

(Checked against delivery)



THE STATE OF THE TSA-WA-SUM

TSSHERING TOBGAY

PRIME MINISTER

ROYAL GOVERNMENT OF BHUTAN

THIRD SESSION OF THE SECOND PARLIAMENT OF BHUTAN

19 JUNE 2014

THIMPHU, BHUTAN

Your Majesty the King,
Speaker of the National Assembly,
Chairman of the National Council,
Leader of the Opposition,
Members of the Parliament,
Fellow citizens,

It is a great honour and privilege to present the Annual State of the Tsa-Wa-Sum in fulfillment of Article 10, Section 10 of the Constitution to Your Majesty the Druk Gyalpo, the Parliament and the Bhutanese people on our nation's progress, achievements and challenges. As I had stated during the First Session of the Second Parliament, the critical factor which unites our country, strengthens our sovereignty and security, and brings prosperity is the sacred and inviolable bond between the King, Country and People i.e. the Tsa-Wa-Sum. My humble message today particularly to our elected leaders, civil servants, the people and the youth is to value and ensure that the sacred union of the Tsa-Wa-Sum remains ever strong, vibrant and intact.

The task of nation building has not been easy. Our country has experienced poverty, internal strife, natural calamities and wars. However with the blessings of our guardian deities, visionary leadership of successive Monarchs and the fortitude of our people, we have overcome most of these challenges. Having started our development process only in the 1960s with limited infrastructures and bare minimum of health and education facilities, today, we have reached a stage where the quality of life of our people is vastly improved. Health coverage is 94.8%; literacy rate is 63%; access to safe drinking water is 94%; electricity coverage is 98.14%. This has been possible largely due to the generous assistance of our development partners to whom we owe our gratitude.

We have enjoyed peace and progress, and our people are united around a sense of common destiny as never before. Today our country is stronger and has earned the political respect of the global community. Indeed we have come a long way and as Bhutanese we can all feel justly proud of our accomplishments.

At the same time as a small landlocked country we continue to face serious socioeconomic challenges in sustaining our holistic development policies. The challenges are particularly acute in the delivery of social services, enhancing agricultural productivity, and development of a dynamic economy. The country is still reeling from its economic downturn of two years ago with the economy still

struggling to recover. Our economic vulnerability serves as a lesson of unbalanced growth and the need for a resilient and sustainable economy. Loan is more than GDP; inflation is high at 8%; youth unemployment is 9.6%; 12% of the population is still poor. Therefore, the progress we have achieved thus far leaves no room for complacency. Instead we must work much harder in achieving self-reliance through economic efficiency towards strengthening national sovereignty.

Forty years ago in his address to the people of Bhutan at the time of his coronation on June 02, 1974 His Majesty the Fourth Druk Gyalpo said, "*....the most important task before us at present is to achieve economic self-reliance to ensure the continued progress of our country in the future.*" His Majesty the King during his National Day address in 2011, expressed one of his deepest concerns to be self reliant and make our growth sustainable. We have yet again been reminded by His Majesty the King when he addressed the opening session of this Parliament on May 17, 2014 and Commanded that we find lasting solutions to the concerns raised by His Majesty and to the "*overarching goal of self reliance*".

Let us, therefore, receive His Majesty's Command as an urgent and timely wake-up call to work harder and focus our energy on achieving self reliance as we face the future, and set out to build a better life for all our people. There is no substitute for hard work and it's a virtue that will ultimately bring prosperity to our nation. I know we will all do so with confidence guided by our unfaltering belief in the Tsa-Wa-Sum and to serve our King, Country and People.

HIS MAJESTY THE KING

Throughout history our Monarchs have ruled wisely and benevolently, putting the nation and its people before self. Overcoming numerous challenges they have steered the country over the last 100 years to become a modern, prosperous and strong nation. The deep admiration that the people have for the Monarchs is a manifestation of our people's heartfelt reverence to the Kings in bringing forth unity, security, peace, prosperity and development to Bhutan.

Our nation is fortunate to be blessed by Monarchs who are the exemplars of enlightened leadership. Bhutan today stands proud as a sovereign nation, which has seen the successful consolidation of the democratic process, and the full scale

transformation of its socio-economic landscape that have greatly improved the life of our people.

As an indispensable traditional institution, the Monarchy is the symbol of Bhutanese nationhood, sovereignty and national identity. This is embodied in His Majesty the King Jigme Khesar Namgyel Wangchuck who is the guiding light and unifying force for the country.

The nation is witnessing the reign of a King who not only upholds the strong legacy left by His Majesty the Fourth Druk Gyalpo, but continues to build upon that legacy while redefining the role of Monarchy in a new era with his own personal achievements, hard work and virtuous reign. His Majesty the King has in his reign consistently demonstrated that his heart lies with his people and their welfare.

At the same time His Majesty the King has tirelessly enhanced the country's image and friendly ties abroad. We are known globally for our development philosophy of Gross National Happiness; our pristine environment; our unique tradition and culture; as well as the unprecedented manner of transition into a democracy. This level of international prominence and unparalleled recognition in our history is due to the His Majesty's prudent and visionary leadership.

Indeed when there are so many problems in the world, our country is blessed to have a wise ruler who steers the nation to greater prosperity and a gentle monarch who places his people's welfare and happiness above everything else. And His Majesty the King does this with minimum protocol, a situation that can only occur in Bhutan where the ruler makes himself readily available to his people by frequently travelling the length and breadth of the country. His Majesty's compassion and "Kidu" has brought comfort to many who are destitute and underprivileged improving the quality of their health, welfare and education.

In order that the people may have immediate recourse to their *kidu* problems, His Majesty the King appointed His Royal Highness *Gyalsey* Jigme Dorji Wangchuck as Gyaltsheb to represent His Majesty and take care of the people's *kidu* in the Eastern Dzongkhags.

His Majesty the King is not only concerned about the present generation but also the future generations. Land *kidu* granted through the ongoing land reforms initiated by His Majesty in 2007 is helping to bridge economic disparity in rural Bhutan and creating an equal stake in the country for all our people. As His Majesty so rightly

stated, "*Land ownership is the ultimate share or investment that a person has in the success of his or her nation. From this can be built his or her future and the future of their children.*"

His Majesty the King motivates, guides, counsels and supports - but most importantly, he instils confidence in the people:

- Confidence regarding the security of the country.
- Confidence that we have friendly relations with all countries, especially India.
- Confidence of support and *kidu* to the destitute and underprivileged.
- Confidence of receiving immediate relief and support in times of disaster.
- Confidence in achieving self-reliance even though economy is small.
- Confidence that our unique culture and environment are protected.
- Confidence that GNH will be cherished and not forgotten.

His Majesty's selfless giving to his nation - devoting all his time, strength and financial support to the welfare of his people and never expecting anything in return truly exemplifies the meaning of leadership, responsibility, duty and personal sacrifice. It is thus not surprising that His Majesty the King is affectionately referred to as the "People's King".

If one goes through the Royal Addresses delivered by His Majesty the King, the central message that stands out is to always serve the larger interest of the nation and the people. Let us, therefore, as a nation listen to the People's King and follow his Command by also working hard and being truly determined, committed and purpose driven in making our nation stronger, achieving self reliance, being an equitable and just society, and happier as a people.

I would like to thank His Majesty the King for being at the helm of our nation as we confidently chart our way forward; I would like to thank His Majesty the King for working diligently and selflessly in the nation's interest, and for the wellbeing and happiness of the Bhutanese people; I would like to thank His Majesty the King for being the conscience keeper of the nation, the voice of reason and the one who guarantees the constitutional checks and balances in the democratic process through political neutrality and moral rectitude; I would like to thank His Majesty the King for being the embodiment of devotion and duty to the country, and a role model for all of us to follow.

I would also like to thank His Majesty the King for granting permission to celebrate the 60th Birth Anniversary of His Majesty the Fourth Druk Gyalpo, which is an auspicious occasion for the whole nation. I am happy to report that the Bhutanese people are very excited and the government has started working and preparing programs to honour His Majesty the Fourth Druk Gyalpo. The yearlong event of national celebration and commemoration will be an occasion for the nation, the government and the people to pay tribute to the enduring legacy of His Majesty. The occasion will provide us an opportunity not only to celebrate His Majesty's life but also the profound impact that His Majesty's reign has had on all of us. Let us also each express in our own way the deep gratitude we feel for His Majesty's benevolent reign in the service of the people and country.

On behalf of the people and the government I wish to pay tribute to His Majesty the King and pray for the continued well-being, good health and happiness of His Majesty and Her Majesty the Gyaltsuen.

As the nation gears up to celebrate the auspicious 60th Birth Anniversary of His Majesty the Fourth Druk Gyalpo, I would like to offer our prayers for the continued well being, good health and happiness of His Majesty the Fourth Druk Gyalpo and Their Majesties the Queen Mothers. Under His Majesty's wise and progressive reign the country experienced peace and prosperity. While His Majesty may have retired from public life, His Majesty is still very much in our hearts.

His Majesty the King and His Majesty the Fourth Druk Gyalpo's enlightened leadership is the *sine qua non* of the nation's successful transition to a parliamentary democracy, and on our part the government and people must now work equally hard towards strengthening this democratic process, and in achieving Their Majesties call for self reliance.

COUNTRY

Security, Law & Order

The country enjoys peace, prosperity and happiness because there is no threat to internal and external security.

Our armed forces have to be vigilant and work round the clock to protect the country and keep us secure. These brave men and women are dedicated professionals embodying the highest ideals of the nation and often work in difficult areas. Yet they have carried out their duty with discipline and honor willing to sacrifice their lives for the nation. It is such unwavering courage and patriotism by our armed forces that our country has overcome security threats, emergencies and natural and manmade disasters.

On behalf of the nation, I would like to express our deepest gratitude to the armed forces personnel who serve under the Supreme Command of His Majesty the King. It is our moral obligation to remember the fallen and here I would like to announce the building of an Armed Forces Memorial as a tribute to those who have served and sacrificed. It is only benefiting that we do this when the nation commemorates the 60th Birth Anniversary of His Majesty the Fourth Druk Gyalpo.

We have always been a peaceful and harmonious society but with growing urbanization incidences of crime and the degree are slowly rising.

High on the government's priority is the fight against the trafficking in and use of drugs. Since December 2013 the Royal Bhutan Police has launched a massive drug crackdown operation with 562 people having been arrested as of May 31, 2014. At the same time, we will need to come down hard upon those who traffic drugs and fuel this malaise in our society. The Narcotics Control Act has been passed by the National Assembly and will seek to address this problem.

Our security and law enforcement agencies deserve our highest commendation and support for the work they do in crime prevention and crime control. The government will continue to work with and support them with necessary resources towards creating and maintaining a safe society, which is one of the 16 National Key Result Areas in the 11th Five Year Plan.

Foreign Relations

Foreign relation is very important for a small country like Bhutan to pursue and safeguard its national interests. Today we have diplomatic relations with 53 countries of which 28 were established between 2011 and 2013. Our relations must

be value-oriented and, therefore, more than expansion the government has decided to consolidate on the relations we already have by nurturing the existing relations and focusing on trade, investment and tourism. We have always enjoyed very warm and cordial ties with all countries and the absence of diplomatic relations has not impeded us from engaging in economic and other forms of cooperation with the rest of the world.

