4	23.2	46.1	25.5	62.6	364.6	3%
7	Edible vegetables/certain roots/tubers.	1.9	1.9	0.4	0.1	0.0	9.9	66.9	39.2	106.9	227.4	2%
9	Coffee, tea, mate and spices.	78.1	23.9	17.4	1.4	0.9	23.1	23.4	6.1	14.7	188.9	2%
<b>Total Exports</b>											<b>10,588.9</b>	

Figure 7: Quarterly Trade Trend

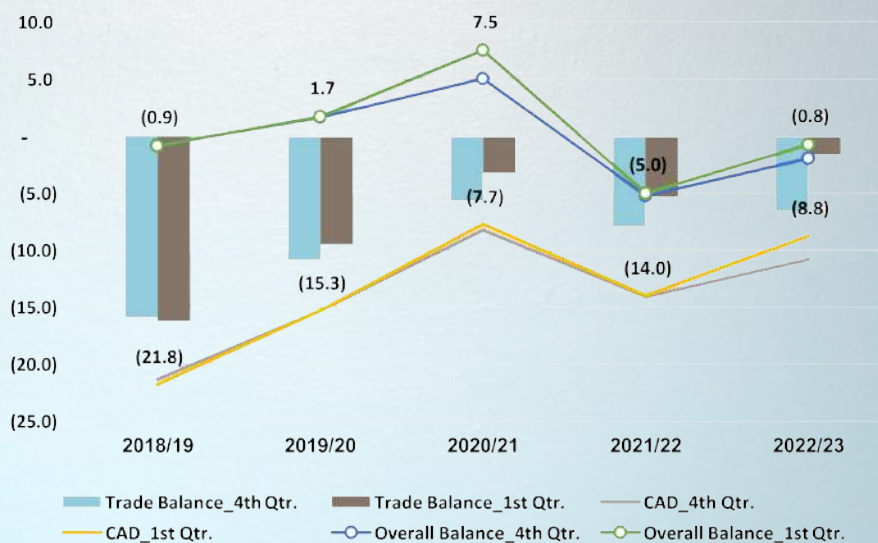


The current account deficit is expected to be adequately covered by financial and capital flows as hydropower disbursement and budgetary grants continue, which could result in an overall balance of payment of 7.5 percent of GDP during the year.

With a positive reserve asset in the 2019-2020

financial year, and the continued accumulation of reserves over the past years, the total reserve is estimated at \$1.2 billion. However, total gross international reserve is projected to decline by around four percent compared to the previous year, due to the impact of the pandemic on the tourism sector.

Figure 8: Balance of Payment (In % of GDP)



Source: 1<sup>st</sup> Quarter Macroeconomic Framework update, Ministry of Finance

### Monetary Sector

The growth in money supply is expected to be lower at 9.6 percent compared to 19.3 percent in the previous year, with the decline in net foreign assets.

Credit to private sector is estimated to fall from 14 percent to six percent, impacting private sector investment.

The non-performing loans have also increased from Nu 21.4 billion (June 2019) to Nu 26.5 billion

(June 2020), which are mainly concentrated in the services, trade and commerce, housing, and manufacturing sectors.

The implementation of a forward-looking web-based domestic liquidity management system, and reduction of Cash Reserve Ratio by 300 basis points is expected to ensure and provide uninterrupted optimal level of liquidity in the banking system—besides supporting the development of interbank lending operations and domestic money market.

**Table 5: Non-performing Loan Status**

NPL By Sectors	2019 Mar	2020 Mar	2019 June	2020 June
Agriculture	1,585.05	1,856.45	1,516.64	1,836.61
Service & Tourism	5,400.07	9,003.31	6,668.60	8,494.66
Manufacturing	2,160.98	4,025.00	2,471.59	3,600.49
Housing	2,458.62	3,634.31	2,442.27	3,599.30
Trade & Commerce	4,811.38	4,950.24	4,608.48	4,838.50
Transport	1,397.01	2,058.93	1,354.04	1,925.13
Personal	1,911.19	1,994.75	1,996.40	1,751.04
Loan Against FD	11.35	28.48	6.91	20.41
Staff Loan	57.98	56.04	39.93	52.35
Education Loan	150.36	262.36	241.28	221.37
Others	80.21	114.61	82.17	126.84
<b>Total NPL</b>	<b>20,024.20</b>	<b>27,984.50</b>	<b>21,428.32</b>	<b>26,466.70</b>



## Interventions to sustain the economy

In order to sustain the economy and off-set the losses, various measures have been implemented.

### Fiscal and monetary measures

Fiscal and monetary measures were announced in Phase I (April-June 2020), and Phase II (July-December 2020). Under fiscal measures, payment of Business Income Tax (BIT) and Corporate Income Tax (CIT) for income year 2019 have been deferred for businesses affected by the pandemic.

Payment of electricity charges for the manufacturing sector have been deferred, and demand charges are based on actual consumption.

Waiver on rental and other charges, to tourism-related business entities leasing government properties, is extended until December 2020. As of September 2020, a total of 103 business entities received a combined rental- and other charges -waiver amounting to Nu 7.640 million.

Phase I monetary relief measures were introduced, effective from April 14, 2020. Many of these were extended under Phase II (July 8, 2020), including the waiver of interest on loans till September 2020, partial waiver till March 2021, and extension of deferred monthly loan instalment repayment till June 2021.

Financial institutions were granted provision for bridging loans as concessional term-based loan (5 percent interest rate for the tenure of the loan), for CIT and BIT filing business agencies. Provision for the conversion of concessional working capital schemes to concessional term-based loan (5 percent interest rate for the tenure of the loan) was granted for tourism, manufacturing and wholesale business (April-June 2020).

Extension of soft loans was granted to cottage and small industries (CSI) through the CSI Development Bank (microloans at 2 percent interest for agriculture and rural activities, and working capital loans at 4 percent interest rate), for 12 months until June 2021.

### Fiscal incentives

For a developing economy that has been hit hard by the pandemic, fiscal incentives will continue to play a pivotal role in its revival. It will encourage much needed investments, and enhance overall private sector growth. The current fiscal incentives have been extended until June 30, 2022.

### Managing Non-Performing Loans

As part of the Phase II monetary measure, an in-depth assessment of Non-Performing Loans (NPL) is being conducted, to facilitate rehabilitation and/or foreclosures of NPLs. The Cash Reserve Ratio (CRR) has been further reduced by 200 basis point to seven percent, to facilitate implementation of Phase I measures.

A liquidity window for Financial Service Providers(inter-bank borrowing system) will be opened. Liquidity will be released through reduction of CRR only if the liquidity crunch is of a systemic nature.

### National Credit Guarantee Scheme

The National Credit Guarantee Scheme (NCGS) was launched on October 5, 2020 to ease access to finance, by government guaranteeing a portion of the loans availed under it. It has been established as a counter-cyclical policy measure during the COVID-19 pandemic situation.

Given the requirement to produce collateral, access to credit becomes an impediment. The NCGS circumvents this requirement, as it makes access to credit easier, particularly for aspiring entrepreneurs and start-ups and is also extended to existing businesses. Loans can now be availed under this scheme for businesses that boost exports, reduces or substitutes imports, promote innovation and technology, and create employment.

Under the NCGS, all loans for the CSI category will not require collateral, and start-ups in this category will be eligible for 100 percent debt financing. The medium and large industries will also be eligible for loans under this scheme. However, for such categories of industry, a portion of the guarantee will be shared between the

government and the bank, and the balance will be secured with collateral from the borrower.

In this way, the NCGS has been designed to include all categories of industries in a responsive and equitable manner.

## Economic Contingency Plan

Considering the severe toll on the economy from the COVID-19 pandemic, the Economic Contingency Plan series-I (ECP) was formulated to address and mitigate the impact on different economic sectors. Immediate coping measures were executed, while also initiating reforms and systemic changes to trigger positive long-term outcomes.

A total budget amounting to Nu 4.492 billion was allocated for the plan. This is in addition to the capital budget of Nu 36 billion for Financial Year (FY) 2020-2021. Current expenditure has been rationalised in response to expected fall in revenues, and to meet the coverage ratio as per the Constitution.

Support was provided to the Food Corporation of Bhutan (FCB), to stock essential food and non-food items. Fiscal decentralisation was deepened with the upscaling of national grants.

Under the ECP, priority was given firstly to the tourism sector, which along with allied sectors was disproportionately impacted. The intervention mainly focused on providing a source of livelihood for those who were displaced as a result of the sector coming to a standstill.

The second sector requiring immediate intervention was the construction sector, which with its heavy reliance on foreign workers suffered from labour shortages. To address this issue, the Build Bhutan Project (BBP) was launched, with the objective of creating a pool of skilled local workforce by skilling or re-skilling and engaging the displaced; and professionalising the sector in the process.

In addition to our reliance on foreign workers, we remain overly dependent on India for agriculture and livestock products. With border closures and limited access to Indian market sources, the need to realise the long-touted goal

of food self-sufficiency was further amplified.

The situation made it very clear that it was necessary to increase production and ultimately achieve import substitution, in at least a few agriculture commodities and livestock products to begin with.

Therefore, under the ECP, focus has also been given on boosting agriculture and livestock production, by providing a range of support measures across the value chain. These include technical assistance, additional support for marketing, post-harvest management, value-addition, and provision of year-round connectivity and road access.

Priority has been given to production of winter/off-season vegetables in the southern dzongkhags, to reduce their imports as well as to meet the demand in northern dzongkhags where production is not feasible.

Details of its implementation progress are reflected under the updates on the various sectors.

The Government, recognizing that the affects of the Pandemic has permeated to other sectors of the Economy, Economic Contingency Plan Series 2 is being formulated with the focus to focus on identifying short-term measures to support the production and manufacturing (P&M) sector to keep existing industries operational, and to explore longer-term reform measures to ensure that P&M industries thrive post COVID.

In additional, different opportunities, strategies and means are being explored to create productive employment and engagement opportunities for jobseekers that will enter the labour market, the ones who have lost jobs and those who have returned from overseas.

## Key initiatives, reforms and updates

### National CSI Development Bank

Building vibrant and resilient CSIs has long been recognised as an important strategy for diversifying our economy, with many policies and interventions undertaken to promote the sector.



However, access to finance has continued to be a major impediment for CSIs.

To address this issue, the Rural Enterprise Development Corporation Limited (REDCL) has been upgraded into a full-fledged, non-deposit taking, CSI bank. Established in February this year, the National CSI Development Bank Limited (NCSIDBL) is a fully government-owned state enterprise.

As a specialised financial institute, it will promote the growth of our rural economy by enhancing access to finance for the non-formal agriculture sector, and boost CSI-sector growth in the long run.

Its lending size has now increased to Nu 10 million, allowing it to finance 75 percent of the total project cost. The bank also opened export financing as a window to promote Bhutanese products in the international market.

Since its establishment, the NCSIDBL has made disbursements for 2,757 projects, amounting to Nu 871.4 million. Such credit injections will significantly support the revival of the local economy and help spur economic activities.

## Introduction of major tax reforms

The Goods and Services Tax (GST) Act of Bhutan 2020 was enacted during the third session of the Third Parliament. It is scheduled for implementation from July 1, 2021, and will replace the conventional sales tax by a modern GST.

This will subsume the existing 11 multiple tax-rate structures into a single standard rate of seven percent, and require businesses with turnover of Nu five million and above to be registered for GST collection.

In addition to the GST, luxury goods, sin goods and environmentally harmful items will be subject to Excise Equalisation Tax (EET), at four rates ranging from 20 percent to 100 percent. However, GST will be exempted on basic food, medicines, energy-saving and IT goods along with health, education, financial, information technology and agriculture services.

