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CHAPTER 1: TRIBUTE TO HIS MAJESTY'S TWENTY YEARS OF REIGN

Article 10 Section 10 of the Constitution of the Kingdom of Bhutan mandates that the Prime Minister shall present an Annual Report on the State of the Nation, including the Government's legislative agenda and its annual plans and priorities, to the Druk Gyalpo and to a joint sitting of Parliament.

As I present the State of the Nation report, I do so in an extraordinary and historic year for our country. This year marks the twentieth anniversary of the auspicious ascension of His Majesty The King to the Golden Throne. Therefore, it is fitting that I begin by paying tribute to His Majesty The king.

It would be impossible to speak of the state of our nation without first acknowledging the immeasurable contributions of our beloved King. The peace and security we enjoy, the strengths of our institutions, the progress of our economy, the vitality of our culture and spiritual heritage, and the confidence with which we look to the future all bear the unmistakable imprint of His Majesty's vision, wisdom, and tireless service.

His Majesty's reign follows the remarkable legacy of His Majesty the Great Fourth Druk Gyalpo. Ascending the Golden Throne at the age of sixteen, the Fourth Druk Gyalpo guided Bhutan through thirty-four transformative years that reshaped our nation and elevated it to unprecedented heights. Then, on 14 December 2006, in an act of extraordinary statesmanship and selflessness, His Majesty the Fourth Druk Gyalpo voluntarily abdicated the Golden Throne in favour of the Crown Prince while still in the prime of his life and enjoying complete trust, respect, and devotion of the Bhutanese people.

History offers few examples of monarchs who, while possessing both the confidence of the people and the full authority of the throne, chose voluntarily to relinquish power for the greater good of the nation. The Fourth Druk Gyalpo's decision stands as a profound testament to enlightened leadership and enduring expression of his unwavering commitment to Bhutan's future. I remember that the announcement of abdication was met by many Bhutanese with uncertainty and deep concern. Yet even before ascending the Golden Throne, His Majesty The King had already demonstrated an unwavering

commitment to the Tsa-Wa-Sum through his service as Trongsa Penlop. Through his tireless travels across the country, his close engagements with the people, and his dedication to national service, confidence steadily took root in the hearts of our citizens.

From the very first day of His Majesty's reign, that confidence only deepened. Year after year, His Majesty devoted every moment to the welfare of the nation and its people. Through times of challenge and times of opportunity, His Majesty led with courage, wisdom, and extraordinary foresight.

Over the past twenty years, His Majesty has rendered immeasurable service to the nation and its people. Every initiative undertaken under His Majesty's guidance, every endeavour pursued in the service of the nation, has brought lasting benefits to our people. As we celebrate this historic milestone, we offer our deepest gratitude, reverence and loyalty to His Majesty The King.

In truth, to recount His Majesty's service to the nation is to recount the story of Bhutan's own progress over the past two decades. Every Bhutanese, regardless of age, background, or circumstance, has witnessed the profound transformation of our nation under His Majesty's reign and has benefitted from His Majesty's boundless devotion to the Tsa-Wa-Sum.

Even if I were to speak for an entire day, I would not do justice to the full measure of His Majesty's service. Mindful of the constraints of time, I therefore, wish to pay humble homage by reflecting on six manifestations of His Majesty's sovereign service to the nation.

I. His Majesty as the Sovereign Guardian | Drinchen gi Gom

The first is one that every Bhutanese understands instinctively and feels deeply in their hearts. There is perhaps no title more fitting than Drinchen gi Gom, the most Gracious and Beloved Parent of the Nation.

This is not merely a poetic expression. It is a lived reality for our people. The farmer in Lhuentse who has seen the King walk his fields and listen patiently to concerns that might otherwise have gone unheard. It is known to the student in Zhemgang who received a scholarship bearing the royal seal and whose aspirations have been nurtured through opportunities made possible by the care of the Golden Throne. It is known to the elderly widow in Haa

who discovered that even a brief encounter with His Majesty left a lasting impression because His Majesty remembered not only a face, but also a life story.

A parent's love is unconditional. It neither discriminates nor diminishes. It reaches equally to those living in our urban centers and to those residing in the most remote corners of our country. It remains steadfast in times of prosperity and in times of hardship. It is this unwavering devotion that His Majesty embodies in service of the Tsa-Wa-Sum.