The excellent relations we have with the rest of the world and the positive image we enjoy is largely due to our Monarchs who built ties with countries and institutions in a gradual and deliberate manner, while at the same time ensuring that the development assistance we received reached the grass roots.

As the Head of State His Majesty the King continues to undertake visits in promoting friendship, mutual understanding and creating goodwill towards the Bhutanese people. His Majesty has contributed immensely to the strengthening of Bhutan's relations with various countries and organizations – welcoming and receiving countless visiting foreign dignitaries and delegations. For this we would like to express our deep gratitude to His Majesty the King.

The government has been active on all fronts over the past year in advancing our foreign, trade and development policies. On the bilateral front, relations with our immediate neighbours with whom we share mutually important economic interests and strong people-to-people ties, are of paramount importance and we continued to deepen these relations.

Increased tempos of visits, cooperation in a number of areas both bilateral and multilateral have all underpinned the enduring strength and growth in our relationship with India, our oldest and closest friend. We continue to maintain excellent exchanges of political contacts at the highest levels.

In January this year His Majesty the King and Her Majesty the Gyaltsuen visited India on the invitation of the President of India. I myself have visited Delhi twice - once immediately after forming the new government here and most recently to attend Prime Minister Narendra Modi's swearing-in ceremony, which was unprecedented given that this was the first time that the SAARC leaders had been invited for such an event. It signifies the importance that the newly elected Prime Minister of India and his government attaches to bilateral relations in the region. During the visit I conveyed the warm greetings and felicitations from His Majesty the King, His Majesty the Fourth Druk Gyalpo, the government and people of

Bhutan on his appointment. I also conveyed the invitation of His Majesty the King to Prime Minister Narendra Modi to visit Bhutan, which the Prime Minister warmly accepted and reciprocated immediately through his recent visit. The fact that Prime Minister Modi decided to make his maiden foreign visit to Bhutan is in itself a political affirmation and testimony of the strong and close relations that our two countries enjoy.

I am pleased to report that Prime Minister Modi's visit was most successful and provided an opportunity for both countries to review the entire spectrum of bilateral relations, and as well as regional and international developments of mutual interest. Prime Minister Modi's meetings with both His Majesty the King and His Majesty the Fourth Druk Gyalpo further helped to renew and strengthen the traditional bonds of friendship, cooperation and understanding between Bhutan and India. The exchanges of such high-level visits between the two countries pervade the essence of the special and unique relationship between Bhutan and India, and are the fountainhead of the wide gamut of our relations.

I would like to thank His Majesty the King for having invited Prime Minister Modi to visit Bhutan. I would like to thank the Zhung Dratshang, the army, police, desuups, civil servants, school children and the public for giving Prime Minister Modi a warm welcome. The visit would not have been successful without the hard work and cooperation of all the people involved in preparing for the visit. Prime Minister Modi and his delegation were touched and impressed by the warm welcome and hospitality.

The credit for progress and achievements in our development process belongs not only to Bhutan but equally to the government and people of India without whose generous support our task would have been most difficult. I would, therefore, like to thank the Government of India for its support to our 11th Five Year Plan, the Economic Stimulus Package to boost our economy and in jointly developing our hydropower.

The edifice of Bhutan India relations was laid by His Majesty the Third King and painstakingly nurtured by His Majesty the Fourth Druk Gyalpo, and further consolidated by His Majesty the King. The complete trust and goodwill that Bhutan enjoys with India would not have been possible without the vision and leadership of our Monarchs. The government on its part is committed to take Bhutan's relationship with India to the front rank of our bilateral partnership.

In November 2013, I paid an official visit to Thailand on the invitation of the Government of Thailand. The focus of the visit was to expand economic and trade ties besides strengthening partnership between the two countries. An Agreement on Trade & Economic Cooperation was also signed. The visit, which was the first official visit to Thailand by a Bhutanese Prime Minister, helped to enhance bilateral relations between the two countries. This year marks the 25th anniversary of the establishment of diplomatic relations between Bhutan and Thailand. To commemorate the event and enhance people-to-people contact between the two countries the "Bhutan-Thailand Friendship Offer" was launched in January by His Royal Highness Gyalsey Jigyel Ugyen Wangchuck at a special event in Bangkok. As part of this offer Thai nationals and expatriates living in Thailand can now visit Bhutan as tourists during the lean season by paying the daily royalty of USD 65 and not the mandatory tariff of USD 200.

Later this month on the invitation of the Government of Japan I will be making a working visit to Japan. Japan continues to remain one of our steadfast development partners and this year marks 50 years of Bhutan-Japan cooperation which began in 1965 with the arrival of late Dasho Keiji Nishioka. During my visit I intend to further bolster this relationship, and at the same time convey our deep appreciation to the Government of Japan for their generous assistance to Bhutan's development process.

We will continue to strengthen our bilateral relationship with Bangladesh. Commerce Secretary level trade talks were held in April and the Bilateral Transit Agreement between the two countries is also expected to be signed soon. I plan on visiting Bangladesh sometime this year to further promote our close ties and pursuing opportunities arising from growing economic and trade links.

The government also continues to reinforce Bhutan's important relationship with the European Union and other development partners such as Denmark, Switzerland, Austria, Netherlands, Australia and Canada with a strong focus on addressing our development assistance and economic challenges. We remain appreciative for their continued support to Bhutan's development efforts. I plan to visit the European Union later this year to further strengthen our engagement. Mr. Graham David (Sam) Blyth, Honorary Consul of Bhutan in Canada and Chairman, Bhutan Canada Foundation and Ms. Nancy Strickland, Executive Director, Bhutan Canada Foundation were also awarded the National Order of Merit (Gold) by His Majesty the King in October last year in recognition of their personal commitment to

promote relations between Bhutan and Canada, and their contributions in the field of education for over 25 years.

With our immediate neighbour China in the north, relations continue to be warm and cordial. As agreed between the two governments during the 21st Round of the Boundary Talks held in Thimphu in August 2013, the Joint Technical Field Survey (JTFS) of Bayul Pasamlung was carried out by the JTFS Team of the two countries in September 2013. Following the JTFS of Bayul Pasamlung, the fourth Expert Group Meeting was held in Beijing in March 2014 to discuss and draft the joint report of the JTFS of the Bayul Pasamlung for submission to the two governments. The 22nd Round of the Boundary Talks will take place in Beijing next month.

Regarding the issue of the people in the camps in Nepal, the resettlement process is progressing smoothly. The government is appreciative to the countries for accepting the resettlement and providing a solution to this humanitarian problem. The resettlement countries are the United States, United Kingdom, New Zealand, Australia, Netherlands, Denmark and Norway. As of May, 89,824 people have been resettled, with 75,933 being resettled in the U.S. At his request I met Prime Minister Sushil Koirala twice this year - in March on the sidelines of the BIMSTEC Summit in Myanmar and during Prime Minister Narendra Modi's swearing-in ceremony in Delhi last month, and on both occasions we touched on the issue of the people in the camps in Nepal.

In December 2013 the 12th Round Table Meeting was held in Thimphu where our bilateral and multilateral development partners made strong commitments to support Bhutan's development objectives under the 11th Five Year Plan.

On the multilateral and regional front, Bhutan continued to engage proactively with multilateral and regional organizations through both participation and in organizing key meetings. The President of the Asian Development Bank (ADB), Mr. Takehiko Nakao made his first visit to Bhutan earlier this year. During our meeting Mr Nakao's reiterated ADB's continued commitment to the socio-economic development of Bhutan and also inaugurated the ADB Bhutan Resident Mission.

In March I attended the Third BIMSTEC Summit in Myanmar where I was able to meet and have discussions on issues of common interests with the leaders of the BIMSTEC member states. Among the documents signed at the Summit is the MoU on the Establishment of the BIMSTEC Cultural Industries Observatory, which is to be established in Bhutan. I took the opportunity during the Summit to also pursue

bilateral cooperation between Bhutan and Myanmar in the areas of agriculture, trade, tourism, civil aviation and health.

Bhutan successfully presented its second National Human Rights Report under the Universal Periodic Review mechanism to the UN Human Rights Council in April this year. Bhutan's commitment to promote and protect human rights was widely appreciated. The last review had been undertaken in 2009.

In May the UNFCCC Executive Secretary Ms. Christiana Figueres made a visit. Due to our strong environmental ethics and commitment there are expectations for Bhutan to take a leadership role on climate change. We are, therefore, working on an engagement strategy on how Bhutan could contribute effectively to the Climate Change agenda. The Secretary General of the United Nations has also invited me to participate in the Climate Summit, which the Secretary General is convening in September this year in New York.

High level participation by the government at regional and multilateral meets has served to demonstrate Bhutan's political commitment and support to regional and multilateral cooperation. To further our multilateral and regional engagements I plan to visit UN-ESCAP in Thailand, the UN General Assembly in the U.S. and participate in the SAARC Summit in Nepal later this year.

During the period under review the government received 154 visitors. His Majesty the King was pleased to grant Audience to 41 dignitaries and officials. Such visits play an important role in strengthening our relations and fostering an environment for successful diplomacy and international goodwill. Visitors who have the opportunity to visit Bhutan are able to get a first hand impression of our country, better understand our development policies and challenges, and at the same time also appreciate our rich cultural heritage. Continuing on our age old tradition of welcoming guests and extending hospitality we are able to ensure that their time spent in Bhutan is enjoyable, positive and productive.

His Majesty the King was pleased to re-appoint our Honorary Consuls in Tokyo, Osaka and Kagoshima to supplement our diplomatic network in Japan in the absence of a resident mission. These appointments will facilitate forging greater people to people contact, enhancing trade and economic activities and extending consular assistance.

Because of our increasing interaction and engagement with the international community, our foreign policy has never been more important than it is today. We

will continue to focus to meet the challenges ahead while ensuring that the Royal Government's political, economic and security interests are achieved.

The rest of my report on the COUNTRY will be presented under the four pillars of Gross National Happiness.

Gross National Happiness (GNH)

Our country is small, landlocked and poor. In spite of that, we have developed socially and economically because of the leadership of our Kings who have based our entire development philosophy on Gross National Happiness (GNH).

The world is inspired by the concept of GNH because they see Bhutan developing without losing its culture and environment. They are dissatisfied with GDP and feel that it is a poor indicator of a nation's well-being. They want to learn more and move beyond GDP. GNH has, therefore, thrust the country on to the global center-stage and we must lead by example. GNH is Bhutan's soft power and our experts and scholars must engage with the world in promoting the discourse on GNH and sharing of our experiences. But we must also remember to implement the true essence of GNH at home. The government's development policies and programs continue to be guided by GNH as propounded by His Majesty the Fourth Druk Gyalpo. I would like to announce that the Center for Bhutan Studies and GNH Research will organize an international conference on GNH in 2015 to celebrate the 60th Birth Anniversary of His Majesty the Fourth Druk Gyalpo. In doing so we shall honour His Majesty's vision of GNH.

The first pillar of GNH: Sustainable and equitable socio-economic development

The most important aspects of social development are health, education and poverty reduction.

Health

Good health is essential for the happiness of every individual and family. It enables children to perform better in schools and people to be more productive. Health should not be seen as a mere consumer of resources, but instead a contributor of the growth of and development of the country.

Bhutan is unique in that health care is totally free, even though we are a poor country. This is because the government places health at the centre of its development policy and sees the provision of free healthcare as the birthright for every Bhutanese as stated by the Constitution.