The GST implementation will be fully supported

by an IT automation solution called Bhutan Integrated Taxation System (BITS). This will strengthen the tax administration system, simplify business process, improve taxpayer services, minimise revenue leakages, and enhance tax collection.

Full implementation of GST as a consumption-based taxation, is expected to generate additional revenue of Nu 3 billion annually.

The adoption of the Income Tax (Amendment) Act of Bhutan 2020 brings into effect important provisions that will contribute towards narrowing the gap among the general public, support private sector development (in particular our farmers), among other benefits. Some of these provisions are:

- ❖ Revision of the basic PIT exemption limit from Nu 200,000 to Nu 300,000
- ❖ Increase in PIT rate for the highest income bracket from 25 percent to 30 percent, along with a 10 percent surcharge on PIT equal to or more than Nu 1,000,000
- ❖ PIT exemption for pension income and cash-crop income
- ❖ Enhancement of exemption for income from dividend from Nu 10,000 to Nu 30,000
- ❖ Enhancement of exemption of education expenses, from Nu 150,000 to Nu 350,000
- ❖ Revision of CIT rate from 30 to 25 percent for companies other than SOEs.

Meanwhile, the adoption of the Property Tax Act of Bhutan 2020 has reduced ownership transfer tax on land and buildings (from five to three percent), and on motor vehicles (from five to one percent).

## Energy sector

With the onset of the pandemic, hydropower has been reinforced as the mainstay of our economy. While other sectors were severely impacted, hydropower generation and export helped to cushion the impact of the economic downturn.

Commissioned in 2019, the Mangdechhu Hydropower Project (720MW) generated about

Nu 4.8 billion in 2019, and about Nu 12.54 billion from January-November 2020. The gross revenue generation from all hydropower plants in 2019 was Nu 18.686 billion, and from January to November 2020 it was Nu 24 billion. The increase in hydropower exports has cushioned the economy from a sharp drop in exports.

The signing of the Concession Agreement for Kholongchhu Hydropower Project on June 29 was a major breakthrough this year. This paves the way for starting the construction, and 20 percent of the works are to be offloaded to Bhutanese contractors—including sourcing of goods and services from domestic markets.

To decide the fate of Punatsangchhu-I (1,200MW), the independent third-party assessment is underway, and the report is expected by the end of the year.

Punatsangchhu-II (1,020MW) is currently slated for commissioning in 2022-2023. It is, however, facing acute shortage of skilled manpower for specialised works due to the pandemic.

Every effort is being made including recruiting our own people, and importing workers despite the travel restrictions in place in India and Bhutan.

To provide strategic direction, based on the learning experiences so far, the new hydropower policy is in the final stage of approval.

To diversify energy sources and to achieve energy security in the long-run, the first utility-scale solar-power plant of 180kW is being developed and will be interconnected to the national grid. A pilot prosumer project will also be implemented to ascertain the viability of independent power generation by households.

This will have a solar panel (2-3kW) installed on the rooftops of about 300 households spread across 15 dzongkhags. Plans and negotiations are underway for additional installation of other alternative renewable energy projects.

## Trade facilitation

A monthly “virtual dialogue” was initiated with the Government of India (GoI) to discuss and resolve trade issues. Recently, import of areca nut, mandarin, apple, potato and ginger from Bhutan

has been formalised by the GoI.

A new trade route between Bhutan and India was opened from Ahlay, Pasakha to ease traffic congestion at the Jaigoan-Phuentsholing entry, and on the Phuentsholing-Pasakha highway.

To expand and diversify market access, an additional two riverine ports name—Pandu in Guwahati and Jogighopa in Bongaigoan, Assam—have been notified. This will go a long way in strengthening waterways transport and trade between Bhutan, India and Bangladesh, and will cater to central and east Bhutan.

The GoI also notified one additional land customs station (LCS) in Agartala, Tripura in Assam, to provide a railway access for Bhutan that will link Akhaura in Bangladesh. Nagarkata in Jalpaiguri, West Bengal was also approved as a permanent LCS with no commodity restriction.

Towards building a railway link between Bhutan and India, a study was undertaken to connect Nyoenpaling, Phuntshapelri in Samtse to Mujnai, Birpara in West Bengal.

Bhutan and Bangladesh signed a Preferential Trade Agreement on December 6, 2020, and this is expected to boost trade between the two countries.

To promote the country in the global marketplace, a Branding Bureau has been established.

## Industries

Recognising the significance of CSIs in the economy, a start-up centre in Samtse is under construction, and one in Mongar is also finalised. Further, a CSI estate in Tsirang is under construction.

While our economy is not in the best of shape, there is hope and optimism in the market with 138 new industry applications for location in the industrial estates of Jigmeling, Dhamdum and Motanga, which are still at various stages of construction.

Last month, 10 new industries started breaking ground in Jigmeling, to begin construction of new factories. More ground-breaking ceremonies are



expected in the coming months in Dhamdum industrial estate, with 11 industries ready to start construction.

A range of domestic CSI manufacturers continue to be supported, to set up, produce and market their goods. CSIs have been facilitated in availing short-term working capital loan at an interest rate of 7.02 percent for purchase of raw materials. A total of Nu 28.43 million was assessed and recommended, and financial institutions have released an amount of Nu 7.70 million.

CSIs have also been provided with equipment-support grant, as part of the essential support services schemes. And through the industrial development grant scheme, critical production equipment on cost-sharing basis was provided. To improve branding and marketing, entrepreneurs were provided training for business management skills.

To enhance income for artisans and handicraft producers, various trainings relating to art and handicraft production.

Further, to diversify skills and knowledge, artisans and handicraft producers were provided opportunities to learn by participating in national and international trade exhibitions.

For medium and large industries, short-term working capital loan at an interest rate of 7.02 percent was also provided for purchase of raw materials and payment of wages. A total of Nu 1,148.86 million was assessed and recommended, and financial institutions have released an amount of Nu 613.34 million.

In addition, the first Bhutan-India Start-up Summit was held in February this year, to promote entrepreneurship and to establish linkages for cottage and small industries between the two countries.

## Formulating Economic Roadmap

The final draft report of the 21<sup>st</sup> Century Economic Roadmap will be ready by the end of December 2020. A high-level round table committee, a national taskforce, and four professional groups have been working on the strategy document since February this year.

The 16-member High-Level Roundtable Committee (HLC) has member-representatives from all political parties, the heads of the three branches of the government, the constitutional bodies, private sector, and experts from various fields to provide strategic direction, build consensus, and foster national ownership of the roadmap.

The HLC then instituted a 13-member National Taskforce (NTF) to spearhead the economic roadmap development exercise.

The NTF is composed predominantly of private sector representatives from diverse backgrounds, professions, experiences and expertise in the areas of technology, economy, business, entrepreneurship, finance and human capital.

This is a significant deviation from earlier approaches of government-led planning, to a private sector-led exercise.

Alongside the NTF are four professional groups of civil servants, private sector, resident development partners, and senior executive members from the public and private sector. The groups were formed mainly to provide diverse views and perspectives on the direction of the economic roadmap.

Despite the challenges posed by the COVID-19 pandemic, the taskforce has completed the deep-dive phase activities such as bilateral consultations with representatives from about 50 agencies including local governments, literature reviews, and economic analysis of sectors.

From the bilateral consultations, HLC meetings, deliberations within the taskforce, recommendations from the expert groups, online survey, and feedback received through social media, the taskforce found strong consensus on the aspirations and dimensions that the economic roadmap must encompass.

A unifying basis for the roadmap goals are the timeless statements of His Majesty The King. Based on the most recurring themes and emphasis of His Majesty's remarks, the economic roadmap articulates the overarching vision of "Pursuing Gross National Happiness in the 21<sup>st</sup> Century: A Dynamic, Prosperous, Inclusive and Sustainable Economy", with a goal of achieving a high-income nation status by 2030.

Income generation, employment and productivity will be the key measures of the goal of the roadmap. The roadmap focuses on three critical themes that will be the defining features of the 21<sup>st</sup> century economy that we aspire for:

#### ❖ **Governance and Enabling Ecosystem:**

A 21<sup>st</sup> century economy can only be built within a conducive regulatory and policy framework. It is an environment that enhances business activity by making it easy and acceptable to start and to fail;

and one that is characterised by policy certainty with minimal distortion.

It is an economy that enables the optimal allocation of resources. A defining feature of an enabling environment in the 21<sup>st</sup> century is the use of electronic systems for various services.

#### ❖ **Physical and Digital Infrastructure:**

As a small landlocked and mountainous country, infrastructure is critical to support a strong logistics and supply chain.

A 21<sup>st</sup> century economy must be endowed with the most recent and adequate physical and digital infrastructure.

#### ❖ **Human Capital:**

As the defining asset in the 21<sup>st</sup> century, a healthy, educated and skilled workforce is a long-term priority. A key characteristic is the higher productivity of a 21<sup>st</sup> century workforce.

Additionally, the taskforce has also identified key drivers or sectors with high growth potential such as tourism, energy, mining, manufacturing, capital and finance, agriculture, among others.



# **AGRICULTURE**



As a predominantly agrarian nation, the Renewable Natural Resources (RNR) is a critical sector for our economy. It plays a significant role in food security, employment, revenue earning, poverty reduction, and improving rural livelihood.

As of 2019, about 51 percent of our population depend directly on agriculture (including livestock) for their livelihood, and the sector contribution to GDP stands at 17.4 percent.

Beset with challenges, agriculture has undergone rapid transformation from a subsistence non-market-oriented farming tradition to market-based farming. The main drivers of change are public sector investment, policies and legal frameworks, technologies, population growth and demand, institutional credits and agribusiness, and trade.

While Bhutan has traditionally been self-sufficient in food production and consumption, this is not the case anymore. With the growing population and changes in food consumption pattern, demand for agricultural production has been increasing.

Meanwhile, production pace has not been able to cope with demand growth. Imports of food and related essential items have therefore kept increasing, to fill the gap and to ensure food security. In 2018, Bhutan imported food commodities worth Nu 5.7 billion, of which rice alone amounted to Nu 1.69 billion.

The experience from the COVID-19 pandemic in particular has underscored the significance of the sector. Agriculture, food and nutrition came into the limelight as a fallout of the current pandemic—with impact on food trade, increased dependency, and increasing number of laid off-employees from other affected sectors.

## Enhancing Agriculture Production during the COVID-19 Pandemic

With the COVID-19 pandemic disrupting the import, supply and distribution of essential food

items, a key concern was whether there was enough stock and production of essential food items to outlast the pandemic, which could stretch into many months if not years.

Under these circumstances, efforts were intensified to boost domestic production by reaching out to farmers and relevant institutions; and by supporting those laid off to take up agriculture, promoting winter vegetables, and strengthening the supply chain and sourcing. As part of the ECP, this initiative was allocated Nu 571 million, of which Nu 200 million has been disbursed to 20 dzongkhags.

Starting from day one of the nationwide lockdown, vegetables were sourced from dzongkhags with surplus production and supplied to vegetable-deficit dzongkhags and *thromdes*. For Thimphu *Thromde* vegetables were sourced from Paro, Haa and Wangdue, while Samdrup Jongkhar *Thromde* sourced supplies from Trashigang and Trashiyangtse Dzongkhags.

Vegetables and fruits were also sourced and supplied to various institutions including hotels serving as quarantine facilities, hospitals, embassies and religious institutions. Vegetables and eggs were sourced and aggregated from the western dzongkhags for supply to Dagana, Phuntsholing, Gomtu and Samtse during the national lockdown.

Vegetables, fruits and livestock products amounting to 192.45MT were sourced and distributed within these dzongkhags, and 91.68MT outside the dzongkhags.