As Supreme Commander-in-Chief of the Armed Forces, His Majesty has remained vigilant in safeguarding Bhutan's sovereignty, security, and national interests. Through wisdom, courage, and principled leadership, His Majesty has ensured that Bhutan continues to enjoy peace and stability in an increasingly uncertain world. At the same time, His Majesty's statesmanship has earned our country the admiration, friendship, and goodwill of the international community.

His Majesty has also demonstrated profound faith in the potential of our young people. Guided by the conviction that Bhutan's greatest strength lies in its citizens, His Majesty established Gyalsung as a transformative national initiative to prepare a generation of capable, disciplined, and confident young Bhutanese.

Since the launch of Gyalsung on 5 September 2024, a total of 9,860 Gyalsups have successfully completed training across four Gyalsung Academies. Through this program, our youth acquire not only practical skills and physical resilience, but also deeper appreciation of citizenship, service, leadership, and national identity.

The benefit of Gyalsung extends far beyond the individual Gyalsung. A well-trained, confident, and capable citizenry strengthens our human capital and enhances the nation's ability to meet future challenges. The investment we make today in our youth will yield immeasurable dividends for Bhutan's economic growth, social cohesion, and national resilience. We, the Bhutanese people, are fortunate beyond measure to be guided by a King who does not simply speak of service and compassion, but exemplifies them through personal action and sacrifice. His Majesty's paternal care remains the foundation upon which our confidence as a nation rests.

As we commemorate the twentieth anniversary of His Majesty's reign, I humbly submit that this is the first and most enduring truth of Bhutan's contemporary history: we are blessed to be led by a Sovereign whose guardianship is rooted not in authority alone,, but in love, duty, and an unwavering commitment to the well-being of every Bhutanese citizen.

II. His Majesty as the Compassionate Parent | Kidu gi Pham

The second manifestation of His Majesty's service is expressed through one of Bhutan's most cherished institutions: *Kidu*.

There is perhaps no tradition more distinctly Bhutanese than the benevolence extended directly by the Druk Gyalpo to his people. It is the living expression of the sacred bond between the Monarch and the people - a bond founded on compassion, responsibility, and mutual trust.

Throughout the past twenty years, His Majesty has granted Kidu in various forms to citizens in every Dzongkhags from every walk of life. Through these acts of compassion, His Majesty has ensured that no Bhutanese feels forgotten, abandoned, or left behind.

Over the course of His Majesty's reign, 292,849 citizens who previously owned no land have benefited from Land Kidu. Resettlement Kidu has been granted to 300 individuals, enabling vulnerable families to rebuild their lives with dignity and hope. Citizenship Kidu has been bestowed upon 39,803 people, affirming their place within the Bhutanese family and strengthening the unity of our nation.

Recognizing that every child deserves the opportunity to realise his or her potential, His Majesty has extended Educational Kidu to 1,290 disadvantaged youth, opening doors to learning and brighter futures. Through Gensho Zhabtog, 726 elderly citizens have received support and care in recognition of their lifelong contributions to society. Under His Majesty's School Feeding Programme, 1,262 children have benefited from improved nutrition and support during their formative years.

His Majesty's compassion has also embraced those facing illness, disability, and old age. Medical assistance has been extended to elderly citizens and persons with disabilities across the country. Through the Mobile Kidu Medical Unit launched in 2018, healthcare services have reached some of the remotest

communities in Bhutan. To date, 85,811 patients have received medical care through this initiative, ensuring that access to healthcare is not determined by geography. In times of disaster and unforeseen hardship, His Majesty has stood beside the people with unwavering resolve. Families affected by fires, floods, landslides, and other calamities have received timely relief and rehabilitation assistance, allowing them to rebuild their lives with dignity and confidence.

During the COVID-19 pandemic, His Majesty's leadership became a source of strength and reassurance for the entire nation. Through the Royal Kidu Fund, support amounting to more than Nu. 8.72 billion was extended to safeguard lives and livelihoods. Of this assistance amounting to more than Nu. 2.145 billion was extended to businesses and the private sector in the form of loan and related support, while additional resources of Nu. 2.145 billion were mobilised to strengthen the national response to the pandemic. Financial support was also extended to Bhutanese workers whose incomes had been disrupted, ensuring that families across the country were protected during one of the most difficult periods in recent history.

Recognizing the importance of national preparedness and volunteerism, His Majesty instituted the De-suung Programme creating a corps of citizens committed to serving the nation in times of need. To date, 56,172 Bhutanese have undergone De-suung training, comprising 32,132 men and 24,040 women. De-suups have rendered exemplary service across Bhutan, supporting national initiatives, responding to emergencies, and standing at the forefront of the country's response during times of crisis.