Starting with the bare minimum in health services in the 1960s we now have 25 hospitals; 205 Basic Health Units; 519 Out Reach Clinics; 193 doctors; 799 nurses; 455 health assistants to ensure that all people receive free and good primary health care. 94.8% of Bhutanese live within a maximum of 3 hours distance to a health facility. The three referral hospitals ensure that our people have access to specialized healthcare.

Health investments and commitments have reaped significant dividends. Life expectancy is now 67.28 years from 37 years in 1960. Infant mortality rate is 30.0 down from 102.8 (deaths per 1,000 live births) in 1984. Maternal mortality ratio is 86.0 from 777 (deaths per 100,000 live births) in 1984.

While we have come a long way, there are significant challenges posed by epidemiological shifts:

- In recent years the increasing rate of non-communicable diseases (NCD) or life-style diseases is an extremely worrying trend. We have over the past number of years seen an increase in diseases such as diabetes, hypertension, cardiovascular, kidney failure, alcohol liver diseases and cancer. Besides the profound implications on the quality of life of individuals, families and society at large, the cost of treating patients with NCDs is high. The government, as pledged, has conducted a nationwide NCD STEPs Survey and diabetes clinics have been established in all hospitals and BHUs for early detection. NCD screening and awareness camps have also been held. The government will also establish open air gymnasiums and running clubs. Compared to the lives of our parents, our lives are now more sedentary and less active. It is important for us to take our health seriously and to find the right balance between diet, lifestyle and exercise for a healthier and more holistic living. Therefore, I urge everyone to promote and live a healthy lifestyle.
- While malnutrition indicators like underweight prevalence and wasting have improved, stunting prevalence of 33.5% still remains as a major public health issue. In addition, anemia prevalence in women and children are quite

alarming with 54.8% and 80.6% respectively. Bhutan has also been experiencing sporadic outbreaks of vitamin deficiencies, particularly Vitamin B1 and B12 since 1998. While hunger is not a problem in the country, eating the right diet is an issue. The government is making concerted efforts to make nutritious food available and in educating the population on the importance of right eating habits.

- Sustaining the framework of free healthcare delivery is a critical challenge. In the face of rising costs, increased expectations and demand for quality health services and dwindling partner resources for health, provision of free health services represents a major challenge. This is particularly significant in the context of tertiary healthcare services. Bhutan is the only country which sends citizens outside the country for treatment. Last year i.e. for 2012-2013 the government spent Nu. 168.3 million to treat 988 patients. While the government will continue to spend money for referrals, people must also take care of their health by exercising, eating healthy, drinking moderately and not consuming tobacco.
- Shortage of human resources continues to be another challenge in providing equitable access to quality health care. We are yet to attain the international standards with respect to health human resource indicators to ensure high quality health care. The establishment of University of Medical Sciences of Bhutan represents a major initiative towards providing professional medical education inside the country and, thereby, address the critical shortage of health and allied professionals.

Towards enhancing efficiency in health delivery system the government, as pledged, has decided to grant autonomy to the Jigme Dorji Wangchuck National Referral Hospital (JDWNRH). Under this new framework, the JDWNRH would function as an autonomous hospital governed by a Board. The government is confident that the doctors and nurses will use the autonomy to improve the nation's most important hospital. The JDWNRH is also expected to function as a teaching hospital for the University of Medical Sciences of Bhutan. The first batch of doctors will start their four year residency program - specialization in surgery, paediatrics, obstetrics-gynaecology, ophthalmology, anesthesiology and general practice at the Postgraduate Medical Education Centre in JDWNRH from next month.

In 2000 His Majesty the Fourth Druk Gyalpo Commanded that medicines should always be free for the citizens. Following the Command Lyonpo Sangay Ngedup who was then the Health Minister started the Bhutan Health Trust Fund, which has been growing over the years. I am happy to announce that the Health Trust Fund now stands at Nu. 1,241 million with annual income of Nu. 60.8 million accrued in 2012-13. Furthermore, to commemorate the 60th Birth Anniversary of His Majesty the Fourth Druk Gyalpo's, starting this fiscal year the procurement of all essential drugs - 367 of them from paracetamol to chemo - will be met from the Health Trust Fund. In addition, to keep the Health Trust Fund sustainable, the government will donate all monthly health contributions to the Trust Fund.

It is only befitting that we rededicate the Health Trust Fund to His Majesty the Fourth Druk Gyalpo, which represents a visionary and noble initiative of His Majesty to sustain primary health care in Bhutan through continued and uninterrupted financing of essential drugs and vaccines irrespective of the financial situation of the government or the availability of donor funding. I would like to acknowledge all the contributors and well wishers of the Health Trust Fund for having made this possible.

Safe drinking water is also very important for good health. Statistics says 94% of the population have access to safe drinking water. But many still say that they do not have access. So I have instructed the Ministry of Health to conduct a survey to assess the number of taps and the condition of the taps. Once this survey is complete the government will attempt to provide 24/7 safe drinking water to all rural residents and then within three years to all urban residents.

Education

Our children deserve the best opportunities in life. They are the present and the future generation and the investments we make for them will determine the outcomes for the nation. We need to provide them with the right opportunities so that they can live up to their potential and become the best of what they can be. This can be done by ensuring that they receive good and quality education.

Research has shown that there is a direct correlation between the successfully development of any country and the investments they have made in education and human capital. With limited natural resources and geographical limitations, in

Bhutan it is our human capital that will be a critical determinant of our progress and development. It should be seen as an important investment and not an expense. In addition, education is strongly correlated to reduction in poverty. It is also the only way in moving towards an equitable society.

We have come a long way and have made tremendous progress in the education sector. 17% of the budget is allocated to education. There are 554 schools, 111 extended classrooms and 9,000 teachers for 172,000 students. Nearly every child in Bhutan now has access to education within an hour's walking distance from home. We have also achieved gender parity in school attendance at the primary level of education and we are well on track towards achieving universal attendance at the primary level with the Adjusted Net Primary Enrolment Ratio at 98.5%. These are achievements that we should be proud of.

And yet we cannot afford to be complacent. While we have ensured access to education it is now the quality of education that merits more attention. Discipline and values are also declining and students find it difficult to get employment after school.

Quality is at the heart of education. It influences how well students learn and what benefits they draw from education. His Majesty the King has also stressed time and again that it is not just enough to provide free education - we must provide education with quality. As His Majesty has said, *"how we address quality of education now will determine whether we will build strong young citizens who will ensure a long bright future for the nation."* Hence it is important for us to ensure that the education provided is both relevant and useful to the students.

Therefore, the government has been working the last three months on programs to reform schools where:

- Schools will be restructured so that students stay in one school.
- Schools will be bigger to share teachers and resources.
- Schools will offer boarding facilities with nutritious meals; clothes; robust curriculum; academic vigour, sports and values.

This will be expensive but as His Majesty the Fourth Druk Gyalpo has said, *"The future of our country lies in the hands of our children."* Similarly His Majesty has also said that, *"The greatness of a country is determined by its people. The productiveness and character of the people is in turn determined by the quality of education they receive."*

The school reform will improve the quality of education; it will improve the productivity of our children; it will improve the character of our children. By 2015 academic session we will start with 30 schools as a pilot project and then gradually expand. All said and done, we must improve the quality of our schools so that our students have the confidence that comes from knowing that the education they are receiving will adequately prepare them to navigate an increasingly competitive global workplace. If our students are left behind, then we as a nation will also be left behind.

School reform will also include values education. Values shape each and everything we do from our behaviour, our character, our choices and our relationships. The more positive our values, the most positive our actions. Therefore, teaching and developing morals and values in schools could help students become more academically diligent and productive, create a healthy learning environment in the schools and better student-teacher relationships. From this year the government will also improve and expand the Scouting Movement.

To help address teacher shortage and enable quality education for students, the government has also launched the i-school Project. Through this project one teacher is able to teach several students in different schools through the use of ICT (video conferencing). The project also fits in with the country's vision for an ICT-enabled knowledge society and the importance of learning. The project will be assessed at the end of the year based on the students performance and if successful extended to other parts of the country as well.

Core to the provision of good quality education to our children also depends on the motivation, enthusiasm and leadership of our teachers. I think everyone can remember the best and most inspirational teachers they had at school. I certainly can, and they made a big difference to my education. His Majesty the King has conferred numerous awards during the National Day Celebrations to many dedicated teachers who have devoted their exemplary service to the teaching profession. This is a recognition of the important role that the teachers play in being able to motivate today's children who will be tomorrow's leaders.

To ensure that students across the country get nutritious meals in schools the government has signed a MoU with the Food Corporation of Bhutan. This arrangement is a part of the strategic move to transition from World Food Programme (WFP) to government financed school feeding programme. WFP has planned to phase out completely from the country by the end of the 11th Five Year

Plan, and have already withdrawn support from Higher Secondary Schools since 2008. From 2014 they will gradually phase out from Lower Secondary Schools and lastly from the Primary Schools by 2018.

The importance of strengthening the tertiary education system cannot be stressed. While we will support all colleges, this year the government will give special attention to Sherubtse College. A special project has been developed to improve Sherubtse College to make it a centre of excellence. While the government will put in the money and provide enabling support, ultimately it will be up to the teachers and students to see the successful outcome of the project.

The government will continue to give important attention to technical and vocational education and the support it deserves in the development of our nation. This is particularly important when we are embarking on the transformation of our economic fundamentals and economic growth.

The number of students studying outside the country continues to increase and with this funds are flowing out of the country. There is a need to build more schools. The government cannot do this alone and will encourage the growth of more private schools and colleges in order to expand access to education, and provide options to parents who can invest in their children's education. I regret to report that the Education City Project in Thimphu has been terminated because of land issues. However, the government has received three proposals to start private colleges. The government will take a decision soon on how many can start this year, especially in the Eastern Dzongkhags. As pledged the government will also provide concessional educational loans at 5% interest starting this fiscal year to assist students in completing their studies.

Reading is important. It inspires knowledge, new ideas, creativity and imagination. The more you read, the more educated you become. With more education comes increased confidence. Increased confidence builds self-esteem. The government is developing a national reading strategy so that we can inculcate a health reading habit. I am pleased to declare 2015 as National Reading Year to celebrate the 60th Birth Anniversary of His Majesty the Fourth Druk Gyalpo's. The Jigme Dorji Wangchuck Public Library will also be upgraded and expanded. Following the visit of the Prime Minister of India, Mr. Narendra Modi, the Government of India has generously agreed to provide assistance in establishing an e-library in the National Library and in all the twenty Dzongkhags.

While focusing on education it is important to keep in mind that important partners for education are the parents. Children spend considerable amounts of time at home and it is essential that the parents and families play a more important role in supporting them and providing an enabling and encouraging environment so that they can get the best out of the education system. They must be given the right values and the life skills that will enable them to become better human beings.

Our children also need to learn and understand that it is only through hard work and perseverance that they will be able to make their dreams come true. My message to the children and the youth is - be assured that so long as you do your part and work hard, the government will stand by you to provide the necessary opportunities so that you can excel in life and live your dreams.

Poverty

Poverty in the midst of growing prosperity is still our greatest challenge. 12% of our population is still poor. Poverty places an intolerable burden on the human spirit and as a small country that promotes GNH we cannot accept this.