## Winter vegetables

Efforts to enhance winter vegetable production in the seven southern districts have been intensified, by supporting land development, improving irrigation facilities, and providing essential production inputs like green houses, plastic mulches and seeds. Under the ECP, this has been prioritised with a budget of Nu 40.1 million provided to the respective dzongkhags.

In addition, southern dzongkhags have been mandated to include and expand chilli, onion and tomato cultivation in view of its importance

in Bhutanese cuisine. They will cultivate tomato under protected cultivation given the difficulty of open field conditions.

Three signature crops popular in these dzongkhags have also been identified for cultivation in winter. Preparations for winter vegetable cultivation started in August with the establishment of staggered nurseries, to ensure consistent supply during winter.

The dzongkhags have also developed vegetable gap-analyses in production capacity, which could be used to plan imports, if required. The winter vegetable production initiative is expected to create employment for about 4,000 people.

Towards enhancing production of winter vegetables, the National CSI Development Bank provided loans amounting to Nu 38,259,277 to 207 farmers.

## Commercial farming

With the objective to enhance farm productivity and to encourage people to pursue profitable farm-related enterprises, commercial farming continues to be encouraged. Till date, there are 312 commercial agriculture farms (inclusive of groups and cooperatives).

This has created employment for more than 562 individuals. In addition, state owned enterprises are operating 14 commercial agriculture farms with a total farm size of 1342.95 acres across the country.

## Support for Agriculture Production

### Land development

With the objective of increasing area for agricultural production, efforts were made to bring in fallow land under cultivation. Starting in 2019, a total of 578.1 acres of fallow land have been brought under cultivation in 20 dzongkhags.

Initiatives to develop agricultural land include provisions for new terracing and terrace

consolidation. Sustainable land management programs have also been implemented across the country, to work with vulnerable agriculture land. A total of 4,278.72 acres of land has been developed through these initiatives.

### Input supply and machinery

To enhance production, support in the form of seeds/seedlings, agrochemicals (insecticides, herbicides and pesticides), fertilizers and electric fencing have been provided to farmers.

For easy access to machineries required for production, government machineries have been made available to farmers for hiring—364 machineries through the Farm Machinery Corporation Limited (FMCL), and 933 through the gewog hiring centres.

### Agriculture Research and Development

A new heat tolerant maize variety Wengkhari HM-1, and two high-yielding bean varieties (Samtenling Semchu-1 and Bajo Semchumkaap) were released. In addition, a new plum variety Yusi-prune, one of the most popular of prune-plums grown principally for drying, and Samtenling Ngangla1, a new banana variety, with tolerance to abiotic stresses were released. Further, two accessions of tea, Sam Ja 1 and Sam Ja 2 were also released.

Following its introduction in 2015 and the release of four varieties in 2018, efforts have been made in aggressively promoting quinoa in all 20 dzongkhags including processing and packaging options. Around 76.96 MT of quinoa was produced during 2019-2020.

In addition, 99 mixed-fruit orchards supporting 98 households, along with 18 focus villages for fruits and nuts comprising 365 households, have been established.

Interventions to improve mandarin farming is continuing, as it is one of the highest horticultural produce earnings for Bhutanese. Around 4,360 trees in 26 locations were brought under improved canopy and orchard management approaches, which also saw a total of 515 farmers being trained on improved orchard management practices.

## Irrigation

A total of 80.6 km of new irrigation schemes have been completed or initiated with an investment of Nu 336.93 million. This has benefitted more than 1400 households in eight dzongkhags.

## Support for Livestock Production

Bhutan today has achieved 100 percent egg self-sufficiency, 93 percent dairy self-sufficiency, 44.95 percent meat self-sufficiency, and 24 percent fresh fish self-sufficiency. Milk production increased to 57,546 MT, up by 1,639 MT from 2018.

A total of 7,680,540 doses of livestock and poultry vaccines were procured; in addition to 9,530 doses of Classical Swine Fever vaccine, and 1,200 doses of Anthrax vaccine procured locally. To achieve production targets, 6,205 artificial inseminations were performed and 1,866 progenies were born, leading to a success rate of 30.1 percent.

To provide quality animal health and diagnostic services, 12,790 tests were performed from 6,312 samples collected from the field. Animal health services achieved 83.55 percent in terms of client satisfaction rate in clinical services; and reduced incidences of zoonotic diseases to 28 zoonotic and 21 non-zoonotic notifiable animal diseases in the country, against the target of 31 and 61 respectively.

For better accessibility and quality fodder for ruminants, 1,480 acres of improved pasture were developed, bringing the total to 20,889 acres across the country today. About 29.62 MT of temperate and sub-tropical pasture seeds, 114.20 MT of oats, 45 MT of fodder maize, and 7.42 MT of Tall Fescue were produced. In addition, 1,042 bio-gas plants were established to promote green livestock farming practices.

Through the ECP, Nu 199 million has been allocated to enhance livestock production on a commercial scale. State enterprises will engage

directly with the farmers through strategic approaches like contract farming and production in their own farms.

## Access to Finance

To provide easy access to finance and to meet the financial needs of rural people involved in agriculture and livestock activities, the National CSI Development Bank has been providing credit facilities to farmers. The bank has extended credit facility amounting to Nu 667.244 million, to more than 2272 people involved in agriculture and livestock production.

Complimenting the efforts of the NCSI Development Bank, the National Credit Guarantee Scheme will also provide an additional financing window to those interested in taking up or expanding agricultural and livestock production activities.

## Storage, Transport and Market

### Storage

Recognising that cold storage facilities are crucial in minimising post-harvest losses, importance is placed on increasing these facilities. There are currently nine cold storages across the country of which two are operated by the National Post Harvest Centre, five by state-owned enterprises, and two are privately operated.

In addition, a budget of Nu 80.34 million has been approved to build three integrated cold stores over 2020-2021, to ensure supply of safe and nutritious food and livestock products.

The regional level integrated cold storages will be established at Khaling in Trashigang for the eastern region, at Jimiling in Sarpang for the central region, and at Hesithangkha in Wangdue Phodrang for the western region. More sub-regional cold storages will be worked out as required.

A total budget of Nu 64 million has also been approved to establish grading and warehouse

facilities in Bumthang, Trashigang, Wangdue Phodrang and Chhukha for trading potato, the country's number one cash crop.

## Transport and market

Amidst the travel restrictions posed to prevent the spread of COVID-19, various measures have been adopted to ensure seamless export of agricultural products.

As of November 2020, a total of 1,165.24 MT fresh fruits (worth Nu 393.5 million), 16,445 MT fresh vegetables (worth Nu 365.24 million), and 1,561.55 MT spices (worth Nu 807.48 million) were exported to India and Bangladesh. Further, 1,100 MT fresh milk was exported to the neighbouring State of Assam in India.

A total of 522 Cooperatives and Farmers' Groups (FGs) and SOEs were linked with 180 schools across the country, as part of the School and Hospital Feeding Program (SHFP). Further, eight FGs were linked with traders, the armed forces, and institutions.

FMCL established a 50-acre integrated farm at Phaitang, Nubi Gewog in Trongsa, and started supplying vegetables to schools and hospitals under the dzongkhag. A farm covering more than 100 acres is also being developed at Wangrey, Tangsibji Gewog.

An aggregation centre was set up at Damchu to source, store and distribute fruits and vegetables, and to help farmers, and facilitate export. In the past year, 11 new cooperatives and 62 new FGs were formed, taking the total to 87 and 616 as of November 2020.

The Cooperative Business Development Scheme provided value addition equipment, worth Nu 2.825 million, to 27 registered cooperatives and FGs on a 70:30 cost-sharing basis. A total of 17 market infrastructures were also established.

## National Organic Flagship Program

The National Organic Flagship Program (NOFP) has adopted a holistic approach towards realising the commercial organic production potentials of selected commodities, making bio-inputs available and diversifying the source of income for organic producers.

A total of 2,146.8 MT of Organic Flagship Commodities were produced and traded, generating Nu 261.28 million in income to the farmers. About 1,048 farmers are engaged in organic farming covering 2,410.32 acres around the country. A total of 505 households has been registered under Local Organic Assurance System (LOAS), and 234 households operating 2,230.55 acres have been certified under this.

The three small-scale organic manure production units were upscaled, and three new units of organic manure production were established. Six smaller compost production units were also established in Land Use Certificate Program (LUC) areas in Trashigang, Tashiyangtse, Mongar and Pemagatshel. A total of 100 MT of organic manure was produced.



**TOURISM**



In keeping with our GNH philosophy and a “high value, low volume” tourism policy, the industry has consistently sought to ensure growth within the carrying capacity of our physical, socio-cultural and natural environment.

It is a key economic sector, bringing in significant foreign exchange earnings, creating employment for over 50,000 persons, facilitating other livelihood opportunities, and promoting regional and international goodwill.

While the initial focus was on Minimum Daily Package Rate (MDPR) paying tourists, the emergence of new market segments in 2009-2010 from Bangladesh, India and Maldives led to the creation of a regional or non-MDPR paying tourist category.

Where earlier efforts to promote domestic tourism did not yield much, it is the on-going COVID-19 situation that has given it the required impetus, with encouraging response from the locals.

Visitor arrivals peaked at over 300,000 in 2019, of which over 70 percent were from the region. Services were provided by more than 1500 tour operators, over 160 tourist-standard hotels, 150 plus village homestays, more than 500 budget hotels and restaurants, over 1500 guides, and two airlines flying to over 10 cities. Gross receipts from the industry was USD 88.63 million.

Unfortunately, the impact of the COVID-19 pandemic on the global tourism industry has been unprecedented, and Bhutan was no exception. Since the detection of the first case in the country and subsequent imposition of travel restrictions, tourism has been one of the worst hit sectors.

## Impact of COVID-19

The impact of the pandemic on the tourism sector has been far-reaching, as outlined below.

### Arrivals:

Overall visitor arrivals fell by 91 percent, with only 28,937 visitors in 2020 as compared to 315,599 visitors in 2019. Of this, 6,876 were MDPR paying tourists (a 90.5 percent drop from 72,199 in 2019); and 22,061 were Non-MDPR paying tourists (a 90 percent drop from 219,195 in 2019).

### Receipt and revenue:

Gross receipts fell by 92 percent to USD 19.84 million in 2020, from USD 225.87 million in 2019. Direct revenue also dropped by 90.4 percent to USD 2.63 million in 2020, from USD 27.23 million in 2019.

### VISA cancellation:

A total of 4,333 visas were canceled between January 15 to November 29, 2020.

### Employment:

A total of 50,737 employees in the tourism sector have been impacted due to the outbreak.

## Interventions

Considering the aforementioned impact, tourism was identified as one of the focus sectors under the economic contingency plan, and interventions were formulated with the aim of achieving the following objectives:

- ❖ To immediately engage those who have been displaced, to provide a source of livelihood
- ❖ Professionalise employees in the tourism sector; identify new tourism products, and provide a facelift for tourism infrastructure through enhancement and beautification as part of an engagement program for displaced employees;
- ❖ Strengthen tourism governance
- ❖ Overall, to work towards maintaining and promoting Bhutan's image as an exclusive high-end and sustainable tourism destination.

To realise these objectives, four broad programs were designed in the areas of infrastructure and product development, training and re-skilling, survey and studies, and waste management with a total budget allocation of Nu 213.78 million.

The programs have been planned in two phases spanning over nine months (Phase I from April to June 2020, and Phase II from July to December 2020).

The first phase of the plan engaged more than 1151 displaced employees from the sector. The activities included re-development, beautification and up-gradation of tourist destinations, beautification programs and capacity development in the field of advanced food production, and sowa-rigpa.