Their services have extended beyond our borders. Bhutanese De-suups have participated in humanitarian efforts in neighboring countries in Nepal and Myanmar, reflecting His Majesty's belief that compassion knows no boundaries.

At the same time, the De-suung Program has evolved into a pathway for opportunity and empowerment. Under His Majesty's Kidu initiatives, 18,289 De-suups have received skills training, while 1,140 De-suups have undergone advanced professional training. Fifteen De-suups were even afforded specialised culinary training at Kingston College in Australia—a powerful reflection of His Majesty's conviction that service to the nation should create opportunities for personal growth and professional advancement.

Most recently, when conflict in the Middle-East triggered sharp increase in global fuel prices and imposed additional burdens on households and businesses, His Majesty once again moved swiftly to protect the wellbeing of our people.

To cushion the nation from this exceptional external shock, His Majesty commanded the establishment of a fuel price support framework designed to provide timely and targeted relief. The framework was structured in two phases. The first phase extended broad-based price support to all citizens. The second phase, when required, would focus assistance on those most affected, particularly the logistics sector and providers of essential goods and services.

Under this mechanism, fuel prices and support levels have been reviewed every 15 days to ensure responsiveness to changing circumstances. To date, more than Nu. 1.647 billion has been disbursed under this support measure, providing significant relief to citizens and helping to moderate inflationary pressures on the economy.

The death of a loved one is among the most trying experiences in one's life. Recognizing that some families may lack the means or support to perform the requisite final rites, His Majesty The King has made provisions under the Kidu to ensure that these sacred obligations are fulfilled with dignity and compassion. Through this benevolent support, families are relieved of an immense burden at a time of grief, bringing solace to the bereaved and honour to the departed. To date, 70 funeral rites have been supported through His Majesty's Kidu, including both Bhutanese and foreigners.

These examples represent only a fraction of the countless acts of Kidu granted by His Majesty over the past two decades. Indeed, it is difficult to find a Bhutanese citizen whose life has not, in one way or another, been touched by the benevolence of the Golden Throne. Whether young or old, wealthy or vulnerable, living in urban centres or remote villages, Bhutanese people have found in His Majesty a Sovereign who shares in both their joys and hardship. For this reason, His Majesty is looked upon not only as the King, but also as a compassionate parent whose love and concern extend equally to every citizen. On behalf of all Bhutanese, I offer our deepest gratitude, unwavering loyalty, and heartfelt prayers for His Majesty's continued wellbeing and long life.

III. His Majesty as the Object of Our Deepest Reverence | Chha Tshey Sai Ten

The third manifestation of His Majesty's service is one that transcends the material realm and speaks to the very soul of our nation.

Bhutan is recognised and respected throughout the world as a Buddhist nation, and, in particular as one of the enduring strongholds of the Vajrayana tradition. The spiritual identity that defines us today has been nurtured and safeguarded through the enlightened leadership and steadfast patronage of our Kings. Over the past twenty years, His Majesty the King has carried out this sacred responsibility with extraordinary devotion as the protector and patron of this Buddhist heritage.

Under His Majesty's personal guidance and patronage, sacred institutions across the country have been restored, strengthened, and revitalised. Dzongs that stand as symbols of our rich history, faith, and national identity have been preserved for future generations. Temples and monasteries, many of which are repositories of centuries of spiritual wisdom and artistic heritage, have been renewed and brought to life once again.

During His Majesty's reign, two Dzongs have been newly constructed, while ten have undergone restoration and conservation. In addition forty-two temples and monasteries have been newly built, and one hundred and sixty-seven temples and monasteries have been restored and renovated. These achievements reflect not only a commitment to preserving physical structures, but also ensure that the spiritual foundations of our nation remain strong and vibrant.

His Majesty's reverence for the sacred extends beyond Bhutan's borders. In keeping with Buddhism as a spiritual heritage of Bhutan, His Majesty has extended support to important religious sites associated with the life and teachings of the Buddha and with other faith traditions. A new temple has been constructed in Rajgir, where the Buddha delivered the Second Turning of the Wheel of Dharma. Construction of a new temple at Lumbini, the birthplace of Lord Buddha, has been initiated. Restoration works have commenced on the Royal Bhutanese temple at Bodh Gaya. His Majesty has also commanded the construction of a temple in Varanasi, where Lord Buddha first turned the Wheel of Dharma. For facilitating the land required for the sacred undertaking,

I wish to express our sincere appreciation to Prime Minister Narendra Modi and the Government of India.