As His Majesty the King has said, *"Our Nation has seen great socio-economic growth but it is more important that we have growth with equity. We must raise, with all our effort, the less fortunate so that they may, at the earliest, begin to partake in the opportunities brought by modernization and progress."*

We must, therefore, provide the opportunity for the poor to lift themselves out of poverty and social exclusion and make a place for them to share equitably the fruits of the country's development and progress.

The government conducted a survey recently where every household in the country was counted. Out of this 2,347 households are poor with most of them receiving some form of kidu (803 elderly and disabled; 3,492 poor children and Gyalpoi Tozey) from His Majesty the King. The government is now developing plans to target and support these 2,347 households in improving their livelihood. His Majesty is all too aware of how easy it is for society to forget the less fortunate and I would like to thank His Majesty for the care and support being provided to them.

In addition the government has identified 126 villages as being poor. Of these, 17 villages have received special support in the 10th FYP. In the 11th Five Year Plan the government will provide special support to all the remaining 109 villages. In

order to do this we need the full support of the Local Governments, Dzongkhags and Civil Society Organizations like the Tarayana Foundation, which is under the Royal Patronage of Her Majesty the Queen Mother Gyalyum Dorji Wangmo Wangchuck.

Land Kidu given by His Majesty the King has made the biggest impact on poverty eradication. Till date 75,268 Thram holders have been given 75,327 acres. If calculated this is a lot of money - Nu. 1,100 million. Refund from excess land amounts to Nu. 72 million.

In addition to special measures common strategies to reduce poverty include:

- Providing equipment to build new farm roads and also maintain existing farm roads.
- Providing 100 units of free electricity in a month
- Providing 24/7 drinking water
- Review of non-formal education system. We have 800 NFC with about 815 NFE instructors. The government is reviewing NFE to ensure that it contributes to prosperity.
- Tax exemption for all rural businesses.
- Support for cottage industries and small businesses
 - Nu. 500 million for low interest loans for farmers
 - Nu. 1,400 million to start small enterprises, especially in rural areas.

Economic Growth

The state of our economy is one of the key considerations of this government. Our economy has grown significantly over the last 40 years. However it is still very small. At only Nu.104 billion, our economy is amongst the smallest economies in the world ranked at 166 out of 190 countries (according to World Bank).

In addition, our economy is also weak and vulnerable.

- Our total loan is about Nu.106 billion and there is an urgent need to sustainably manage our public debt.

- Foreign currency reserve is USD 895 million, which is not bad. INR reserve stands at Nu.10 billion, which is okay but as we saw three years ago, we are vulnerable to facing rupee deficit.
- Trade deficit is almost 20% of GDP. We have limited exports with hydropower being our main export. However imports are much more and hence the trade deficit. Current account deficit is 30%.
- Inflation is very high at 8 % (though it has come down from 11.3% end 2013)
- Unemployment rate is 2.9%. Youth unemployment is high for a small country at 9.6% and growing. 75,000 jobs need to be created in the 11th Five Year Plan.

His Majesty has also expressed his concern regarding the state of the economy, unemployment and equitable growth. His Majesty has reminded us of the need to exercise our traditional sense of caution and to work even harder to overcome our dependence on imports and achieve a measure of self reliance, which will make the country's growth sustainable.

During the opening ceremony of this Parliament His Majesty the King Commanded that we find lasting solutions to address these issues expediently and comprehensively, and to realize our overarching goal of self-reliance. His Majesty also Commanded that *“The prosperity of the people is a vital goal and our ultimate objective to create a harmonious and just society.”*

Strengthening the economy is not an easy task. We face numerous constraints to growth that range from limited productive capacity that limits our export potential; investments are largely driven by hydropower and concentrated in short period of time that lead to erratic spurt in growth rates; inadequate domestic savings to finance capital investments; infrastructure challenges; narrow economic base with very low levels of value addition; limited access to finance and high cost; weak private sector; a challenging regulatory environment and vulnerability to external economic shocks.

However, Bhutan is blessed with abundant natural resources, water, minerals and forests. We are also fortunate to have good human capital and plenty of economic opportunities – manufacturing, trading, healthcare, education, finance, ICT, handicraft and others. To tap these opportunities we need to work strategically. We should develop our economy in all aspects focusing particularly on the Five Jewels of our Economy which are our core competitive strengths – namely Hydropower, Agriculture, Tourism, Small enterprises, Minerals.

Jewel 1: Hydropower

Hydropower is the cornerstone of our economy. Revenue from hydropower has financed development and allowed Bhutanese to enjoy free education and free healthcare. Last year we exported Nu. 13 billion worth of electrical power. The Chukha power tariff has been revised from Nu. 2.00 to Nu. 2.25 per unit which will generate an increase of Nu. 450 million in revenue per year. I would like to thank the Government of India for the increase.

At present our country produces 1,480 MW of hydropower. Three hydropower projects with total capacity of 2,940 MW are currently being constructed. Of this, the 1,020 MW Punatsangchhu II and the 720 MW Mangdechhu Project are on track. The 1,200 MW Punatsangchhu I Project had been delayed due to geological conditions. This has now been rectified and the project is back on track and scheduled for completion in 2018.

In April 2014, Bhutan and India signed a framework agreement on four more joint venture hydropower projects totaling 2,120 MW. The 700 MW Chamkharchhu, 600 MW Kholongchhu, 570 MW Wangchhu, and the 180 MW Bunakha. Construction work on the 600 MW Kholongchhu hydropower project in the east is ready to begin this year with the foundation stone for the project having been unveiled by the Prime Minister of India, Mr. Narendra Modi on 16 June 2014. The Kholongchhu Project will be biggest hydropower project in the east after the Kurichhu Project, which was built in 2002 and is expected to bring enormous benefits to Eastern Bhutan.

Hydropower is the centerpiece of Bhutan-India cooperation. The importance of this cooperation and mutual benefits to both countries was further emphasized during the visit of Prime Minister Modi. The government will continue to work closely with the Government of India to fast track the implementation of the remaining projects i.e. three joint venture projects - Bunakha, Chamkharchhu and Wangchhu; and three intergovernmental projects - Amochhu, Sunkosh and Kuri Gogri.

The government has received interest from the private sector to develop hydropower projects. We will encourage them as we need to optimize our comparative advantage in the hydropower sector

Our Druk Green Power Corporation (DGPC) is doing well. The 126 MW Dagachhu Hydroelectric Project is scheduled for commissioning next month. The government

has approved the 118 MW Nikachhu Hydroelectric Project, which is expected to start construction by end of 2014 and scheduled for commissioning by 2019. The government has also directed DGPC to continue its work on the 1,230 MW Ratposhong, 141 MW Nyari Amri and 140 MW Dagachhu II projects.

Hydropower is not limited to power generation only. DGPC and Alstrom as a Foreign Direct Investment venture are building a state of the art Hydropower Service Center in Gelephu to repair hydropower equipment. That factory is scheduled to be completed by September this year. The project cost is Nu. 1,094 million with DGPC holding 51% equity and Alstrom 49%. The project is expected to create around 160 jobs. In addition, the government has asked Alstrom to consider setting up a factory to manufacture hydropower equipment in Bhutan.

The government has also requested DGPC to start two new companies: a hydropower construction company, and a hydropower consulting company. We hope that both these companies can be established this year towards enhancing our hydropower capacity.

Jewel 2: Agriculture

The majority of our population, i.e., 69% depend on agriculture but farming and livestock contributes only 14% of our economy. In 2012 we imported Nu. 4,936.59 million worth of food. Butter, cheese and powdered milk alone worth Nu. 896.26 million; meat and fish worth Nu. 922.72 million; vegetables (13,831 MT) worth Nu. 305.48 million; rice (71,996 MT) worth Nu. 1,249 million; cooking oil (8914 MT) worth Nu. 716.09 million.

To be self-reliant we need to do away with this trend. We need to improve productivity in agriculture so that we not only produce what we need for our internal consumption, but also produce enough so that it can be exported.

Our fertile land and rich biodiversity provides plenty of opportunities in addressing food security, livelihoods, poverty and employment. We need to improve commercialization of agriculture and in putting more effort towards achieving self-sufficiency in cereal production, fruits, vegetables, dairy, meat, poultry and fisheries. In meeting the cereal self-sufficiency objectives, government has invested in the promotion of winter crops (wheat, maize and mustard). We will also encourage the domestic cultivation of new variety of crops, fruits and vegetables on a commercial scale to meet not only domestic demand but also for exports.

Towards supporting this sector, the government has decided to strengthen *Chab-ney-sum*, the strategy to increase production, access and marketing:

- Increasing production by improving irrigation, agro processing and in supporting small agro-processing schemes. We will also work with the BOIC to ensure that ideas, training and money is made available for young school leavers to encourage them to take up agricultural activities.
- Improving access by making investments in mechanization as well as in improving the road networks to connect to the market. We will provide equipment to build new farms roads to the dzongkhags. Equipment will also be provided to make sure that existing roads are operational.
- Marketing, the third part of *Chab-ney-sum*, is very important. Without markets, there is little incentive to produce food. The government is upgrading and expanding Food Corporation of Bhutan to buy farmer produce. Moreover, the government has directed FCB to look at guaranteed buy back for certain food items.

The past year saw progress in terms of attaining vegetable self sufficiency. The country produced 2,822 MT of vegetables with export value of Nu. 53 million, which was 35% increase over 2012 production.

Jewel 3: Tourism

The number of tourists visiting Bhutan has been steadily increasing. Last year, 116,200 tourists visited Bhutan. Of them, about 63,500 tourists were from India, and 53,000 were from other countries. Tourism contributed Nu. 16.2 billion to the economy and Nu. 1.1 billion to government revenue. In addition, tourism provided 18,200 jobs, from the guides and drivers who accompany the tourists to waiters and cooks working in hotels.

We can bring in more tourists without undermining our policy of “high value, low impact” tourism. For instance we can do a lot more to attract tourists during off-season months – summer and winter. To address off-season constraints, the government announced a special scheme for Thai tourists for June, July and August this year. I am happy to report that it is doing very well.

Learning from this experience, government, tour operators and airlines must work together to remove constraints during the off season to attract tourists so that our resources don't remain idle for almost half a year.

In addition to implementing plans to attract larger numbers of tourists, the government will make sure that all roadside amenities required for tourists are developed in the coming year. The Royal Government will also promote domestic tourism and encourage our people to go on holidays and pilgrimage within the country. Tax waivers and special packages with hotels will be explored for domestic tourism.

I am pleased to announce that the government has decided to make 2015 the “Visit Bhutan Year” to celebrate the 60th Birth Anniversary of His Majesty the Fourth Druk Gyalpo who started tourism in Bhutan and blessed us with an enlightened tourism policy. Several new products will be launched during the “Visit Bhutan Year”.

Jewel 4: Small and Medium Enterprises (*zhodra chungwa and nangzo*)

Small and Medium Enterprises (SMEs) are the backbone in any economy. SME forms the bulk of our enterprises in Bhutan and they need to be strengthened to become more strong and dynamic. Our SME sector is constrained by the size of the economy and the narrow industrial base does not provide much room for diversification of the sector. We need to strengthen our SME sector as it has the potential to create jobs and inculcate entrepreneurship in society.

Today we have about 13,000 cottage and small enterprises. They comprise 97% of all the businesses but they contribute only 3% to the economy, and they are concentrated mainly in Thimphu, Phuentsholing and Gelephu.