Focus has also been given to digitalisation of tourism products such as digitalisation of the Snowman Trek.

**1,151** people engaged  
under ECP I and **179**  
under for ECP II

## Tourism reforms

To enable better service provision and to maintain Bhutan's status as a high-end exclusive destination, a single policy applicable to all visitors is being finalised.

This is a significant reform, prompted by the rapid increase of regional or non-MDPR paying tourists in recent years, which has presented a major challenge to upholding our "high value, low volume" tourism policy.

While this comprehensive national tourism policy was initiated last year, the Tourism Levy Act of Bhutan 2020 was adopted by Parliament earlier this year. As per this Act, regional tourists will pay a Sustainable Development Fee (SDF) of Nu 1,200 a person a night, a quarter of what is levied on international visitors.

With the SDF levy in effect since July this year, regional tourists will stay in a tourist-standard hotel, have a guide, and enjoy the same level of services and exemptions provided to international tourists. In this regard, the Guideline for the Management of Regional Tourists 2020 was approved.

Efforts are also underway to spread the benefits of tourism to other less travelled districts. The plans include promotion of adventure sports, highland festivals, bird watching and heritage tours in the east and central regions.

## Tourism post COVID-19: Taking tourism to the top

### Regulatory frameworks

- ❖ Tourism Rules and Regulation being reviewed and the formulation of Tourism Levy Rules and Regulation under progress.
- ❖ Guidelines for the Management of Domestic Tourism being developed in consultation with relevant stakeholders. Domestic Tourism Promotion Strategy is also being developed.
- ❖ Guidelines for the Development of Luxury Tented Accommodations has been developed. The draft Criteria for the Assessment and Certification of Tented Accommodation is being reviewed and refined.
- ❖ Guidelines developed to establish safety standards for horse-riding services and to define the role of various stakeholders including tourists who use the services. Along with this, a liability waiver form has also been developed.
- ❖ Drug testing for tour guides and trekking staff instituted as a mandatory requirement for license renewal. The program will be expanded to cover other service providers in a phased manner. An SOP was developed to guide its implementation.
- ❖ Proposals on the management of non-star rated (budget) hotels and unlicensed accommodations have been developed.
- ❖ Streamlining of permit/visa issuances.



## Re-opening

- ❖ Samdrup Jongkhar and Gelephu identified as additional entry points to prepare for the reopening of the sector, and to facilitate the spread of tourists across the country. Integrated check post facilities will be set up in these locations in due course of time.
- ❖ Comprehensive guideline being developed to reopen tourism in a safe manner while ensuring positive experience for tourists.
- ❖ SOP for payment of SDF by regional tourists has been developed. The guideline on the management of regional tourism has been approved and all relevant stakeholders, including Embassies and Missions, are sensitised on the implementation process.
- ❖ In preparation for the levy of SDF, budget hotels were assessed for up-gradation to tourist standard hotels.

## Nation branding

- ❖ Bhutan Tourism Dialogue Series was initiated to provide a platform for tourism stakeholders to discuss issues and challenges, as well as opportunities to take the sector forward.
- ❖ Development, promotion and implementation of communication plan to keep Brand Bhutan alive in the minds of travelers through various local and international channels including social media, print media, television and videos. Participated in numerous virtual meetings, conferences and interviews. A 60 Second promotional video was aired on CNN.
- ❖ A communication campaign “Unlock Happiness” has been developed. It aims to increase brand equity through key brand awareness and positive brand association strategies, and to promote Bhutan as the number one destination for safe and unique travel experience among selected targeted audiences.

## COVID-proofing tourism services

The process for digitalisation of the tourism sector has been initiated, through the integration of online systems to improve transparency, efficiency and effectiveness in service delivery.

The digitalisation will look into Internet Payment Gateway (IPG), easing VISA processes, online communication systems, among others.

## Geographical spread and all-season tourism

To make tourism an all-season phenomenon with geographical spread, the Tourism Flagship Program aims to take tourism outside the tourism triangle (Paro, Thimphu, Punakha, Wangdue Phodrang, Bumthang).

Preparatory works are completed for the launch of cultural and highland festivals in Trashigang, Trashiyangtse, and Lhuentse. New cultural destinations are being explored Haa, and infrastructure for visitors have been enhanced in Gasa.

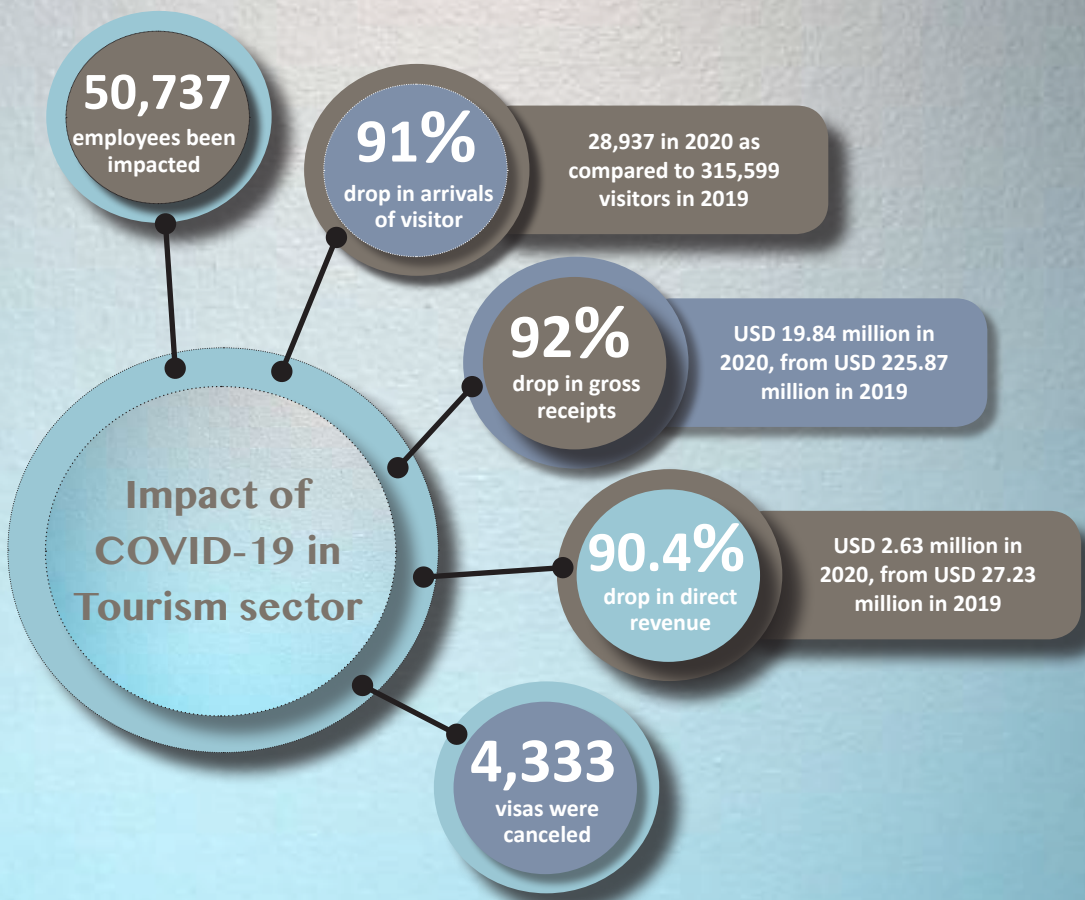
## Product diversification

- ❖ Development of Druk Neykor connecting 108 temples in the country has been initiated. The Thimphu version comprising 16 sites (temples and neys) will be launched on December 17, 2020.
- ❖ Proposal to enhance visitor experiences post COVID-19 on wellness, nature, culture, and MICE has been developed.
- ❖ Privatisation proposal related to management of trek routes and campsites.
- ❖ A digital booklet on the Village Home Stays (VHS) in Bhutan was launched on September 27, 2020 coinciding with World Tourism Day on the theme “Tourism and Rural Development.”

## Improving operations and performance

Towards improving working processes and performance of the sector, relevant surveys and assessments have been conducted.

Alongside training programs to enhance professionalism, and efforts to strengthen coordination and collaboration among stakeholders.





# EMPLOYMENT



**A**s the pandemic wreaked havoc on the Bhutanese economy, the common denominator was unemployment.

Businesses and jobs were severely affected resulting in layoffs, leave without pay, and pay cuts. The unemployment scenario worsened as people were forced out of various economic sectors.

This was further compounded with thousands of Bhutanese compelled to return home from abroad.

The Ministry of Labour and Human Resources (MoLHR) was tasked with creating various employment programs to bring people back into various sectors, as well as to enhance their skills and make them employable.

Under the Economic Contingency Plan (ECP), the government developed a targeted response towards unemployment, including a strategic response to ensure the tourism sector's resilience.

## Employment in the wake of the COVID-19 pandemic

The latest Labour Force Survey 2019 reported an unemployment rate of 2.7 percent. However, with disruption in the usual job market, unemployment increased with layoffs in various economic sectors.

The issue has also been compounded with Bhutanese youth compelled to return from overseas. Preliminary estimates suggest that overall unemployment rate will increase from 2.7 percent in 2019, to more than 14 percent in 2020. Sharing the brunt of the pandemic, the construction sector suffered as expatriate workers returned home.

However, under the dynamic leadership of His Majesty The King, Bhutan saw unparalleled response towards the pandemic. Citizens who lost jobs and those whose livelihoods were put at stake received the Druk Gyalpo's Relief *Kidu*.

With a National Resilience Fund of Nu 30 billion, the government implemented strategic programs to solve the unemployment crisis as part of its comprehensive national response to the challenges of the pandemic.

## Professionalising the construction sector – Build Bhutan Project

Given the pandemic and consequent restriction on the entry of foreign workers, the projection shows that by mid-2020 more than 35,000 workers—including both skilled and unskilled workers—were required to keep the construction sector on course. The workforce shortage is expected to worsen and affect the implementation of 12<sup>th</sup> FYP.

The government initiated the Build Bhutan Project (BBP) under the ECP in July 2020. Its intention is to create a domestic labour force that can cater to the construction industry, with a strategy to re-deploy those who were laid off from work and those who had returned from overseas.

BBP also seeks to address the wider and long-term objectives of transforming and professionalising the construction sector.

## Imparting skills

To meet skilled workforce demand in the construction industry, BBP provides skills training, and also facilitates direct engagement in various construction works.

In two batches, a total of 246 participants were enrolled in various construction trades of which 191 are currently undergoing attachment in construction companies.

Further, the BBP has also conducted the RPL (or recognition of prior learning) assessment for 73 candidates in construction trades such as masonry, carpentry, electrical and plumbing.

The skilling participants receive a monthly stipend of Nu 6,000 per month, in addition to food and accommodation allowance of Nu 3,000. The graduates are also provided with a set of tools to enable them to further their career in construction.

Under the BBP initiative, 521 people are directly employed in the construction sector while 246 trainees are undergoing attachments in various construction works.

## Specialised firms

The BBP also initiated formation of Specialised Firms (SFs) to augment the requirement for a skilled workforce, promote mechanisation and professionalisation, and to promote the construction sector as an attractive employment sector. In total, 21 SFs have been formed against a target of 18 SFs.

To promote SFs and ensure continuous supply of work, and to keep youth engaged during the pandemic, repair and maintenance (R&M) works of government agencies have been directly awarded to SFs along with a set of power tools and equipment.

In the first phase, 17 SFs are executing R&M works of government agencies worth Nu 29.51 million. Further, SFs also received business development workshops through BBP. In total, SFs have employed 163 (95 skilled and 68 unskilled) workers in various construction works.