Recognizing that the continuity of the Dharma depends upon the vitality of the Sangha, His Majesty has consistently strengthened and supported the Dratshang. Through the granting of extensive Kidu to monks and religious institutions, the renovation and maintenance of religious structures, the promotion of Buddhist scholarships and learning, and the preservation of sacred traditions inherited from our forefathers, His Majesty has ensured that Bhutan's spiritual heritage continues to flourish.

In recognition of this extraordinary commitment to the preservation of cultural and spiritual heritage and Their Majesties' efforts to safeguard Bhutan's unique traditions and historic monuments, His Majesty The King and Her Majesty The Gyaltsuen were honoured with the prestigious Hadrian Award by the World Monuments Fund on 29 October 2025. This distinguished recognition has further enhanced Bhutan's reputation as a nation that treasures and protects its cultural and spiritual inheritance.

On behalf of all Bhutanese people, I offer our heartfelt congratulations to Their Majesties on this remarkable achievement

Under His Majesty's leadership, Bhutan has also emerged as a global voice for peace, compassion, and spiritual wellbeing. The successful convening of the Global Peace Prayer Festival brought together revered spiritual masters and participants from across the world, in a powerful expression of humanity's shared aspiration for peace. Such a gathering was possible because Bhutan continues to stand as a beacon of harmony and wisdom in a troubled world. It is also a reflection of His Majesty's moral authority and spiritual stature that leaders and practitioners from diverse traditions were inspired to come together in our country in pursuit of a common purpose.

Today, as we reflect upon the blessings of peace, stability, and harmony that our nation enjoys, we recognize that they are inseparable from the spiritual foundations that His Majesty has worked tirelessly to preserve and strengthen. For this reason, His Majesty is looked upon not only as our Sovereign, but also as the object of our deepest reverence and devotion. On behalf of all Bhutanese, I offer our profound gratitude and prayers for His Majesty's continued guidance and long life.

IV. His Majesty as the Source of Our Prosperity | Namthoe Sey Gi Truelpa

The fourth manifestation of His Majesty's service is reflected in the prosperity and opportunities that our nation enjoys today.

Bhutan's progress over the past two decades has not been the result of chance or circumstance. It has been guided by the far-sighted vision, wisdom, and tireless efforts of His Majesty The King. At every stage of our development journey, His Majesty has challenged us to think beyond immediate constraints and to prepare our nation for the opportunities and uncertainties of the future. Under His Majesty's reign, Bhutan has made remarkable socio-economic progress. Our economy has expanded steadily, creating new opportunities and improving the quality of life of our people. Economic growth has translated into better access to education and healthcare, improved infrastructure, expanded public services, and rising aspirations among Bhutanese families.

Over the years, Bhutan's Gross Domestic Product has increased substantially. From a modest economy in the early years of development, the country has evolved into a middle-income nation with growing capabilities and expanding horizons. GDP The economy has been growing at an average of 7 percent per year. GDP has risen from Nu. 10.7 billion in 1995 to Nu. 311 billion in 2025, and GDP per capita has more than tripled, growing from USD 1,506 in 2006 to USD 4,655 in 2025, reflecting real and meaningful improvements in the living standards of our people and resilience of our economy.

Yet His Majesty has consistently reminded us that we cannot afford complacency. In a rapidly changing world, incremental progress alone will not be sufficient to secure Bhutan's future. We must think boldly, act decisively, and prepare our nation to compete and thrive in the twenty-first century.

It is with this conviction that His Majesty has articulated an ambitious vision for Bhutan's economic transformation. Guided by His Majesty's 21st Century Economic Roadmap, we are pursuing the goal of achieving exponential growth, expanding opportunities for our youth, strengthening economic resilience, and ensuring that future generations inherit a nation that is prosperous, secure and self-reliant.

Furthermore, through early and strategic investment in Bitcoin, Bhutan has emerged as one of the world's leading sovereign holders of digital assets,

generating resources that have enabled increases in civil servants' salaries and established a powerful financial foundation for Gelephu Mindfulness City's (GMC) sovereign wealth.

Among all of His Majesty's economic initiatives, none carries greater transformative potential than the Gelephu Mindfulness City. Conceived through His Majesty's vision and leadership, GMC is not merely an infrastructure project or a new urban development project. It is a national endeavour, and a bold statement of Bhutan's aspirations. It represents our determination to engage confidently with the world while remaining firmly anchored in our values and identity.