We need to increase the number of small enterprises and more importantly we need to improve their productivity. This would be an important way of becoming self reliant and decreasing the dependence on imports. We need to use our local resources and become less dependent on imports.

So the government’s target in the 11th Five Year Plan is to double the number of small enterprises so that they contribute at least 10% to the GDP and create 21,000 additional jobs. For this the government has developed an action plan to:

- a. Expand small enterprises throughout the country, but especially in the East.
- b. BOIC will implement Nu. 1,900 million to develop small enterprises
- c. Various training will be provided to prepare school leavers

Jewel 5: Mining

Our country is blessed with abundant minerals. The quality and quantity of limestone, marble, dolomite, gypsum, talc, quartzite available here is higher than the region. But mining contributed only Nu. 2,000 million to the economy last year which is less than 2% of the economy. The contribution to the government revenue was only Nu. 434 million.

The mining sector has immense potential to increase economic opportunities, increase jobs, generate more revenue not just for the government but also our local communities. And we can capitalize on this potential without destroying the environment by using environmentally friendly technology and enforcing environmental rules and regulations. A Mineral Development Policy is under consideration by the government to provide strategic overview and direction to the mineral sector and to ensure that mining has minimum impact on the environment and local communities.

The government has also decided to start a State Mining Corporation with the objective of exporting minerals to India and Bangladesh. The revenue from this will be used to finance the school reform.

Measures to support the Five Jewels of the Economy

The Five Jewels – Hydropower, Agriculture, Tourism, Small Enterprises and Mining, can transform our economy to self-reliance. What is needed is for the people, private sector and the government to work together and work hard. At the same time the government is making the business environment supportive. Towards this the government is taking the following measures to nurture the business environment:

- a. First - the Economic Development Policy, 2010 is being reviewed to focus on the Five Jewels.

- b. Second - the Foreign Direct Investment (FDI) Policy, 2010 is being reviewed to promote foreign businesses in Bhutan.
- c. Third - the government has committed to improving Bhutan's Ease of Doing Business ranking from 141 out of 189 countries to the top 100 in two years. We have already started work, and each minister has been assigned one specific area to improve the regulatory environment and make doing business in Bhutan easier. Overall in the government our service ethics has to change - we need to create an enabling business friendly environment that is professional, progressive and expedient.
- d. Fourth - we will support and develop the private sector. We keep saying that the private sector is the "engine of growth" so we need to boost it and make it dynamic:
 - i. Private Sector Development plan to be drawn up.
 - ii. The Private Sector Development Committee has been defunct so we have improved on this by establishing the Better Business Council which will have representatives from government and private sector. The Council will be chaired by the PM and will meet every month till the Private Sector Development Plan is finalized and implemented.
- e. Fifth - the banking system must improve. The government will work with RMA to improve the banking system.
 - i. Towards improving access to loans for businesses, the government has released Nu 2.1 billion from the Economic Stimulus Plan to the Banks.
 - ii. The government will also start special saving schemes so that people are encouraged to save and this can be used to boost investments.
 - iii. The stock market is also being improved and people are encouraged to participate.
- f. Sixth - the infrastructure to support the economy is being improved.

- i. All main highways will be improved. Work on the expansion and improvement of the Thimphu-Trashigang has already started. The blacktopping of Gewog Center roads will begin soon.
 - ii. Paro airport is being expanded and upgraded to international standards. The management of the airport will be made autonomous, and the airport renamed Jigme Singye Wangchuck International Airport to celebrate the 60th Birth Anniversary of His Majesty the Fourth Druk Gyalpo.
 - iii. The Yonphula airport is also being expanded and improved. Work is expected to begin in July and completed in 18 months. This will make travel to the East easy and safe.
- g. Seventh - network connectivity is being upgraded. The international bandwidth speed is 5.2 Gbps, which the government is ready to double if needed. The government is also working on bringing in network redundancy through Bangladesh.
- h. Eighth - inflation needs to be controlled. It is not good for customers and not good for businesses, and is the main obstacle to economic growth. It is important that RMA and the government work together to address this. The government has formed a task force in the Ministry of Economic Affairs to fight inflation on a full-time basis. While inflation because of import cannot be controlled, we must be mindful of unnecessary price increases for domestically produced goods and house rents. Also we must not leave price controls to the government only. Consumers must be mindful and resist unfair price increases. To control rent the amendment to the Tenancy Act has been passed by the National Assembly.
- i. Ninth - last but most important we need to use our own local products wherever possible and reduce dependency on imports. For example, we can help our economy by buying local agricultural produce or by using local construction material (mud blocks, cement blocks, Pre-fabs). Our biggest import is fossil fuel. Last year, we exported Nu. 13 billion of electricity and imported Nu. 7.5 billion of fuel. This has put

pressure on our rupee reserve because what is being earned by our hydropower is being utilized in importing fossil fuel from India. The only way to reduce fuel imports is by reducing number of vehicles and by using electric vehicles. We must do both. Increase the taxes for fuel cars but also increase public transport, and support the use of electric cars. The total number of taxis in Thimphu is 2,600. If half of these are electric vehicles, it would reduce petrol imports by Nu. 235 million per year. Imagine how much money we can save.

Strengthening the economy is no easy task. A fundamental problem we face is that we do not produce what we consume. Imagine if this money that we spend importing goods had been retained in Bhutan. Bhutanese entrepreneurs would in turn spend those ngultrum at the market, restaurants, beauty shops, pharmacies, and shopping centers. When Bhutanese produce goods that other Bhutanese use, they are then able to re-invest that revenue back into the national economy.

As a nation, to continue the unbridled import of everything from rice to toothpicks is not sustainable? We must change the structure of our economy. We must reduce importing items that we have a comparative advantage to produce. We must add value to our exports through primary, secondary and tertiary processing. These are necessary to create a good economic environment in which businesses can continue to, not merely survive but also grow.

We need to all work together – and we all need to work hard. Collectively, if we work hard at strengthening the five jewels of the economy and improve the business environment, then I am sure that we should be able to double or even triple the GDP in the next 5 years, making self-reliance a distinct possibility in the near future.

Second pillar of GNH: Preservation and promotion of culture.

Our unique culture is the source of our national identity and nourishes social cohesion which binds us. The way we dress, the way we talk, our beliefs and values reflect who we are. Culture also contributes to our economy and development. Both His Majesty the King and His Majesty the Fourth Druk Gyalpo have emphasized that as small country with a small population, preserving and promoting our cultural heritage is a means to strengthen and safeguard our sovereignty and security.

Our culture has been preserved and passed down generation to generation, and has been further strengthened by our Kings. As the forces of modernization and globalization bring about rapid changes we must ensure that we make every effort to protect our culture - Driglam Chhoesum.

One of the important tasks in preserving our culture is promoting our national language Dzongkha as language is an integral part of one's cultural identity. For this, wide ranging policies already exists and the government has now instructed the Dzongkha Development Commission (DDC) to ensure the implementation of the policies through the cooperation of the Zhung Dratshang, Ministry of Education and the Media.

There are challenges in promoting culture particularly as our children are growing up in a globalizing and fast changing world, and living in an age where there is easy access to so much information through the digital medium. They are often exposed to ideas and images of popular culture that are beyond our control. It is, therefore, essential that on our part as parents we encourage our young children to learn our language, know our history, maintain our strong positive cultural and traditional values and to protect our identity as Bhutanese.

As times change so must educational methods. Learning isn't just repeating what someone else says. It may, therefore, be a good idea to adopt in the schools a mix of creative and traditional approaches in our Dzongkha language curriculum. The goal should be to help our children become enthusiastic Dzongkha learners. The more creative a teacher gets the more enthusiastic learner the child becomes. We must also strengthen our film and music industry so that we can tap into this important avenue for the promotion of culture and language among our youth and children.

The renovation of our Dzongs and monuments are an important aspect of protecting our cultural heritage. I am pleased to report that the renovation of Lhuentse Dzong, Daga Trashiyangtse Dzong and the Paro Rinpung Dzong have been completed. Major renovation work has commenced on Gasa Dzong, Trashigang Dzong, Phajoding Lhakhang, Paro Ta-Dzong and Haa Lhakhang Karpo. Work on Pema Gatshel's new dzong is continuing and progressing well. Work on rebuilding the Wangduephodrang Dzong has also commenced under His Majesty's direct Command and supervision. The Chenrezig Zhiwei Jingsey prayer ceremony was performed by His Holiness the Je Khenpo at the dzong site to remove obstacles and ensure a successful reconstruction.

Our majestic and sacred dzongs and monasteries reflect the history, architectural splendor and culture of our country. In these we must also appreciate the engineering minds and accomplishment of our forefathers who built them. We have unfortunately lost some of these splendid monuments to fires and as I had stated last year we need to ensure that this does not recur. The comprehensive fire risk assessment is complete and the installation of necessary safeguards has started with the work having been completed so far on two dzongs. While this is expensive and difficult this must be done so that we can avert another national disaster. Training programs on "Disaster Preparedness and Sensitization on Dzong Fire Safety" have so far been held in nine Dzongkhags (Paro, Trongsa, Bumthang, Gasa, Punakha, Wangdue, Lhuntse, Trashiyangtse and Zhemgang) with the training in other Dzongkhags to follow soon.

Our cultural heritage is distinctive and an essential component of our national identity. This is how foreigners see us as "Bhutanese" but we also need to be cautious against the forces of change. We are blessed to be a part this great nation and we must ensure that we continue to nurture our cultural heritage and identity so that we can pass on this rich legacy to our future generation.

Our faith in Ken-Cho-Sum plays an important role in all aspects of the lives of the Bhutanese people from the spiritual wellbeing and cultural vibrancy to social solidarity and the sense of identity. It is the duty of every Bhutanese to ensure that our spiritual heritage and the essence and practice of the Dharma is passed down to our younger generation. We are also the only Vajrayana country.

I am happy to report that the practice of Dharma is vibrant and flourishing in the country. For this I would like to thank His Majesty the King, His Majesty the Fourth Druk Gyalpo, Their Majesties the Queen Mothers, Her Majesty the Royal Grandmother and members of the Royal Family for their Royal Patronage; His Holiness the Je Khenpo Trulku Jigme Choeda, the Zhung Dratshang and many other eminent Lams, Trulkus and Rinpoches for their services.

Under His Holiness the Je Khenpo's tireless leadership and hard work the *Dharma* continues to be promulgated. 624 days of *Kurims* and prayers were conducted by the Zhung Dratshang alone in the past year for the long life of His Majesty the King and the Royal Family, peace and prosperity of the people and the wellbeing of all sentient beings. His Holiness the Je Khenpo has also travelled throughout the country and held *Moelam Chhenmo* in 15 dzongkhags and *Bazaguru Dungdrup* in 4 Dzongkhags during the past year.

On behalf of the government and people I would like to respectfully thank His Holiness the Je Khenpo, the Zhung Dratshang, Rabdeys, Choedeys and other religious leaders for their continued contribution to the spiritual well being of our nation.

As we celebrate the 60th Birth Anniversary of His Majesty the Fourth Druk Gyalpo, the Zhung Dratshang will conduct the *Namgyel Tongchoed*, *Tsheychok* and recitation of *Tsheydo*, *Soelkha and Ngyenpa* in all major monastic institutions, Goenkhangs and Nekhangs all over the country for the long life and well being of His Majesty.