To attract and engage the unemployed, those laid off and overseas returnees in the construction sector, BBP has introduced a 25 percent wage top-up which is provided by employers.

Further, considering the importance of social security, the project in collaboration with National Pension and Provident Fund (NPPF) instituted Provident Fund (PF) for all BBP participants.

Under this arrangement, BBP contributes 10 percent to a participant's PF account, in addition to five percent contribution made by the participant.

To ensure occupational health and safety, the BBP beneficiaries are provided with Personal Protective Equipment (PPE) and work uniform.

## Employment facilitation services

### a. Expansion of critical skills

In partnership with both private and public registered training providers, skilling opportunities in the areas of food production, baking, food processing, weaving, nature guide, construction management, tailoring, early childhood care and development (ECCD), farm machinery operation, repair and maintenance, and many others were made available through the Critical Skills Training (CST) program.

During the COVID-19 pandemic, a total 1393 job seekers and pandemic-affected workforce were provided skills in different areas. The skilling support ranges from one to 12 months, and trainees are provided a monthly stipend of Nu 1,500.

During the COVID-19 pandemic, a total 1393 job seekers and pandemic-affected workforce were provided skills in different areas. Another 1,065 will be skilled within 2020.



### **b. Online learning and freelancing**

Between March-April 2020, in partnership with different global online skilling platforms like Coursera, Udemy, and Microsoft Skills, close to 6,843 people enrolled in various online courses.

Besides online skilling platforms, the Online Freelancing Program was designed to explore freelancing opportunities on global work platforms such as Fiber, Upwork, Workdeer, and Freelancer to allow Bhutanese to work and earn from home. Close to 100 participants are undergoing training with five training institutes to take up online freelance work.

Following the success of online learning with Coursera, other online learning platforms such as Skillshare are being explored. This is to provide vocational skills to individuals interested in learning new skills, to new entrepreneurs, and to those interested in expanding their business.

### **c. Youth engagement and entrepreneurship support**

Youth Engagement and Livelihood Program (YELP) was designed to benefit both employers and job seekers. It provides an avenue for jobseekers to gain on-the-job skills and the work experience required to enhance their employability, while also supporting their livelihood.

A monthly allowance of Nu 5000 is provided to jobseekers engaged with different employers. The support duration ranges from three to 12 months. Close to 300 jobseekers have been placed through YELP.

Entrepreneurship support was provided to individuals interested in setting up their own small businesses, through entrepreneurship

training and events. Under this program, events such as Bhutan New Venture Challenge, Hackathon Challenge, Online Freelancing Course, Startup Weekend, International Business Idea Competition, Student Business Seedling Program, and Global Entrepreneurship Week were conducted.

Under the Startup and Cottage and Small Industry Flagship Program, 626 youth have been trained, 45 new startups have been established, and 124 jobs have been generated as of November 30, 2020.

### **d. Technical and Vocational Education Training**

Entrepreneurship support is provided to individuals interested in setting up their own small businesses, through entrepreneurship training and events. Trainings are categorised into Basic and Advanced Entrepreneurship Course, depending on the qualification of the candidates and the duration of the training.

The events include Bhutan New Venture Challenge (BNVC), Hackathon Challenge, Online Freelancing Course, Startup Weekend, International Business Idea Competition, Student Business Seedling Program, and Global Entrepreneurship Week.

Other support include the setting up of incubation centers in collaboration with colleges in Bhutan, and the integration of entrepreneurship into education.

Under the Startup and Cottage and Small Industry Flagship Program, 626 youth have been trained, 45 new startups have been established, and 124 jobs have been generated as of November 30, 2020.





# **FOREIGN RELATIONS**



The past one year has seen significant achievements in the promotion of our foreign relations. In addition to strengthening existing bilateral and multilateral cooperation, measured efforts to expand relations with countries beyond the region have also borne fruit.

These efforts were reinforced with the exchange of important state, high-level and friendly visits with other countries.

However, with the onset of COVID-19 in the country, our focus shifted to addressing issues at home, such as ensuring uninterrupted supply of essential food and medical supplies.

Diplomatic channels were used to facilitate with mobilising international assistance towards fighting the pandemic, and in organising repatriation flights to bring home Bhutanese stranded in other countries.

## Strengthening international relations

### Expanding diplomatic relations

Bhutan and Germany established diplomatic relations on November 25, 2020. The decision to establish diplomatic relations with Israel has also been taken forward, and the agreement between the two countries will be signed today.

We are also in the process of working towards establishing a Bhutanese Embassy in Canberra, Australia, in 2021.

### Major bilateral events

#### Royal visits

At the invitation of the Government of Japan, His Majesty The King and Her Majesty The Gyaltsuen attended the Ceremony of Enthronement of His Majesty the Emperor of Japan from October 21-27, 2019. His Royal Highness The Gyalsey also accompanied Their Majesties.

His Majesty The King and Her Majesty The Gyaltsuen attended the enthronement ceremony at the Imperial Palace on 22 October 2019.

Their Imperial Highnesses the Crown Prince and Princess Akishino of Japan visited Bhutan from August 17-24, 2019. During the visit, their Highnesses visited historical places in Paro, Thimphu and Punakha. His Majesty The King and His Majesty the Fourth Druk Gyalpo granted audiences to Their Imperial Highnesses.

Most recently, HRH Prince Jigyel Ugyen Wangchuck visited the State of Kuwait from October 18-20 this year, to offer condolences to the people of Kuwait on the demise of His Highness Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, the Late Amir of the State of Kuwait.

HRH's visit was also to offer felicitations to His Highness Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah, Amir of Kuwait, and to His Highness Sheikh Mishal Al-Ahmad Al-Jaber Al-Sabah, Crown Prince of Kuwait, on the assumption of their High Offices.

### Bilateral cooperation

#### a) India

Bhutan and India continue to enjoy excellent relations based on tremendous goodwill, understanding and mutually beneficial cooperation. Building on the strong foundation laid by our visionary monarchs, we continue to make concerted efforts in strengthening Bhutan-India relations.

In keeping with the tradition of the exchange of high-level visits between our two countries, we hosted several high-level delegations from India, most notably the State Visit of His Excellency Prime Minister Narendra Modi from August 17-18, 2019. This was a highly successful and amongst the most substantive visits undertaken by an Indian leader.

In a similar vein, at the invitation of H.E. Dr. S. Jaishankar, Minister of External Affairs of

India, our Foreign Minister Lyonpo (Dr.) Tandi Dorji visited New Delhi, Kolkata, Bodh Gaya and Rajgir from November 17-23, 2019. These exchanges of visits provided an opportunity for frank exchanges of views on Bhutan-India relations and ways to further strengthen it.

Earlier this year in February-March 2020, the Indian Railways, Commerce and Industry Minister, Shri Piyush Goyal, headed a High-Level Business Delegation to Bhutan and was a keynote speaker for the Bhutan-India Start-Up Summit 2020.

The following are some of the notable updates in the relations between Bhutan and India:

- ❖ The second phase of the RuPay card was jointly e-launched by the two Prime Ministers of Bhutan and India on November 20, 2020. This initiative will provide safe and convenient banking, and enhance cross-border digital payments between our two countries.
- ❖ As agreed during the State Visit of Prime Minister Modi, RGoB and GoI are in the process of discussing the joint development of a small satellite for Bhutan. The joint satellite is expected to be launched in 2021 as a tribute to His Majesty The King on his Birth Anniversary celebrations next year.
- ❖ The Royal Government is in the process of implementing an additional International Internet Gateway (IIG) for Bhutan from Bangladesh via India, which will ensure redundancy in international links during failure/disruptions along the current Kolkata-Siliguri link.
- ❖ An additional Land Customs Station (LCS) has been established at Ahllay in Pasakha for movement of goods/people between Bhutan and India. The opening of Ahllay LCS has greatly facilitated the movement of vehicles and goods between the two countries during the pandemic, and eased the problems faced by Jaigaon LCS, including health risks from COVID-19 on account of long waiting time and congestion.

- ❖ At the Royal Government's request, GoI also agreed to frontload a sum of Nu 4225 million under the Program Grant, Transitional Trade Support Facility and Adjustment of Mangdechhu Tariff, to facilitate the immediate implementation of COVID-19 interventions.

## b) Bangladesh

The Preferential Trade Agreement (PTA) between Bhutan and Bangladesh was signed virtually on December 6, 2020. With this, Bhutan will enjoy the duty-free export of 16 additional products in addition to the existing 18 products. This will enhance our trade relations and further strengthen our bilateral relations with Bangladesh.

In addition, with the signing of the PTA, the two countries will launch a year-long event to celebrate the occasion of the 50<sup>th</sup> Anniversary of the recognition of Bangladesh as an independent country by Bhutan. On December 6, 1961, Bhutan was the first country to recognise the independence of Bangladesh.

## c) European Union (EU)

The EU has frontloaded the fund release of EUR 9.7 million on October 13, 2020 (originally programmed to be remitted in 2021) as part of the EU COVID-19 response package for Bhutan.

The details are as follows:

- ❖ EUR four million (Nu 344.320 million) for Rural Development Climate Change Response Program (MoAF).
- ❖ EUR 2.4 million (Nu 206.592 million) for Capacity Development for Local Government and Fiscal Decentralisation (DLG, MoHCA).
- ❖ EUR 3.3 million (Nu 284.064 million) for establishment of search and rescue training centre (DDM, MoHCA).

## d) Opening of KOICA Bhutan World Friends Korea Program Office

The KOICA World Friends Program Office in Thimphu was jointly inaugurated by our foreign



minister and Ms. Mikyung Lee, President of the Korea International Cooperation Agency (KOICA), on December 13, 2019. Ms. Lee is the first ever President of KOICA to visit Bhutan.

The main function of the KOICA Office is to coordinate and liaise the dispatch of Korea overseas volunteers, and oversee matters affecting the volunteers in Bhutan. We are currently in the process of bringing in five TVET experts through the KOICA Office as Master Trainers for three months, from January to March 2021.

## Major multilateral events

### **RGoB's participation UN General Assembly**

#### **74<sup>th</sup> Session of the UN General Assembly:**

In 2019, the Bhutanese delegation attended the High-Level-Segment of the 74<sup>th</sup> Session of the UN General Assembly, from September 20-29 in New York, U.S.A.

Representing Bhutan, I addressed the general debate on September 20, and along with our Foreign Minister attended various High-Level Events such as the 2019 Climate Action Summit, the Sustainable Development Goal Summit, and the High Level Meeting on Universal Health Coverage.

On the side lines of the General Assembly, we also had meetings with the UN Secretary General, Heads of UN Specialised Agencies, and with leaders of delegations from India, European Union, Ireland, Singapore, Austria, Nepal, and the U.S.A. amongst others.

#### **75<sup>th</sup> Session of the UN General Assembly:**

In view of the ongoing pandemic, the High-Level Session of the 75<sup>th</sup> UN General Assembly and other events were held virtually. I addressed the General Debate through a pre-recorded video statement on September 25, 2020.

Amongst other notable events, I participated in the High-Level Meeting on the 75<sup>th</sup> Anniversary of the UN, High-level Roundtable Discussion on Climate Action, UN's Leaders Event for Nature and People, and the plenary segment of the UN Summit on Biodiversity.

As done in the past, the government participated in the meetings held on the side lines of the General Assembly, such as the Annual LDC meeting, LLDC Ministerial Meeting, and the Informal Meeting of the SAARC Council of Ministers.

### **Presentation of a United Nations Population Fund Award to Her Majesty Gyalum Ashi Sangay Choden Wangchuck and visit by UNFPA Executive Director**

The Executive Director of the United Nations Population Fund (UNFPA), Dr. Natalia Kanem visited Bhutan from October 22 to 26, 2019 to present a UNFPA Award to Her Majesty Gyalum Sangay Choden Wangchuck.