The vision of GMC demonstrates that economic growth and environmental stewardship need not be competing objectives. It affirms that mindfulness, sustainability, innovation, and competitiveness can coexist and reinforce one another. Through this initiative, Bhutan seeks not only to create opportunities for its own people, but also contribute new ideas to global conversations on development and human wellbeing.

His Majesty has devoted extraordinary personal attention, energy, and time to shaping and advancing this historic undertaking. Through constant guidance and engagement, His Majesty has inspired confidence among citizens, investors, and international partners alike. His Majesty has also emphasised that Bhutan's greatest asset is neither its geography nor its natural resources, but its people. In keeping with this conviction, opportunities continue to be created for young Bhutanese to contribute meaningfully to the nation's economic transformation.

Through initiatives such as Pelsung, young people are encouraged to develop the discipline, work ethic, and practical skills required to participate actively in nation-building and economic development. Their commitment and service embody His Majesty's belief that prosperity must be built through collective effort and shared responsibility. As of May 2026, 981 Pelsups have been trained, each a living expression of His Majesty's conviction that Bhutan's greatest resource is its people.

His Majesty's wisdom and leadership have earned admiration and respect far beyond our borders. Universities and institutions in several countries including India, Japan, Canada, and Thailand have conferred upon His Majesty fourteen

Honorary Doctorates in recognition of His Majesty's contributions to leadership, sustainable development, and public service.

Time Magazine has named His Majesty among its TIME 100 Climate leaders in 2024. International leaders, scholars, and citizens alike continue to express admiration for His Majesty's vision for Bhutan and the example that our country offers to the world.

Whenever I travel abroad and witness the respect and affection with which people speak of His Majesty, I am reminded that Bhutan's greatest strength lies not in its size or wealth, but in the extraordinary leadership with which our nation has been blessed.

For Bhutanese, therefore, His Majesty is regarded as the embodiment of prosperity and abundance. Through wisdom, foresight, and unwavering dedication, His Majesty has laid the foundations upon which our future prosperity will be built.

On behalf of all Bhutanese, I offer our deepest gratitude and reverence to His Majesty The King for guiding our nation towards a future of greater opportunity, confidence, and hope.

V. His Majesty as the Heroic Guardian of the Land | Zhungchong gi Uthri

The fifth manifestation of His Majesty's service is reflected in the strength of our institutions, the stability of our democracy, and the confidence with which Bhutan faces the future.

When His Majesty ascended the Golden Throne, he assumed one of the most extraordinary responsibilities ever undertaken by a monarch: to introduce parliamentary democracy and the transfer of political power to the people.

While many nations have struggled through political upheavals and division in their pursuit of democratic governance, Bhutan's transition was marked by peace, unity, and foresight. This was possible because it was guided by the wisdom, courage and unwavering commitment of His Majesty The King.

His Majesty personally travelled to all twenty Dzongkhags to engage directly with the people on the Constitution, listening to their hopes and concerns

and helping them understand their profound responsibilities that democracy would place upon every citizen.

His Majesty also took the extraordinary step of personally guiding citizens on the principles and processes of democratic participation, ensuring that our people entered this new era with confidence and clarity. Through His Majesty's leadership, Bhutan undertook a historic political transformation peacefully and with dignity, earning admiration from observers around the world.

Over the past two decades, Bhutan has successfully conducted four National Assembly elections and four National Council elections. The ruling government has changed four times and the Opposition three times with transition of powers taking place peacefully. In the same spirit, three Local Government elections have also been conducted successfully further strengthening democratic participation at the grassroot level. Under His Majesty's guidance, the institutions necessary to sustain democracy have taken firm root. Constitutional bodies have established and strengthened. The Legislature, the Executive, the Judiciary, and Local Governments have each been empowered to discharge their responsibilities effectively in service of the nation and its people. Through His Majesty's steadfast commitment to constitutional governance, the foundations of our democracy have continued to deepen and mature.

Whenever the country faced uncertainty or major challenges, His Majesty has provided clarity of purpose through timely guidance and decisive leadership. His Majesty granted the Royal Kasho on Civil Service Reform, setting into motion efforts to build a public service that is professional, responsive, and future-ready. His Majesty also granted the Royal Kasho on Education Reform, recognizing that the quality of our education system will determine the quality of our nation's future. More recently His Majesty commanded the implementation of the Diamond Strategy and the 21st Century Economic Roadmap, urging us to think boldly and act with greater urgency to secure Bhutan's long-term prosperity.