His Holiness the Je Khenpo is the most venerable embodiment of Bhutan's Buddhist faith who continues to promulgate the true essence Buddhist teachings, which is to benefit others. His Holiness the Je Khenpo has personally donated Nu 13.5 million to the Ministry of Health this year. From this amount Nu. 500,000 was sent to the Mongar Regional Referral Hospital to help poor patients. With the remaining Nu. 13 million, three dialysis machines and three electrocardiography (ECG) machines were procured for the JDWNRH. His Holiness the Je Khenpo also donated six new ambulances, which have been allocated to six Dzongkhags. I would like to express our deepest gratitude to His Holiness the Je Khenpo for these generous acts, which have benefitted the people immensely.

The Lhotsham Hindu community continues to receive support. His Majesty the King and Her Majesty the Gyaltsuen participate at the most important festivals of *Dashian* and *Durja puja*. I would like to thank His Majesty for the two *Mandirs* in Thimphu and Samtse. The Shivalaya Mandir in Samtse is an old and sacred *Mandir*, which is being renovated upon the command of His Majesty the King to commemorate the Royal Wedding. The *Mandir* will be completed next year as part of the celebration to mark the 60th birth anniversary of His Majesty the 4th Druk Gyalpo. The project cost is Nu. 21.2 million and is being funded by the government. The *Mandir* in Thimphu is nearing completion and is being built at a cost of Nu. 88.742 million.

The pursuit of religious studies is of paramount importance and it is critical that we have more learned teachers to guide us in our lives. Many initiatives have been taken by the Zhung Dratshang for the development of the monastic education system and spiritual empowerment. Gyelse Trulku Jigme Tenzin Wangpo was awarded a master's degree in Buddhist philosophy (*Gyalshey dongang marye*

wangchuk) along with 62 other graduates at the 16th convocation program of Targo university of Buddhist studies. What is significant is that Gyelse Trulku has completed his studies at a young age and in the shortest time possible.

We have many monks and gomchens but women till now did not have equal opportunity for religious studies. Now there are 1,200 nuns and the number is increasing with nunneries also having access to improved conditions. This is mainly due to the Royal Patronage and support of Her Majesty the Queen Mother Gyalyum Tshering Yangdon Wangchuck. The Kila Nunnery in Paro has also been upgraded as the first ever nuns college that will offer Buddhist studies at Bachelor degree level.

In a significant and important moment for our nun community, His Holiness the Je Khenpo recently conducted for the first time in Bhutan the *getsulma dolma* ceremony which provided an opportunity for many of the nuns in Bhutan to be official recognized and take a step towards full ordination.

Key to the spiritual heritage of our nation is the strength and knowledge of our teachers. As is the impermanence of our being, it is with great sorrow that the nation lost one of its most highly learned, revered and respected Buddhist master former Drabi Lopen Kinley Gyeltshen. A teacher of simplicity and humility, Lopen Kinley Gyeltshen was awarded the Druk Thuksey by His Majesty the King on December 17, 2013 for his exemplary achievements and contributions to religious education. Lopen Kinley Gyeltshen was also a member of the Constitution drafting committee. We offer our prayers for Lopen Kinley Gyeltshen, and take comfort in knowing that his many students will continue in strengthening our religious and spiritual heritage.

The Tara Lhaden Zhingkhram Lhakhang, built under the patronage of Her Majesty the Queen Mother Gyalyum Sangay Choden Wangchuck, has recently been consecrated. The construction and consecration of the new monasteries have contributed in promulgating our rich spiritual and religious heritage.

Third Pillar of GNH: Conservation of the environment

Our country is known throughout the world for our wise and farsighted environmental policies. It is firmly rooted in Buddhist principles of compassion and reverence for all forms of life, and to our development philosophy of Gross National

Happiness. We are extremely fortunate that our environment has remained largely intact and pristine. Today 81 % of our country is covered with forest and we should be proud. But do we really have that much and are our forests healthy? For this the government is undertaking a detailed national survey of the forests. The survey is expensive and time-consuming but it must be done so we know the real state of our forests. We must know that there is 60% coverage as per the Constitution. We must know our carbon sink capacity. So far work has been completed in six Dzongkhags and the remaining Dzongkhags will be completed by 2015.

We must also be mindful to take care of our environment so that we can hand over a healthy environment to our future generation. The Constitution specifically entrusts every Bhutanese with the responsibility of safeguarding our environment for the benefit of the present and future generations. If we are able to inculcate in our children the love and care for the environment, then we can be assured that successive generation will also have a well-preserved environment.

The government has launched Clean Bhutan, a movement to clean our towns, rivers and trails. Similarly the government has also started Green Bhutan to plant flowers and trees in and around our towns. His Majesty the Fourth Druk Gyalpo has been recognized internationally as a champion of the environment and as such, Clean Bhutan and Green Bhutan are both dedicated to the 60th Birth Anniversary of His Majesty.

Champion of the environment is also Her Majesty the Gyaltsuen. Her Majesty in her capacity as the Country's Ozone Ambassador has been advocating the importance of ozone layer protection especially among the students. Her Majesty also participates in the Work Environment Day every year.

There is growing human-wildlife conflict due to anthropogenic pressure on natural resources. This is one of the biggest problems our farmers face. We keep talking about it and it is them who have to suffer. I have already instructed the Ministry of Agriculture & Forests to develop a comprehensive plan to reduce the sufferings of our farmers through human-wildlife conflict. The number of mines and quarries has been increasing. Waste management and water pollution are matters of concern due to frequent unsanitary conditions along banks of streams and rivers. Air quality is steadily deteriorating, especially in Thimphu and around industrial areas. There is continued loss of forest and government reserved forest land to infrastructure development and urbanization. Sewage management is becoming a challenge with increasing population and establishment of new urban centers. Rapid

modernization also seems to bring with a lack of civic sense when it comes to littering and waste dumping.

The government has initiated measures to address these challenges. However, the government's effort alone will not be enough to protect our environment. Small effort on the part of our citizens will go a long way in caring for our environment and conserving our natural resources. As the saying goes "it takes two hands to clap".

One of the most pressing environmental concerns we face today is that of climate change. The irony is that while Bhutan is not responsible for climate change, the country is vulnerable and already facing the effects of it. The fragile mountainous landscape and socio-economic conditions makes the country more vulnerable to climate change, and the impact would be felt mostly by the rural poor.

Even if greenhouse gas emission levels stabilized, global warming is expected to continue for centuries. Hence the only option is to adapt and mitigate the effects of climate change. To adapt to climate change, the National Adaptation Program of Actions (NAPA) was framed in 2006 and its second phase, which is the world's largest climate change adaptation project (Nu. 712.45 M) will begin from this year in Bhutan.

As an indication of Bhutan's commitment to reducing global warming, Bhutan has committed to phasing out of Hydrochloroflurocarbons or HCFCs by 2025, ten years ahead of the Montreal Protocol schedule. The UNFCCC Executive Secretary Ms. Christiana Figueres during her visit applauded Bhutan in setting an example to the world on how an economy, with scarce resources, accepts its responsibility and is doing its enormous effort to bring down its emissions.

Every year we witness the ravaging effects of natural disasters triggered by cyclones, torrential rains, forest fire and windstorms all over the country resulting in loss of lives and destruction of public and private properties. When disaster strikes the whole community is affected.

Like in the past our country was again plagued with disasters. Our people have had to deal with disasters caused by fire, torrential rains and flooding, and windstorms. In the last year there were 5 incidences of forest fire; 2 river mishaps; 5 windstorms and 1 major accident.

At every instance, His Majesty the King has provided relief to the victims and their families personally, by deploying solders and desuups, and by providing monetary

kidu. The desuups training has been very successful and useful especially in responding to disaster situations.

On behalf of the people and the government, I offer our heartfelt gratitude to His Majesty the King for his compassionate support and *kidu*. Similarly, I thank the armed forces and the desuups for always readily volunteering in times of disaster.

The impact of these disasters shows our high vulnerability and environmental fragility. The number and severity of these natural disasters is also expected to increase and become even more common due to climate change. This poses significant challenges to the country and necessitates the urgency for a more cohesive and collaborative response. Therefore, I am pleased to report that the National Disaster Management Authority has now been formed and convened its first meeting with the Prime Minister as Chair. The government has also directed all Dzongdags to form their respective Dzongkhag Disaster Management Committees who should now prepare and be ready.

The government is also working towards strengthening risk mitigation, implementing cost-effective and robust early warning systems, and enhancing disaster recovery and reconstruction capabilities.

Fourth pillar of GNH: Good Governance

Good governance is the main pillar of GNH. Without good governance we cannot achieve socio-economic development; we cannot reduce poverty; we cannot protect our culture; we cannot preserve our environment and we cannot achieve the overarching goal of self-reliance. That is why the government has given extra attention to improving good governance.

The most important contribution of good governance has been the establishment of the Royal Institute for Governance & Strategic Studies (RIGSS) by His Majesty the King in October 2013. Already two batches (46 participants) of senior public servants have completed the Executive Course. I would like to thank His Majesty the King for having instituted RIGSS.

On good governance, the fourth pillar of GNH, I will report on the state of our democracy, civil service, constitutional bodies, local government, civil society organizations, media and corruption.

Democracy

Our democracy's foundation is strong. Although it was institutionalized only six years ago laws are in place; institutions are functioning; several elections have been conducted - two National Assembly and National Council elections and elections to Local Governments. And most importantly, people understand the principles of democracy.

As we move forward on the path of democratic consolidation, we must remain ever vigilant against the pitfalls of democracy. His Majesty the King has reminded the people time and again of the goal of democracy - National Day address in 2012: *"Remember, achieving democracy is not the goal. The real fruits of our efforts should be that democracy brings greater unity, harmony and prosperity to our Nation. Democracy must be able to fulfill the aspirations of our People,"* unquote.

More importantly His Majesty the King has Commanded the people time and again of the risks of democracy - 17 May 2014 opening session of this Parliament, *"It is important for us to learn lessons from the experience of others to understand the pitfalls of democracy as we endeavour to strengthen our democracy. Some governments neglect long-term national goals and choose to derive political dividends from short-sighted decisions. The obsession to win elections or the fear of losing one drives some to forget their loyalties to the nation and also compromise their moral rectitude. Some elected representatives further their own personal interests and fail to serve the people as pledged. It is important for elected leaders to set the right examples and uphold high moral and ethical standards as they enjoy the confidence and trust of the people."*

These words of wisdom of His Majesty the King should resonate within us all as we work towards strengthening our democratic ideals. What values we distil from these words, and what choices we make in carrying it forward will be fundamental to the survival and growth of democracy in the country.

During the Opening Session, His Majesty also Commanded that we should not draft laws just for the sake of having them. His Majesty cited examples where *"people in some countries had lost faith in law and confidence in democracy due to proliferation of laws, which were hastily enacted, poorly implemented and caused social difficulties for the people."* His Majesty Commanded that we must consolidate

and harmonize our laws, and ensure that the ones in place are implemented for the benefit of the country and people.

Therefore, during the next year the government will set up a Task Force to review all laws and related policies, rules and regulations to ensure that they are relevant, and that their implementation actually benefits the country and people. The Amendment to the Tobacco Control Act has been passed by both the National Assembly and National Council, which makes the Act more implementable.