The award was presented on October 24, coinciding with the 74<sup>th</sup> anniversary of the United Nations, in recognition of Her Majesty's role in helping advance the rights of women and girls in Bhutan as the UNFPA's Goodwill Ambassador since January 6, 1999.

The visit and the presentation of the award have raised awareness on the issue of women's rights and empowerment in Bhutan.

### **Admission of the Bhutan Red Cross Society in the International Federation of Red Cross and Red Crescent Societies**

The Bhutan Red Cross Society (BRCS) was formally admitted as the 192<sup>nd</sup> national society of the International Federation of Red Cross and Red Crescent Societies (IFRC), at the 22<sup>nd</sup> session of the IFRC General Assembly held in December 2019 in Geneva, Switzerland.

The membership of BRCS to IFRC symbolises Bhutan's sovereign status in an organisation consisting of national Red Cross Societies from sovereign countries.

The membership will also provide an opportunity to access IFRC's assistance, in the capacity development of the BRCS for relief operations during both natural and man-made disasters.

### **The Green Climate Fund approved USD 25.3 million for climate resilient agriculture in Bhutan**

The Green Climate Fund approved a fund worth USD 25.3 in July 2020, to support Bhutan's efforts to prepare and adapt to climate change, and its journey towards low-carbon and climate-resilient development.

Through this project, our rural communities will benefit from the provision of sustainable land and water management, more climate-resilient irrigation and agriculture, and climate-resilient roads.

Further, it will help government agencies in mainstreaming climate change risks into land and water management planning.

### **Bhutan's ranking in the U.S. State Department's Annual Trafficking In Persons Report for 2020**

Since 2000, the U.S State Department has been publishing an annual report on the global situation of Trafficking In Persons (TIP), wherein

countries are categorised within four Tiers based on the countries' level of effort exhibited towards addressing TIP issues. Bhutan has featured annually in this report since 2013.

In the 2020 TIP Report published on June 26, 2020, our ranking improved from Tier 3 to Tier 2 Watch list Group of Countries.

This was due to reasons such as the adoption of the Standard Operating Procedure for Multi Sectoral Response to address TIP in Bhutan, and initiating investigations into reports of labour exploitation, including forced labour among Bhutanese workers abroad. This was an outcome of concerted multisectoral efforts and diplomatic outreach.

### **United Nations Peacekeeping Operations**

Bhutan's participation in the UN peacekeeping operations has enhanced our image as a responsible member of the international community.

This is an important foreign policy milestone, achieved as a result of His Majesty's initiative towards supporting the UN's efforts in promoting international peace and security.

As of December 7, 2020, 191 Bhutanese peacekeepers have successfully completed their assignment and 32 Bhutanese peacekeepers are currently deployed in various UN Missions.



# **WOMEN & CHILDREN**



Over the years, we have seen significant improvement in the situation of our women and children. Today, key legislation and policies are in place to accelerate gender equality, and to strengthen child welfare and protection mechanisms in the country.

Further, to strengthen the gender and children machinery of the government, the National Commission for Women and Children (NCWC) Bill has been drafted.

There has been steady improvement in women's participation, health, education and labour outcomes.

However, gender-based violence and violence against children continue to be a concern, with 44.6 percent of women and girls having experienced one or more forms of partner violence; and 64.1 percent and 12.8 percent of children having experienced physical and sexual violence respectively.

Such cases were exacerbated by the COVID-19 situation and called for immediate service provisions to be in place. The Gender and Child Protection Emergency Preparedness and Response Plan was developed in the wake of the COVID-19 pandemic. The priority today is the implementation of this contingency plan.

Going forward, 12<sup>th</sup> FYP priorities related to women and children will continue to be implemented, as will the National Gender Equality Policy and National Child Policy provisions; and RGoB's obligation to international instruments such as the Convention on the Elimination of All forms of Discrimination Against Women (CEDAW), Convention on the Rights of the Child (CRC), and the Beijing Platform for Action (BPfA).

In 2019, Bhutan's progress report on the implementation of 25 years of BPfA was submitted.

## Promoting gender equality

### National Gender Equality Policy 2020 and its implementation plan

The National Gender Equality Policy (NGEP) has been approved since January 2020. It provides clear direction for interventions towards promoting gender equality and women's empowerment.

The policy is premised on the belief that all individuals, families, communities and society at large will benefit from the ability of both women and men to develop their capabilities and realise their full potential, without the limitations of gender stereotypes and discrimination.

The NGEP explores gender equality through the lens of three domains i.e. the political, social and economic domains.

### Strengthening institutional mechanisms for promoting gender equality and responding to survivors of gender-based violence

A gender toolkit was developed to provide support and guidance in mainstreaming gender into sectoral plans, policies and programs.

Likewise, a Standard Operating Procedure (SOP) on Gender Based Violence (GBV) Prevention and Response was developed, to provide comprehensive procedures for all agencies and individuals working to prevent and respond to GBV. A pocket guide for the frontline workers and case managers was also developed for easy reference.

A capacity assessment of relevant civil society organisations and government agencies was carried out, to guide interventions for strengthening a multisectoral approach to addressing gender and child protection issues

In addition, support was provided to 10 additional creche centres during the financial year, taking the total number of workplaces creches in the country to 21.

Furthermore, to address issues regarding sustainability of workplace creches, a Modality on Sustainable Management of Creche Services in Bhutan was developed in consultation with the education and health ministries.

## Promoting child wellbeing and protection

### Draft National Child Policy

The drafting of a National Child Policy is underway which will advocate for and promote children as an important part of society, to ensure that they are provided conducive conditions and opportunities to grow into responsible citizens.

### Institutional mechanisms for child protection and wellbeing

An internal 'Child Safeguarding and Protection Policy' was developed to provide directives and guidance on working with children and youth in a sensitive manner, and to ensure that their best interests are taken into consideration at all times.

To cater to the urgent and immediate needs of survivors of GBV, as well as Children in Difficult Circumstances (CIDC) and Children in Conflict with the Law (CICL), an SOP was developed for Helpline Response Team within the Dzongkhag and *Thromde* Women and Children Committees (D/TWCCs).

To institutionalise and improve on existing trainings, a training package on the Early Identification and Safe Referral (EISR) of Child Protection Cases was developed.

The training manual will further improve our child protection system, in terms of ensuring safe and proper identification and referral of cases; and in ensuring improved coordination between relevant agencies and service providers.

## Gender-based violence and child protection

A Gender and Child Protection Emergency Preparedness and Response Plan was developed and is under implementation, to prevent and respond to gender and child protection issues—particularly violence against women and children—during the current pandemic.

As part of the contingency plan, support has been provided to frontline workers, case managers and service providers (in the form of PPEs and convenience kits, including sanitary napkins for women).

Support has also been provided towards furnishing the Gawaling Happy Home, and development of livelihood skills in various areas such as textiles, horticulture and floriculture, baking, etc.

## For women- returnees

### Services to women and children in difficult circumstances (including survivors of violence) and children in conflict with law

Since July 1, 2019 a total of 429 walk-in and referred cases were received, out of which 259 cases were successfully resolved and 150 cases are ongoing.

Through the toll-free helpline, 1,622 cases have been received and services such as shelter, school relocating, counselling, representation in court/ OAG/RBP, and reintegration and skills training for women and children in need are being provided.

Till date, 21 domestic adoptions have been processed for children in need of care and protection. Children in difficult circumstances and who have not been legally adopted have been placed under alternative care (kinship and foster care).



## Strengthening institutional capacities

### NCWC Bill

The NCWC Bill has been drafted to provide locus standi, and to increase collaboration and coordination among agencies working for the welfare of women and children.

It is also aimed at strengthening accountability and ownership of agencies, in mainstreaming and implementing gender and child protection interventions.

### Capacity building and awareness programs

A training of frontline workers on GBV SOP and EISR of children was carried out, in which and a total of 201 male and 99 female participants were trained across the 20 dzongkhags and four *thromdes*.

A mapping of service providers at the local level was also carried out during the training, to ensure that frontline workers have adequate information on available services (including the type of services) for GBV survivors in their locality/district.

Similarly, trainings were provided on the use of case management forms on November 22-23, 2019. This covered all Gender and Child Focal Points of the 20 dzongkhags and four *thromdes*, other Gender and Child Focal Points, officials of the RBP Women and Child Protection Unit, and relevant CSO officials.

A Training Manual and Gender Concepts and Mainstreaming Tool was developed, and 20 Gender Focal Persons were trained using the manual. A training on gender and climate change was also carried out for relevant officials from the waste, agriculture and energy sectors.

In addition, various awareness programs were carried out through mainstream and

social media, as well as through advocacy workshops, on key gender issues such as women's participation in economic development, GBV, women's double and triple burden, and women's economic empowerment.

An awareness program on GBV and referral mechanisms was also carried out for officials of flu clinics.

Likewise, information on GBV and procedures for responding to GBV incidences has been disseminated to participants of the 39<sup>th</sup> and 40<sup>th</sup> accelerated *De-Suung* Programs. Awareness programs on gender and child protection were also conducted in schools.

Awareness and advocacy were also carried out through the observation of international days such as the International Women's Day, International Girl Child Day, International Day to Eliminate Violence Against Women, and World Children's Day.

The Child Mandala was launched on World Children's Day, and represents the vision that guides the efforts of all duty bearers towards the wellbeing and happiness of children.

A GBV pilot project based on "Partners for Prevention" (P4P), a two-pronged approach targeting caregivers and adolescents is being implemented for the Babesa community in Thimphu.

The project works with 155 adolescents and seeks to influence the social practices and behaviours that they are likely to encounter at that age, and envisions that it will have a long-term impact in preventing violence.

Similar sessions are conducted simultaneously with around 60 caregivers, as they play an important part in the lives of adolescents.





# **PUBLIC INFRASTRUCTURE, TRANSPORT AND COMMUNICATION**



**E**fficient and effective service delivery is a mandate we have placed in our governance. We have been working to develop public infrastructures by constructing and maintaining national highways and bridges, and providing technical support and expertise to the local governments in infrastructure and human settlement development.

We are also continuing efforts to build and improve national highways and farm roads to enhance socio-economic activities, develop infrastructure for urban and rural water supply and, prepare and review human settlement plans to enhance liveability.

Likewise, to embrace rapid digital transformation, we have prioritised the implementation of the Digital Drukyl Flagship Program, Third International Internet Gateway and investment in the area of Satellite and emerging technology while public transport and communication services are being enhanced solve issues of growing vehicle numbers, congestion, safety, pollution and rural connectivity.

## Enhancing connectivity

While the pandemic has impacted the availability of labour and financial resources but the situation has presented the construction sector the opportunity to be more resilient, and to address the quality of infrastructure, local construction materials, employment, and other pertinent issues in the sector.

With the onset of the COVID-19 pandemic, the government has focused mainly on addressing the issue of road connectivity to the areas of the country that were not hitherto connected with internal roads, and on creating employment in construction sector, and providing public transport services to ensure uninterrupted flow of essential goods and services.

During pandemic, while internal roads connectivity was critical to provide essential transportation services but digital infrastructure became even more important to gather data, create awareness and disseminate essential

information. To enhance public services during pandemic and maintain social distancing norms, a number COVID-19 application systems and mobile apps has been developed.

## Construction of national highways

Since the 10<sup>th</sup> FYP, work on a full-fledged Southern East-West National Highway (SEWH) has been ongoing—towards connecting all major towns and passing through villages from Tendru, Samtse in the west, to Jomotshangkha, Samdrup Jongkhar in the east.