In response to these Royal Commands, institutions across government have mobilised to translate the vision into action. Dedicated mechanisms have been established to advance the Diamond Strategy, and reforms are underway to strengthen implementation and coordination across sectors.

His Majesty further called upon our civil servants to embrace the ideals of an Enlightened Entrepreneurial Bureaucracy—one that is innovative, accountable, compassionate, and driven by a spirit of service to the people. Guided by this vision, the Royal Civil Service Commission continues its efforts to cultivate a public service capable of meeting the demands of a rapidly changing world. Beyond institutions and policies, perhaps the most enduring aspect of His Majesty’s leadership has been His direct engagement with the people.

Despite the immense demands of the Throne, His Majesty has met personally with citizens from every walk of life, without regard for personal hardship, with farmers from all 205 Gewogs, all constitutional bodies, members of the Armed Forces, all Ministries and Departments, the media, civil society, the private sector, and Bhutanese living abroad in India, Australia, the UAE, Kuwait, Bangladesh, and Japan. Through these interactions, Bhutanese everywhere have received encouragement, compassion, and guidance.

As for me personally, I have been privileged to receive His Majesty’s guidance throughout my years of public service—as a civil servant, as the Opposition Leader, and now as the Prime Minister. The advice that I have received from His Majesty has been golden counsel: responsibilities heavier than mountains in their execution, and wisdom more precious than gold in its worth. Through such profound guidance and unwavering trust, His Majesty has enabled us to serve the Tsa-Wa-Sum with courage, clarity of purpose, and without fear or hesitation.

For this reason, the people of Bhutan regard His Majesty as the Heroic Guardian of the Land—a Sovereign who has protected our institutions, strengthened our democracy, and guided our nation through times of profound transformation with wisdom, humility, and unwavering devotion.

On behalf of all Bhutanese, I offer our deepest gratitude, reverence, and prayers for His Majesty’s continued wellbeing and long life.

VI. His Majesty as the Life-Force of the Wangchuck Dynasty | Gyaljued ge Sokshing

The sixth manifestation of His Majesty’s service speaks to the enduring strength and continuity of the Wangchuk Dynasty, the institution that has guided Bhutan through the most defining moments of our national journey.

His Majesty The King stands as the living link between the past, the present, and the future. In our tradition, we speak of *Yab-Mae-Sae Sum*—the sacred continuity of generations. Within His Majesty’s reign reside the aspirations of those who came before us, the responsibilities of the present generation, and the hopes of those yet to come.

For the people of Bhutan, the Wangchuck Dynasty is our greatest treasure. It is the sacred foundation upon which our nation was built and the enduring source of unity, stability, and confidence. Through the wisdom and sacrifices of successive Druk Gyalpo’s, Bhutan has navigated profound change while preserving its sovereignty, identity, and values.

In honouring the vision and legacy of His Majesty the Great Fourth Druk Gyalpo, His Majesty The King has demonstrated extraordinary devotion to safeguard this sacred inheritance. Through His Majesty’s leadership, the Bhutanese people were blessed with the opportunity to celebrate the Seventieth Birth Anniversary of the Fourth Druk Gyalpo as a national occasion of gratitude and reflection. In doing so, His Majesty reaffirmed our collective appreciation for the immeasurable contributions of the Fourth Druk Gyalpo to the peace, progress, and happiness of our nation.

At the same time, His Majesty has strengthened our confidence in the future. The blessing of The Gyalsey assures the nation the sacred bond between the Monarch and the people will endure. It reminds us that Bhutan’s future rests upon foundations that are secure, resilient, and deeply rooted in values.

We must also offer profound gratitude to Her Majesty The Gyaltsuen, whose unwavering support and tireless dedication have strengthened both the Royal Family and the nation. Through Her Majesty’s service, compassion, and leadership, Bhutanese people have found inspiration and reassurance. Her Majesty’s contributions to the well-being of our people and the strengthening of our society deserves our deepest respect and appreciation.

At a time when monarchies in many parts of the world face uncertainty and decline, Bhutan is blessed beyond measure to witness the presence of three generations of the Wangchuck dynasty serving together in the interest of the nation. For us, this is a source of immeasurable comfort and confidence. It means that our past is honoured with gratitude, our present is guided with wisdom, and our future is entrusted to capable and caring hands.