Civil Servants

Having a pool of well qualified, motivated and committed civil servants is critical for nation building. It is the backbone of our country's development. As in all democracies, our country will witness change of government after an election and along with it Prime Ministers and Ministers will come and go. However, what will remain constant is the civil service who must not only provide continuity but remain apolitical as enshrined in the Constitution.

I am happy to report that our civil servants have accepted the change in government without any misgivings - this being the second time. First in 2008 from monarchy to an elected DPT led government and 2013 from DPT to a PDP led government. This is essential to the smooth functioning of democracy. I am proud of the fact that most of our civil servants are hard working and apolitical as required by the Constitution.

Today we have 25,310 well qualified and experienced civil servants. Many foreigners have commented that we have some of the most qualified and capable civil servants. At the same time 25,310 civil servants is far too big for a small country. With one out of every 30 Bhutanese in the civil service, this is one of the highest ratios in the world. We will work together with the RCSC to have a small, compact and highly efficient civil service.

Last year, during the 106th National Day, His Majesty recognized the hard work and contributions made by the civil servants by awarding certificates of merit and medals to 13,810 civil servants. On behalf of the government, I respectfully thank

His Majesty the King for the recognition which is a big motivation for our civil servants.

To the civil servants, I call upon each and every one of you to heed what His Majesty Commanded during the 106th National Day i.e. *"The main responsibility of the civil servants is to serve the people in an efficient, timely and caring manner."* This Command must become the mantra of our bureaucracy.

Furthermore, I request you to also remember the concerns expressed by His Majesty that we prepare the best plans, but when it comes to implementation there were some shortfalls. Therefore, simply being good talkers will not bring results - we also need to be able to "walk the talk" and deliver on those results. His Majesty also highlighted that coordination among government agencies is lacking. When the *"right hand does not know what the left is doing"* means government agencies are functioning in isolation. Communication and coordination are vital for the government to function in a coherent manner.

In order to ensure better implementation and coordination the government has started the Government Performance Management System (GPMS). Civil servants have welcomed this system, and Ministers, Dzongdags and Heads of autonomous agencies have readily signed Performance Agreements. I would like to thank everyone for coming on board and supporting this new system, which emphasizes the delivery of services and results to the people. On the part of the government, I will make sure you get whatever resources are needed to fulfill the Performance Agreements. If you fail, then I fail.

Similarly, to enhance coordination and improve communication among civil servants the government has launched Google Apps, which will allow our civil servants to send and receive secure emails in addition to using the suite of cloud-based productivity tools. Additionally, Google Apps will reduce paper consumption in the government's bid to go paperless. This will help our environment. This year our target is to register 5,000 civil servants on Google Apps; PLUS all educationists; PLUS all teachers; PLUS 20,000 students. Total target of 30,000 users.

Further, the G2C (government to citizen) program will now be linked to all government websites and come directly under the supervision of the Prime Minister's Office. The nerve centre for the G2C is going to be under my direct supervision so that I can monitor that the citizens receive their services.

Critical to ensuring that the people perform their best and work up to their optimum capacity is the need for proper incentive package for our civil servants. The government is pleased to increase the salaries of civil servants and other public servants. The salary increase will cost the government an additional Nu. 1.799 million per year. Some are worried but the government has already identified how to meet the costs. For civil servants the existing salary allowances have been merged to their basic salary and on that increased by 4% to 10%. PLUS everyone gets a house rent of 20% of the new increased salary. The real salary increase is from 24% to 30% with lower levels getting more and 40% raise for GSP and ESP levels.

Even with house rent allowance, housing is still a problem. NHDC holds about 2,000 units, mainly for the lower level civil servants. Additional 24 units have been completed in Samdrup Jongkhar last year. 24 more units will be completed in Phuentsholing in two months. 24 units are being built in Lhuntse and 20 units in Gasa.

Many people have criticized the salary increase for MPs and cabinet ministers. I will not defend the increases nor argue whether it is too high or not. However, on the Prime Minister's salary, I too agree that it is too high. Our country cannot afford it, and my conscience will not be able to accept it. As such, I will take the same salary as that of the Cabinet Minister's. The additional amount of Nu.50,000 difference between the Prime Minister and Cabinet Minister's pay, I offer to save and donate to charity organizations at the end of my five year term.

I am confident that with the inspiration provided by His Majesty the King the pool of many talented and capable civil servants will bring greater success to Bhutan. It is not without reason, that the Bhutanese civil servants have in the past been commended for their hard work, integrity and commitment to the Tsa-Wa-Sum. However, we cannot be complacent and must work hard towards achieving our goal of self reliance. I would also like to congratulate the new Chairman and Commissioners of the Royal Civil Service Commission and look forward to working with them closely in further professionalising and strengthening the civil service.

Constitutional Bodies

Fundamental to a healthy democracy is a strong judiciary. The speedy administration of justice has been the hall mark of our justice system, and the foundation for peace and happiness in the country. We thank the judiciary for the effective and impartial enforcement of laws in keeping with our Constitutional provisions. I congratulate the judiciary and Chief Justice Lyonpo Sonam Tobgye for inaugurating the Supreme Court.

The role of constitutional bodies in exercising democratic practices is crucial to consolidating democracy. Especially important is the system of checks and balances that they provide. Having strong, independent and impartial democratic institutions helps to ensure that the government acts only within the mandate given to them under established laws and regulations. Therefore, oversight helps to promote the constitutional values of transparency and accountability of the government and good governance.

The government acknowledges the work being done by the Royal Civil Service Commission, Election Commission, Anticorruption Commission and the Royal Audit Authority. I would like to thank the Chairmen, the Commissioners and the civil servants of the constitutional bodies for their hard work in providing proper checks and balances.

Local Government

Local Governments are the main foundations of democracy. Living within the communities they know the needs, hopes and aspiration and problems of the local population better than anyone else; they bring the government closer to citizens; they allow people to participate more effectively and accountably in local affairs, including identification of community priorities. Citizens and their elected leaders gain experience in the practice of democracy and thus enhance the legitimacy of the democratic system.

In order to empower local government and decentralize power, the government has provided Nu. 2 million per gewog per year. Many gewogs have put this money to very good use, for the benefit of the people by building roads, renovating Lhakhangs, and spending in irrigation, water supply and schools. To further improve the system, the government is reviewing the criteria and guidelines for the Gewog Development Grants.

The Local Government Act has been passed by the National Assembly and is with the National Council. The main issue is that all Dzongkhags will get Thromdes. The Local Government Entitlement Act has also been passed by the National Assembly.

Civil Society Organizations (CSOs)

Civil Society Organizations in Bhutan have been playing an increasingly important role particularly as they work closely with the community. Articulating the interests and needs of the citizens, CSOs complement the efforts of the government in many ways and fill in critical gaps and support programs where government interventions have been inadequate.

Since the enactment of the CSO Act in 2007, we now have 38 registered CSOs. All CSOs have been benefitting our country and people by providing critical social welfare services for the socially and economically marginalized citizens of our society. Many of these CSOs are under the patronage, support and guidance of Their Majesties the Queen Mothers who continue to play an active role in youth development, poverty eradication, women empowerment and religion. On behalf of the people and government, I thank Their Majesties the Queen Mothers for their Royal Patronage and support.

Media

Media plays a crucial role in shaping a healthy democracy and ensuring good governance where it acts as a vital link between the government and the people. It not only informs and educates the people but keeps the government, politicians and businessman honest. Television and radio have made a significant achievement in educating rural masses in making them aware of all the events taking place.

Currently there are eleven newspapers operating in the country. That is a lot by any standards. Many, if not all, the newspapers are facing financial problems. In addition to the newspapers there are six radio stations, seven registered magazines. BBS TV is the only TV station.

The media in Bhutan has grown rapidly within a very short span of time. However it is important to ensure that this growth is qualitative and sustainable in the long run.

Given the ever increasing number of media houses, sustainability has become a consistent concern.

The government supports the media in five ways:

- a. First and most importantly by giving access to the reporters. The government has been holding the monthly Meet the Press sessions, and I have requested all ministers to make themselves available for interviews as much as possible.
- b. Second by giving government advertisements, which forms the bulk of the media's revenue. To support the media, the government has decided not to reduce the government's advertising budget for this year.
- c. Third, a project is currently being implemented for institutional building and capacity development of the media.
- d. Fourth, the government provides generous subsidies to BBS and for the professional development of the private media. The subsidy this year is 150 million for BBS (almost 50% of their budget) and Nu. 4 million for the private media.
- e. Fifth, the Right To Information (RTI) Act. This is an important step towards strengthening democracy and towards ensuring greater transparency and accountability. The National Assembly has passed the Act but there is some impasse in the National Council. Nonetheless the government is hopeful that the RTI Act will be passed by parliament soon.

Social media is a powerful tool with a wide reach, placing people at the centre. However given the low level of media literacy in Bhutan, social media has a much larger impact on our society. There are many concerns with regard to the negative use of social media, this can only be dispelled through awareness and education on its use. How can the government use social media to optimize its benefit and to what extent? This is an option we must explore. We must make full use of the positive aspects of using the social media. The government is considering drafting of a social media policy focusing on the use of social media for governance.

Corruption

Corruption inhibits good governance and poses a major threat to our social and economic development where the poorest suffer the most. It undermines the economy, the social fabric of our society and the credibility of the country.

The government, therefore, is resolved to make a sustained and unrelenting fight against corruption and support the efforts of the Anti-Corruption Commission. To begin with I have already directed the Ministry of Works & Human Settlement, the Construction Development Board and the Contractors to sit together and see how we can root out corruption in the construction sector, which has been resulting in substandard quality of material being supplied and inferior quality work. I have asked them to come up with specific recommendations. While lauding the efforts of the Anti-Corruption Commission in its fight against corruption I also call on every citizen to stand up against corruption.

I would also like to commend the six Royal Bhutan Police and one Royal Bhutan Army personnel who steadfastly refused to be bribed in fulfilling their duties. In doing, they have upheld the honour and integrity of their profession and set an example for us all to emulate.

PEOPLE

Our population is small with 748,500 people and growth rate is only 1.3%. Since we have a small population we must look after every man, women and child. This is exactly what His Majesty the King has done. That is why there is free health, free education, and welfare. At the same time, a small population also means we must work harder to make our country self reliant.

As His Majesty the Fourth Druk Gyalpo has said, *"for the future of our country, the most important thing is our people and the destiny of our country lies in our hands."* The message here is clear - our destiny lies in our hands and we must all work hard together to achieve self reliance and the prosperity we strive for.

Youth

Bhutan has accorded high importance in investing in youth. In the words of His Majesty the King, *"a nation's future will mirror the quality of the youth, and cannot therefore think of a bright future when it has not invested in its children."* Bhutan has already made investments in its youth and will continue to do so.

Our population is very young with 30% below 15 years and 56% under 24 years. On one hand a young population yields opportunities with huge potentials to contribute to society as important partners for development. On the other hand – they are a vulnerable group who are making the difficult transition to adulthood. Some key concerns confronting this group include youth unemployment, substance abuse, depression and rising number of suicide cases.

We have a youth population that is well educated, trained and motivated to work. They have the great potential of serving the Tsa-Wa-Sum and helping the nation become self reliant. However unemployment is a real challenge and it is the young people who are increasingly finding it difficult to get jobs. Youth unemployment rate (15 – 24 years) at 9.6% is significantly higher than the national unemployment rate at 2.9%. We have more than 4,500 young people today seeking employment.