Major sections of the SEWH include the Lhamoidzingkha-Sarpang, Gelephu-Panbang, Nganglam- Dewathang, and Samrang-Jomotshangkha national highways.

However, priority has been accorded to the construction of Nganglam-Dewathang and Samrang-Jomotshangkha national highways. In particular, the construction of Samrang-Jomotshangkha highway will provide connectivity between Jomotshangkha Dungkhag and the rest of the country.

In addition, the need for Gomtu-Tading highway became apparent, when the closure of the international border with India completely cut off the industrial town of Gomtu, which uses the Indian highways.

Accordingly, the construction of a 23.60 km secondary national highway between Gomtu and Tading in Samtse Dzongkhag has been prioritised.

## Construction of farm roads

With more than 11,200 kilometres of farm roads, mostly built in the past decade, a majority of rural communities across the country have road access.

However, their usability and maintenance have been a challenge, constrained by weather, harsh terrain, scarce resources, and lack of manpower in gewogs and dzongkhags.

As such, the first phase of improving farm roads has been initiated. One farm road in each of the 201 gewogs, totalling 1,546.18 km, will be improved with Wet Bounding Macadam (WBM) and Granular Sub Base (GSB) layers and drainages.

In the four gewogs of Soe, Lingzhi, Naro and Laya, which do not have farm roads, a budget of Nu 4.2 million will be provided to improve existing mule tracks, foot trails and suspension bridges.

These improvements are expected to provide year-round accessibility, improve livelihood of rural communities, and contribute to food self-sufficiency by facilitating the movement of surplus farm produce to markets.

## Human Settlement

To enhance sustainability of human settlements, and to promote regionally balanced development, the structure plans for Zhemgang, Lhuentse and Lhamoizingkha were developed.

The action area plans for Sonamthang in Zhemgang were reviewed, and the Thimphu Structure Plan is currently being reviewed.

Further, to ensure comprehensive planning, geodata-based development has been undertaken towards preparing the structure plans of Zhemgang, Tingtibi and Gedu; Samtse extended *Thromde*; Drametse, Trongsa, Gedu, Debsi, and Dorokha towns; and Phuentsholing *Thromde*.

## Water Flagship Program

The Water Flagship Program aims to provide continuous supply of safe drinking water and properly manage water resources, towards ensuring equitable and balanced socio-economic development.

The first phase will cover the four *thromdes* and 11 dzongkhags (Wangduephodrang, Trongsa, Trashigang, Paro, Samtse, Pema Gatshel, Samdrup Jongkhar, Monggar, Chukha, Dagana, and Zhemgang)—mainly to improve drinking water and irrigation infrastructure. The second phase will cover the remaining nine dzongkhags.

Under this flagship program, 21 rural water supply schemes have been completed with the laying of 99.44 kilometres of pipelines, benefitting close to 391 households in seven dzongkhags.

The construction of 60 rural and urban water supply schemes is ongoing, of which three schemes are in the four *thromdes*. A total of 32 schemes across four *thromdes* and 11 dzongkhags are ready for implementation.

The technical assessments for 11 integrated drinking- and irrigation-schemes, and watershed assessments and Payment for Ecosystem (PES) feasibility study for Sarpang, have also been completed.

Besides being frontline workers, De-suups are also playing a critical role in executing construction activities under the Water Flagship Program, thereby addressing workforce shortage to a large extent.

To ensure proper management and use of water resources, an assessment for the formation of a dedicated water agency is being carried out.

## Public Transport Services

### Air transport services

To ensure aviation safety, Paro International Airport and the three domestic airports are undergoing major upgradation. At Paro International Airport, the turn-pad at runway 33 has been strengthened, and construction of a stop-way has been completed.

A new terminal building at Bumthang Domestic Airport is being developed, with capacity to cater to two ATR aircrafts and international passengers.

The Royal Bhutan Helicopter Services carried out 152 missions, which includes 72 emergency medical services, 54 local charters and 26 tourist charters.

In order to provide quick response and access to the helicopter service during medical and natural disaster emergencies, major works are being carried out for the construction of helipads in Mongar, Lunana, Samtse and Phobjikha.



## Surface transport services

While transport infrastructure like roads and bridges are being strengthened, subsidies continue to be provided for passenger transport services operating on non-profitable routes like the Thimphu-Gasa route.

This is to ensure access to public transport for rural and remote communities. Further, to enhance mobility of the people, a total of 14 new passenger transport service routes have been introduced.

To facilitate transport services during the first nationwide lockdown, pick-up and drop services were facilitated for who required emergency movement.

Free transportation was provided for more than 800 people stranded in Thimphu, to move to other dzongkhags. Likewise, the movement of more than 560 students from a red-zone to other dzongkhags was facilitated, to enable them to continue their studies.

## Leading Digital Transformation

### Digital Drukyl Flagship Program

Under the Digital Drukyl Flagship Program, activities related to Integrated Citizen Services, Electronic Patient Information System, Digital School Initiatives, Integrated Business Licensing and Single Customs-Trade System and Digital Identity are in progress.

In phase one of the Government-initiated Network, 240 offices have been connected with fiber-optic. Meanwhile, works on connecting DrukREN Backbone Network and Delivery of Router, to 116 research and education institutes, hospitals, and schools, is ongoing.

As part of the digital literacy program, 650 people were trained on digital literacy in various

Dzongkhags and *Thromdes*. Efforts have also been made towards integrating digital literacy modules, as part of the ICT curriculum for educational institutes.

## Joint satellite development

For the Peaceful Uses of Outer Space, an umbrella framework MoU was signed on November 19, 2020 between the RGoB and the Government of India (GoI).

Following the launch of the South Asia Satellite (SAS) on May 5, 2017, BBS1 and BBS2 TV channels and four radio channels are being made available all across the country.

Additionally, 81 very-small-aperture terminal or VSATs have been introduced and installed to provide emergency communication during disaster—at the National Emergency Operation Centre (NEOC), in 20 Dzongkhag Emergency Operation Centre (DEOC), and in 60 gewogs across the country.

## Third Internet Gateway

The government is in advanced stages of dialogue with the GoI and the Government of Bangladesh, to establish an additional Internet International Gateway (IIG).

## Mobile and internet coverage

Mobile coverage and internet connectivity have seen rapid growth, due to the introduction and expansion of mobile broadband connections such as 3G and 4G Networks.

Today, all gewogs and most villages (98.5 percent) have access to mobile networks. Internet usage has increased significantly with total coverage of about 97.4 per 100 inhabitants in 2020.





**ENVIRONMENT**



Conservation of the environment has always played a central role in our approach to socio-economic development, with priority for the natural environment embedded in our GNH philosophy.

The natural environment provides many essential ecosystem services that we take for granted, such as clean air and water, and natural resources required for development activities.

Bhutan today has 80.89 percent of total land area under forest cover, and more than half of the country's landscape (51.40 percent) is under protected areas.

Nonetheless, the state of our environment has been changing due to population growth, lifestyle changes, and economic development activities. These present critical challenges to our aspirations and constitutional obligations to maintain a sustainable development pathway.

## The Middle Path: National Environment Strategy 2020

*The Middle Path: National Environment Strategy (NES)* was first published in September 1998 and has since been revised.

The NES 2020 is aligned with all relevant environmental policies, legislations and regulations in the country, and is intended to enhance their implementation across all spheres of government.

With its four key chapters on water, air, life and land, it reflects the need for an integrated approach to addressing the key challenges of climate and biodiversity, while pursuing justifiable socio-economic development.

The NES 2020 will therefore provide important guidance and support in shaping and implementing our five-year plans.

## Tackling waste

In an audience granted on October 30, 2020 to officials from across multiple sectors and agencies (both government and non-government),

His Majesty The King expressed grave concern on the alarming increase of waste issues in the country.

His Majesty commanded the need for a comprehensive response to address this growing challenge, and that as a first step, standard operating procedures for waste management within the premises of institutions be developed.

Commemorating the 30<sup>th</sup> Birth Anniversary of Her Majesty The Gyaltsuen in June this year, the National Management Plan for Biomedical and Hazardous Waste was launched. Among others, it is intended to help relevant agencies with the processes of managing biomedical and hazardous wastes in the country.

In June 2019, Her Majesty The Gyaltsuen graciously launched the National Waste Management and Stray Dog Population Control Flagship Program. The program includes all aspects of waste management: from waste generation and segregation; to collection, transfer and transport; to sorting, treatment and recovery; and to final disposal, with an emphasis on maximising resource efficiency.

In Phase I of the program, implementation is underway in Thimphu over FY 2020-2021, and will be rolled out to other dzongkhags in subsequent phases.

## Water resource coordination and management

The Water Flagship Program, mentioned earlier, provides the blueprint to manage water resources holistically under four strategic approaches encompassing: protection of watershed and wetlands; climate resilient infrastructure; water quality surveillance; and better governance.

During the 2019-2020 financial year, Water Quality Monitoring (WQM) was conducted in six dzongkhags. The test results indicated that the overall physio-chemical results were good with slightly alkaline conditions.

The Wangchhu Water Security Index (WWSI) report and system were launched on September 18, 2019. The report illustrates the status of water security in the Wangchhu Basin under five key dimensions:

- a) Rural drinking water supply and sanitation,
- b) Economic water security,
- c) Urban water security,
- d) Environment water security, and
- e) Disaster and climate change resilience.

The aim of the system is to promote integrated water resources management, by assisting decision-makers to make informed decisions in planning and executing programs in the basin. The WWSI system is available to the public as an online system ([wwsi.nec.gov.bt](http://wwsi.nec.gov.bt)).

A Guideline to Determine Minimum Environmental Flow Regulations for Dewatered Reaches of Hydropower Projects in Bhutan was endorsed by the NECS on November 18, 2019, for the protection of riverine ecosystem. The guideline enables scientific assessment with different scenario options between hydropower development and environmental conservation.

A document entitled Approach towards cost efficient nature-based remedial measures for Samtenlingrongchhu in Thimphu, and a proposed program on Bachelors of Engineering in Environment with specialisation in Water Resources Management were developed and submitted to His Majesty's Secretariat.

This is in fulfilment of His Majesty's command to develop effective measures to keep streams and rivers clean, and to draft a curriculum on water resources management.

## Environmental Standards 2020

Emission standards are legal requirements governing pollutants released into the environment, and are generally designed to maintain environmental quality.

The former environmental standards that was published in 2010 has been revised, and the Environmental Standards 2020 has been implemented.

This is in consideration of the increasing and changing nature of developmental activities in the country, and is also in keeping with the requirements of the National Environment Protection Act of Bhutan 2007.

## Disaster management planning

The Water Flagship Program aims to pGiven our geo-physical location in the most fragile ecosystem, and complex social settings, Bhutan is vulnerable to manifold natural hazards such as earthquakes, GLOF, flash floods, windstorms, forest fires and landslides.

Of late, we have witnessed increasing frequency and intensity of such hazards causing significant loss and damage to lives, properties and public infrastructures. These are going to be further exacerbated due to the effects of climate change, emerging socio-economic pressures, and changing demographic patterns.

Taking these realities into consideration and in keeping with the Sendai Framework for Disaster Risk Reduction 2030, which calls for "Substantial Reduction of Disaster Risks and Losses", our Disaster Risk Reduction and Management (DRRM) requires enhancement through a systematic and holistic approach. In this regard, numerous activities have been implemented.

The development of Disaster Management Plan and Contingency Plan (DMCP) for all 20 dzongkhags, four *thromdes* and several agencies (MoAF, MoE, MoH, Drukair Corporation Ltd.) has been completed.

The Plan holistically captures the prevailing disaster risks and vulnerabilities of respective localities, and puts forth the mitigation measures to address all those issues. It also lays out systematic response mechanisms wherein all the responsible sectors come together to respond to



natural eventualities, should there be any in their localities. The plan is to be updated and reviewed periodically.