A legacy is often spoken of only after a lifetime of service has come to an end. In the case of His Majesty The King, we are witnessing a living legacy unfold before our eyes. Day after day, year after year, in the heat of the summer and the cold of the winter, through times of celebration and moments of national challenge, His Majesty has served the Tsa-Wa-Sum with extraordinary resilience, humility, and devotion. The example set by His Majesty continues to inspire not only our generation, but also generations yet unborn.

As I conclude this tribute, I am reminded that no words can fully capture the depth of gratitude that the Bhutanese people hold for His Majesty The King.

Over the past twenty years, guided by His Majesty's noble vision and extraordinary service, Bhutan made immeasurable progress. Our sovereignty has been safeguarded. Our democracy has matured. Our Spiritual and cultural heritage has been preserved and strengthened. Our economy has advanced. Opportunities for our youth have expanded. Above all, our people have continued to enjoy peace, security, and hope.

For these blessings, and for His Majesty's boundless love and sacrifice for the Tsa-Wa-Sum, I offer, on behalf of all Bhutanese people, our deepest gratitude, unwavering loyalty, and heartfelt prayers for His Majesty's continued wellbeing, long life and happiness.

May His Majesty The King live long and continue to guide Bhutan towards ever greater peace, prosperity, and happiness.

This year, the Government completes two and a half years of its tenure. Throughout this period, we have endeavoured to serve His Majesty the King, our country, and our people with sincerity, humility, and purpose.

Whatever progress we have made has been possible because of the blessings of the Choesung, the wise guidance of His Majesty The King, and the steadfast support of the Bhutanese people. If we have failed, I accept full responsibility. This year also marks two years of the 13th Five Year Plan. Although three years remain before the plan concludes, the Government undertook its Mid-Term Review ahead of schedule to draw lessons from implementation and to align our efforts more closely with the imperatives of the Diamond Strategy, the 10X Economic Roadmap, and the Gelephu Mindfulness City initiative.

The MTR has now successfully concluded. These findings presented in this State of the Nation Report provide the evidence base for assessing our progress, identifying challenges, and guiding our priorities for the remainder of the Plan period. With humility and renewed sense of responsibility, I now turn to report on the state of our nation.



CHAPTER 2: STATE OF THE COUNTRY

Results of the Mid Term Review of the 13th Five Year Plan

Our country is small and landlocked, with a small population and an economy that, compared to other nations, began its development journey only recently. Nevertheless, the state of our economy is strong and sound under the guidance and stewardship of our enlightened monarchs and His Majesty The King.

As we reflect on the state of our country, the most important aspect is the sovereignty and security of our country. While the rest of the world continues to be inflicted by war and sickness, we continue to maintain our sovereignty and security, because of His Majesty The King's leadership as our Supreme Commander.

This year's state of the country, shall therefore be a reflection of the country's economic state based on the 13th Five Year Plan.

The 13th Five Year Plan, with a total outlay of Nu. 512 billion, of which Nu. 267 billion is recurrent expenditure and Nu. 245 billion is capital expenditure, provides the framework for this report. When the Plan was prepared, there was a financing gap of Nu. 56 billion. I am pleased to report that this gap has now been fully closed, and that a projected surplus of Nu. 20 billion is expected.

This has been made possible firstly because of an increase in domestic revenue from Nu. 330 billion to Nu. 380 billion, contributing Nu. 50 billion to the plan's finance.

Secondly, the Government of India has provided grant support of Nu. 85 billion, with an additional Nu. 15 billion under the Economic Stimulus Programme. I extend my heartfelt gratitude to the Government of India and Prime Minister Narendra Modi for the support at a time when Bhutan needed the most.

Thirdly, Japan, the EU, and UN agencies have provided grants of Nu. 10 billion in addition to their initial commitments and lastly because of additional grants and concessional loans of Nu. 25 billion from the ADB, World Bank and others. Since the financing situation of the 13th Five Year Plan is now sound, there is

a good opportunity to review and refine the programmes and activities under the Plan. The Government will continue to explore additional grants to support the 13th Five Year Plan further. For this purpose, the Mid-Term Review is being conducted.

While it has only been two years since the 13th Five Year Plan began, and the actual mid-term is in December this year, mid term review for Local Government, Dzongkhags, Thromdes and Ministries have been completed. The following are the rationale for conducting the review early:

Firstly, to resolve the issues from the past two years and to take on board the opportunities that have emerged into the plan.

Secondly, when the 13th plan was being formulated, we did not have a concrete idea on how to contribute to the fulfillment of GMC. As we review the progress of the plan, we can align the plan to the vision of GMC.

The third reason is to integrate the Diamond Strategy into the 13th Five Year Plan.