Data is also very important for evidence based planning and henceforth employment figures will be published two times a year and subsequently increased to four times in a year.

It is a matter of pride that our educational institutes have been successful in creating a generation of more educated young people than ever before in our history. At the same time, it is these young people who are seeking jobs in the urban markets and are either unable to find jobs or rather unwilling to take on the kinds of jobs that are there in the job market. There is a dichotomy between the jobs that are available in the market and the jobs that are being sought. It is indeed a complex problem that confronts us.

It is estimated that in the Eleventh Five Year Plan, 75,000 jobs needs to be created. Recognizing youth unemployment as a critical issue, we will continue to ensure that there are more opportunities for our young people. We will strive to improve our economy by capitalizing on our Five Jewels and try to create employment opportunities for our people. Till the economy grows, which will take some time we will assist our young people in finding work outside the country. So far 328 youth have been sent outside. However, it is better to employ our own human resource towards achieving self reliance. Therefore, within the country the government will guarantee jobs for unemployed university graduates and Class XII and X graduates. This will be real work and real salaries - minimum Nu. 7,500 per month. The work will be productive work in farming and construction.

At the same time it is increasingly important for our young people to change their attitudes and be more willing to accept jobs that are readily available in the job

market. When I was younger, there was no such thing as 'Dignity of Labour'. I did everything from milking the cow, planting potatoes in the field, harvesting the rice and selling butter and cheese. It is important that the young people today also find dignity in every kind of work they do. It is good to have high expectations but we must also be realistic. I would also like to remind everyone that hard work is critical to success and as such, in today's very competitive world, we need to work extremely hard and be the best that we can be. The RCSC has announced the preliminary exams for August and the graduates should prepare for the exams. Owing to Acts, Rules and Regulations the government could not do away with the preliminary exams as pledged.

Substance abuse and alcohol use are also issues of concern among the youth population, which the government is addressing with utmost seriousness by looking both at prevention and response to this social problem. In the last six months over 600 people have been arrested for drug related offences. The disturbing fact is that most of those arrested are below 25 years of age including minors. This is a serious social concern that requires the government, society and parents to work together. The government will continue to raise drug-free awareness and provide access to counseling, rehabilitation and substance abuse treatment.

Furthermore in the past few years, there has been a high rate of suicide among young people and this is a matter of great concern, particularly in a country like ours who pride ourselves on our cohesiveness, strong social values and support systems. The government will conduct a Nationwide Suicide Survey to determine the root causes and risk factors, and also develop a National Prevention Strategy.

Apart from the concerns relating to youth, it is also important to recognize that the youth brings many opportunities and they can be active agents of change as well as good partners in development. It is important that we nurture these opportunities so that we can give our nation a future and vision we can aspire towards. Some key initiatives undertaken by the government in the past year include the revitalization of the scouting programme and youth participation programs. Our CSOs are also important partners and I take this opportunity to also thank Her Majesty the Queen Mother Gyalyum Tshering Pem Wangchuck, under whose patronage the Bhutan Youth Development Fund has actively worked to promote the welfare of the youth of Bhutan.

Women

Bhutanese women have a very important position in society. Comprising more than half the population, our women contribute significantly to nation building. Apart from contributions through work and labour, our women are invaluable members of the community and within the families – with the important and critical roles as mothers, daughters, wives and sisters that holds the fabric of our society together.

However women still face challenges such as low transition rate of girls from secondary level onwards, early marriage, higher rates of unemployment and accepting attitudes towards domestic violence. In addition, and compounding these problems, they continue to remain underrepresented in all political, economic and social spheres.

In Bhutan in the past, due to the reluctance of parents to sending girls to remote schools, opportunities for Bhutanese women were somewhat limited. The situation now is much better. Bhutan has achieved gender parity in school attendance at the primary level of education and we are now working to improve the gender parity at the secondary and tertiary levels of education.

We are fortunate that in Bhutan we have many role models in Bhutan whom our young girls and women can draw inspiration from. Our young women should draw inspiration from Her Majesty the Gyaltsuen, who is the Country Ozone Ambassador and Royal Patron of the RSPN; Their Majesties the Queen Mothers who are the Royal Patrons of various CSOs in providing social welfare services to those economically and socially marginalized; Her Majesty the Royal Grandmother who has contributed immensely in preserving and promoting the rich spiritual and religious heritage of our country.

There is still, however, a lot of work to be done so that women can be well represented in all political, economic and social spheres. Of the 25,310 civil servants, 8,444 are women and only 20 out of 241 are in the executive levels. We are proud that within the last year, we now have the first woman Minister, first woman Dzongdag and the first two women Ambassadors. This is significant as it highlights that our Bhutanese women are slowly and increasingly holding important positions in decision making and can also be role models for our young women.

A primary concern is the limited representation of women in the political sphere. At the local government out of the 205 gewogs, there is only one woman Gup. There are only four women represented at the National Assembly. At the National Council there are no women elected by the people and the two women at the National Council are both eminent persons appointed by His Majesty the Druk Gyalpo. This

lack of representation at the political sphere is a cause of concern and one that we need to address. While some see the need for quota representation, there has not been a consensus on this so far and we will consult and deliberate on this issue further this year.

Our young mothers face numerous challenges when balancing work and home. While breast feeding is critical for the health of the child, it is often a challenge for working mothers. The government will look at addressing this issue in three ways this year namely starting crèches; working with RCSC towards increasing maternity leave; and working with RCSC to allow flexi time for breast feeding.

I would like to acknowledge the work of the National Commission for Women and Children (NCWC) and partners in working to create an enabling environment for the women of Bhutan. I also take this opportunity to thank and acknowledge the important role which RENEW under the Royal Patronage of Her Majesty the Queen Mother Gyalyum Sangay Choden Wangchuck plays in empowering women and in providing support for victims of domestic violence.

I would like to assure that the government will continue to make every effort to enhance the participation of women in all these importance spheres and to provide increased opportunities for participation of women.

Elderly

With the improvement in health care services and life expectancy increasing, Bhutanese people today are living much longer. In the past people above the age of 65 years would have been considered very old. Today 4.8% of the population or 35,000 people are above the age of 65 years.

Traditionally people stayed together in extended families under one roof and children cared for their parents when they grew old. With rapid urbanization and socio-economic development, the traditional family structures are being disrupted. Young people are increasingly working in urban centres away from their aged parents, and more and more elderly people are being left on their own. There are now many villages with only the elderly left in them with no one there to care for them.

I am concerned that some families are starting to neglect their responsibilities and are relying on government to do the caring for them. We have to take pleasure in

cares for our parents and other elderly relatives who made tremendous sacrifices to care for us as children and young persons. Institutional approach to elderly care is not typical of our society, and signifies a breakdown in our society's value systems.

The issues of healthy aging can also not be ignored. Aging affects us all and we must focus on dedicated healthcare for the elderly. The government has established Community Based Elderly Care Program in five Dzongkhags to address the need of the elderly population in the country and promote good health, healthy ageing and community vitality. The program will be rolled out to all the 20 Dzongkhags. While the government will do its part, the moral responsibility also rests with each one of us.

His Majesty has started old-age home near monasteries and hospitals so that the elderly can practice religion and receive special care. I would like to express my deep gratitude to His Majesty the King for also providing food, shelter and support to the elderly living alone in the villages so that they may live their life in dignity

Sports

Sports has always been an important part of nation building. The recognition of a people and nation derives from their achievements and accomplishments, and sports provides that avenue. Participation in regional and international sporting events contributes to national pride, cultural identity and in the promotion of civic values in nation building.

Sports are an important means of building community cohesion and creating a sense of collective goodwill. It builds and nurtures the spirit of friendly competition, it provides healthy entertainment, it challenges and exercises the body, it focuses the spirit and creates a climate of achievement. It is important that we encourage the use of sports as a tool to engage the energies of the young and provide a vital avenue for their self-actualization and the expression of their capabilities. Under the 11th Five Year Plan, the government has approved Nu. 350 million for the development of sports infrastructure.

Under the able and energetic leadership of His Royal Highness Gyalsey Jigyel Ugyen Wangchuck, President of the Bhutan Olympic Committee, much progress has been achieved in the promotion and professionalization of sports in the country, which His Royal Highness has personally championed. Our appreciation also goes

to all the members and volunteers of the various sporting association for all their hard work and time in promoting the game. Our athletes are participating in international sporting events and continue to perform to the best of their abilities.

Conclusion

It has been nearly one year since this government was elected. The 11th Five Year Plan has been launched, budget allocated and implementation of the plans are in progress. The loan and rupee issue is under control. Unnecessary expenditure has been reduced and the Economic Stimulus Plan initiated.

I know that a majority of our citizens accept that the policies and priorities of this government are in the right direction. I am also aware of the expectations for the government to act to lessen the economic burden and transform the economy for accelerated growth and job creation. There may be some who may ask whether we have the courage and resolve to sustain economic growth and prosperity. My simple answer is yes - because there are no shortcuts.

As a country we have scored many successes. We have witnessed impressive socio-economic developments in the past decades. There have been improvements in roads and social infrastructure across the length and breadth of this country. Health facilities have been expanded and access improved, and so have educational institutions with the private sector starting to play a crucial role. Electricity coverage stands at 98.14% and mobile coverage at 74.3%. In many respects, Bhutan has witnessed many positive changes for which we must all be proud.

This is also to say that we understand that the journey is far from over and the challenges abound around us, especially in a world changing so rapidly politically, economically and socially. As a small developing country, there is still a lot more to be done to make our economy resilient, further reduce poverty, expand infrastructure, create jobs and provide more social services for our people. These challenges are enormous, but they are surmountable.

His Majesty the Fourth Druk Gyalpo during his National Day Address in 2005 said, *"The level of economic self-reliance achieved by a nation is one of the important measures of its status in the world as a sovereign, independent country. Achieving*

economic self-reliance and being able to stand on our own feet is a very important national objective that we have always strived to attain for Bhutan."

The government will continue to work hard to overcome the challenges and in achieving self-reliance. But we cannot do this alone. The people must also work hard together with the government.

We now have the opportunity to significantly improve the country's economic fortunes and provide a better future for our people. We can achieve the long-term lift in economic performance that this country aspires for, provided we lock in the improvements we are making to Bhutan's economic settings. We need to discard the "business-as-usual" syndrome and think big and think positive. We are a people with a common destiny so we must forge ahead with a united sense of purpose of building a nation that this generation and future generations will be proud of.

In the words of His Majesty the King, *"The future is neither unseen nor unknown. It is what we make of it. What work we do with our two hands today will shape the future of our nation."*

So let's us all solemnly pledge to put aside our personal interests in the service of the nation and its people, and with hard work and *Tha-Dam-Tsig* take the glorious *Pelden Drukpa Gyalkhab* to new heights of economic development, self reliance, peace and prosperity.

In closing, I respectfully offer my profound gratitude to His Majesty the King for His Majesty's steadfast leadership and being the beacon to guide us in overcoming the challenges we face.

I also express my deep appreciation to His Holiness the Je Khenpo, the Zhung Dratshang and Choedays for their prayers in keeping our country peaceful and secure.

I thank our *Dhakha Sum*, the *desuungs*, civil service, private sector, students, youth and the people of Bhutan for their support and tireless service to our great nation.

Finally, I take this opportunity to reaffirm this government's unwavering and dedicated service to the Tsa-Wa-Sum.