Building the capacities of first responders has been of utmost priority, should there be any kind of disaster occurrence. In this regard, a one-month Search and Rescue (SAR) training is underway and near completion (November 14 to December 14, 2020).

Further, to improve response and coordination mechanisms in the dzongkhags, a simulation exercise was conducted in Mongar, Lhuntse and Wangdue Dzongkhags, and in Gelephu *Thromde*.

## The Kigali Amendment to the Montreal Protocol

The RGoB adopted the Kigali Amendment to the Montreal Protocol on January 16, 2019, and successfully ratified it as 82<sup>nd</sup> contracting Party on September 27, 2019.

The Kigali Amendment aims for phase-down of hydro-fluoro-carbons (HFCs) by cutting production and consumption, given the significant global warming potential of HFCs.

The impact of the amendment will avoid up to 0.5°C increase in global temperature by the end of the century.

The HFC phase-down implementation is expected to begin from 2024, and Bhutan is obligated to reduce HFC consumption by 80 percent in 2045. To achieve this target, policies, plans and strategies have been drafted.

## Obligation to UN Climate Change Convention

Bhutan's Third National Communication (TNC) to the United Nations Framework Convention on Climate Change (UNFCCC) has been formulated.

Although National Communication reporting is an obligation, it also serves as a platform to showcase information on national policies and plans, implementation progress towards climate-change action, and to leverage international support.

The greenhouse gas inventories under the TNC shows that Bhutan is still a carbon-negative country with a net emission of -5,572.500 Giga grams of CO<sub>2</sub> equivalent in 2015.





**CULTURE**



In our efforts to facilitate sustenance and continuity of cultural heritage, the government has works on several programs towards preservation and conservation of both tangible and intangible culture.

Our priority was to focus on intangible culture, and accordingly, programs related to documenting diverse intangible cultural heritage were undertaken.

In terms of tangible cultural heritage, the government continued to work on 10 national-level monument-related conservation and construction projects across the country.

As works on intangible cultural heritage required extensive travel and meeting with various communities, we faced difficulties with the onset of the COVID-19 pandemic.

Nevertheless, it was an opportunity as we could for the first time, embark on a virtual tour of the National Museum on its website, as part of education and awareness programs to facilitate promotion of our cultural heritage.

The ability to continue delivering national monument projects, with continued employment of local skilled and unskilled workers amidst the pandemic, is one of the major highlights for our government. The only project that had to undergo complete shutdown is the construction of a Bhutanese temple in Rajgir, India.

## Conserving monuments

Unlike other sectors impacted by the pandemic, there was minimal disruption to the works underway for the renovation of dzongs and *lhakhangs*. This is mainly because of the extensive engagement of local workers (both skilled and unskilled), and the utilisation of local materials.

Further, as this sector had clear COVID-19 protocols in place, procurement of materials was done well ahead to ensure minimal disruption to the projects. The only project that had to undergo complete shutdown is the construction of a Bhutanese temple in Rajgir, India.

The conservation works that began on the Wangditse *Lhakhang* in July 2013 was completed in January 2020. The project was implemented at a cost of Nu 154.4 million. The *lhakhang* was consecrated on February 5, 2020 coinciding with the fourth birth anniversary of His Royal Highness the Gyalsey.

The consecration was graced by His Majesty the King, His Majesty The Fourth Druk Gyalpo, His Royal Highness The Gyalsey and members of the Royal Family.

The Paro Ta Dzong renovation, which began in January 2014 following damages caused to it by the 2011 earthquake, was completed in August 2019 and consecrated in June 2020.

The Ta Dzong Museum was re-opened to the public after eight years of closure, along with a virtual tour commemorating the 40<sup>th</sup> Birth Anniversary of His Majesty the King. The project was implemented at a cost of Nu 69.789 million.

Other projects of national importance are the reconstruction of Wangduephodrang and Drukgyel dzongs; construction of Sarpang and Pemagatshel dzongs; and the restoration of Wangduechoeling Palace, and the Phajoding, Chagri and Tango monasteries, among others.

The revitalisation of Nobgang Village in Punakha was also initiated, with a particular focus on rehabilitation of traditional houses in the area.

These projects have successfully assisted in developing traditional construction skills among the workers. The *zorig-chu-sum* allowance has been increased from 50 percent to 80 percent for skilled workers; along with a 30 percent increase on the present wage-rate for unskilled (national) workers in heritage projects.

## Intangible Culture

Although the priority in this 12<sup>th</sup> FYP was to focus on intangible culture, the expected targets could not be met with the onset of the COVID-19 pandemic. The *programmes* related to documenting diverse intangible cultural heritage could not proceed, as the works required extensive travel and meetings with various communities—which was not possible given the circumstances.

## Restoration efforts

Ten other projects of national importance are being undertaken under experienced project management professionals and Bhutanese workers.

These include the reconstruction of Wangduephodrang and Drukgyel dzongs; construction of Bhutan Temple at Rajgir in India, and Sarpang and Pemagatshel dzongs; and the restoration of Wangduechoeling Palace, and the Phajoding, Chagri and Tango monasteries, among others.

For the first, stewardship program on revitalisation of Nobgang Village in Punakha,

in particular the rehabilitation of traditional houses in the area has been undertaken.

For all the ongoing projects, the home ministry mandated a contingency plan in April 2020. In alignment with the severity of the COVID-19 situation and measures undertaken to ensure that lockdown protocol and guidelines are followed in respective project sites, contingency plan for seamless implementation of projects were ensured.

To this, the use of locally available materials and the engagement of Bhutanese workers presented an advantage for these projects, over other infrastructure development works in the country. Further, each project is confined to one particular work site with all the workers residing within their respective premises.

Following a thorough review of ongoing cultural projects this year—which have successfully assisted in developing traditional construction skills depending on the nature of the work—the government approved an increase in the *Zorig-Chu-sum* allowance from 50 percent to 80 percent for skilled workers; and a 30 percent increase on the present wage-rate for unskilled (national) workers in heritage projects under the department.

This support has further assisted in the successful management and implementation of projects amidst the current pandemic.



# THE FUTURE



# Way forward

If the pandemic continues to rage the world in the coming year, it is evident we will be heaped with more difficult choices. But we hear some positive developments in the area of COVID-19 vaccines and pray it comes as an answer for the way to normalcy sooner.

Having said that, our way ahead should not be "the business as usual". We have heard the phrase "new normal" many times this year. Thus, redefining the components of new normal is the way forward and we must start now.

It starts from changing the way we think, of the jobs and skills we require, to the lifestyle we embrace. When the country came to a halt as lockdown and other restrictions were imposed to prevent spread of the disease, many special characteristics came to lime light.

We were pushed to think and deliver faster, and more efficient. Our sectoral coordination improved overnight. Many issues came to our notice that were resolved at an unthinkable pace. Turns out Bhutanese are brimming with potential in all areas.

And this is how it should be when the COVID cloud clears. These challenging times have always forced mankind to seek new answers and define new standards. That is how it should be for Bhutan as well.

Seeking blessings from the King, drawing confidence from the people across the nation and the resolve of every Bhutanese who are shouldering the responsibilities in this critical time, the government is committed to work harder to emerge with more achievements on the other side of the pandemic.

His Majesty has commanded that whatever we initiate today in response to COVID-19 should also have long term benefit. In doing so, our major confines are in the four areas of creating employment, substituting import, boosting export and promoting innovation and technology.

In the coming year, we also have a new milestone to look forward to, the registration for the first batch of Gyalsung, a project that emanated from His Majesty's trust and confidence in our youth, our future and our hope. This will lead to the historic launch of the project as year 2022 dawns.

As is the practice, I share some of the immediate as well as long term plans here. Our focus remains in strengthening the social sectors of health and education.

As opposed to all the developments around the world, Bhutanese back home did not have to worry about healthcare or the bills that would come along when the pandemic hit us. Similarly, parents did not have to worry about their child's education.

Our visionary monarchs have ensured that these critical components of our lives are free and available. Today, as the third elected government, our dream is to build on to the foundations our forefathers have laid, to ensure relevance and quality that are need of the hour. For this, we will also invest more in health and education in the coming year.

## Health

- ❖ Closely follow up and ensure COVID-19 vaccine
- ❖ Implement Accelerated Mother and Child Health Outcome Policy (the breastfeeding allowance)
- ❖ Start MBBS in Bhutan.
- ❖ Professional development for nurses through Diploma, Bachelors and Masters program
- ❖ Nursing and allied health division under the Ministry of health

## Education

- ❖ Professionalise ECCD
- ❖ Have trained facilitators with competency in child psychology, teaching and nutrition
- ❖ Reform curriculum
- ❖ ICT as third language, mandatory subject for Classes PP to XII
- ❖ All schools will be equipped with at least one computer-lab each by March 2021.
- ❖ Develop teacher competency
- ❖ Promote the two teacher training colleges into Centres of excellence
- ❖ Formalising TVET education
- ❖ Diploma, Bachelors and Masters for TVET
- ❖ 20 percent scholarships to TVET
- ❖ Institute selection criteria to encourage top performers for teaching

## Economy

- ❖ Identify new areas of investment to generate at least Nu 15 billion annually to offset loss of tourism revenue.
- ❖ Explore investors in green energy and technology
- ❖ Launch 21<sup>st</sup> Century Economic Roadmap
- ❖ Seal leakages by way of enhancing import substitution

- ❖ Formation of time bound Asset reconstruction company (ARC) to manage and realise the non-performing assets or bad assets from financial institutions.

## Main objectives

- ❖ To make our financial sector more resilient to crisis.
- ❖ Free up liquidity to finance economically productive activities.
- ❖ To restructure most affected businesses.
- ❖ To safeguard the interest of owners of the assets.
- ❖ To act as a central agency to deal with NPA.  
(Model for asset securitisation is already developed)

## Public Service Delivery

- ❖ One-stop-shop for critical services in all districts.
- ❖ Strengthen and professionalise 1010
- ❖ Operationalise Youth Facilitation Station in the four regions.

## Waste management

- ❖ Complete construction of 9 drop-off centres in Thimphu Thromde and 19 similar centres for Thimphu Dzongkhag
- ❖ Install three incinerators at Gelephu, Phuentsholing and Mongar to manage waste from COVID-19 centres
- ❖ Procure 9 electric waste collection vehicles mainly for biomedical waste, wet waste and hazardous waste

## Digital way

- ❖ Piloting to Collect Citizen Biometric Data by January, 2021
- ❖ Fiber connection for 1000 Agencies/ Offices by June, 2021

## Environment

- ❖ Develop a clear way forward to transform the transport sector by replacing fossil fuel based transport systems to electric cars, buses and trains- In line with our national objective of remaining carbon neutral, greening the transport sector shall be a priority going forward.
- ❖ Establishment of Bhutan Climate Fund

## Legislation and policies

- ❖ Revise and approve Sustainable Hydropower Development Policy
- ❖ Introduce Health Bill in Parliament

## System reform

### Strengthen government performance management system

- ❖ to ensure highest accountability on public agencies to deliver their mandates efficiently and effectively

### Initiate BSR rate revision to reflect the market reality

- ❖ to study and revise the schedule rates of materials and services used in the construction sector. It is one of the key components of ensuring quality of construction, a persistent problem plaguing public infrastructure development

### Five-year planning responsibility to be left to the incoming government

- ❖ to deepen the meaning of democracy, to better implement government's pledges
- ❖ to ensure that we do not lose out on economic development during transition of government, the five-year planning cycle will be aligned with the election cycle







Prime Minister's Office  
Gyalyong Tshogkhag