The fourth and final reason is to ensure that the projects and deliverables of the 21st Century Economic Roadmap are included in the 13th Five Year Plan. The report for the mid-term review is almost complete and the report will be ready within a month's time.

The key programmes and activities of the 13th Five Year Plan are organised under eight National Flagship Programmes as follows:

- I. National Programme 1: Economic Transformation
- II. National Programme 2: Twenty-first Century Skilling
- III. National Programme 3: Education Transformation
- IV. National Programme 4: Healthy Drukyl
- V. National Programme 5: Digital Transformation
- VI. National Programme 6: Transformational Governance
- VII. National Programme 7: Sociocultural Resilience and Community Vitality
- VIII. National Programme 8: Ecological Diversity and Resilience

Progress of the National Flagship Programmes

I. National Programme 1: Economic Transformation

The primary indicator of economic health is the Gross Domestic Product (GDP). When the 13th Five Year Plan began, GDP stood at Nu. 280 billion. It has now reached Nu. 364 billion, an increase of 30 percent. This achievement reflects focused efforts across key economic sectors such as energy, agriculture, tourism, mining, manufacturing, and cottage and small industries and initiatives under the 21st Century Economic Roadmap.

Let me elaborate on each of these sectors:

A. Energy

Energy is the foundation of economic development and hence the Government has prioritized investment in this sector. We have harnessed 3576 MW of hydroelectric energy, an increase from 2452 MW at the beginning of the 13th Five Year Plan. This was possible due to the following:

- The 1,020 MW Punatsangchhu-II Hydropower Project has been commissioned.
- Three additional small hydropower projects have also come online: the 32 MW Yungichhu, the 54 MW Burgangchhu, and the 18 MW Suchhu.

To tap Bhutan's energy potential optimally, the Government has formulated the National Energy Policy and Strategy, with a target of 25,000 MW generation by 2040.

As per the Policy, work on the 600 MW Kholongchhu and 1,200 MW Punatsangchhu-I projects has resumed. The Punatsangchhu-I project was on hold for the past seven years. The 570 MW Wangchhu project has begun and the 1,125 MW Dorjilung project is ready to commence.

In addition five small hydropower projects of Gamri-I, Druk Bindu, Jomori, Boegana and Lunana totalling 195.5 MW are being implemented by the Druk Green Power Corporation. Further, eleven projects namely Nyera Amari, Chamkharchhu-I, Chamkharchhu-IV, Jeri Gongro, Minjeychhu, Fawan,

Amochhu, Dorokha, Punatsangchhu-III, Chamkharchhu-II, and Khomachhu are being developed in partnership with TATA Power, Adani Power, Jindal, GMR, and PTC. These projects represent a combined pipeline of more than 6,800 MW.

Similarly, the Druk Green Power Corporation will undertake projects in Parochhu, Gamri-II, Yurmongchhu and Sherichhu.

This ambitious programme represents transformation of Bhutan's energy economy which is critical in tapping into the emerging opportunities technology and digital sector.

B. Agriculture

The agriculture sector, while contributing less than 15 percent to GDP, supports the livelihood of around 43 percent of the Bhutanese people. Hence the Government places priority in developing the sector by resolving the difficulties faced by our farmers.

Over the past two years, 290 chain-link fencing projects have been completed, protecting 45,724 acres of farmland and protecting approximately 20,440 households from crop damage by wildlife. The Government will continue to support more such projects and target to benefit as many farmers as possible. To resolve the issue of irrigation for farmlands, 137 irrigation projects have been completed in the past two years benefiting 13,533 households.

More than 800 power tillers were distributed at a 50 percent subsidy, along with 420 mini power tillers to reduce dependence on human labour for farming. Reliable supply of fertilizers has been ensured to enhance crop productivity and strengthen national food security. Also, to address agricultural labour needs, a pilot program to engage foreign day-workers in gewogs across Southern Dzongkhags has been initiated.

To promote commercial agriculture, Chirub Farms are being established in Pemathang and Samrang in Samdrup Jongkhar and Yarjugang in Wangduephodrang.

To ensure farmers have access to markets to sell their produce, 169 new farm roads were constructed, 257 improved, and 110 blacktopped, benefiting

71,328 households. Farm shops are also being re-established in 44 gewogs based on need and financial sustainability. Six farm shops have already been established and operationalized in Chukha, Gasa and Mongar Dzongkhags. The One Gewog One Product Programme (OGOP), initiated under the patronage of Her Majesty the Gyaltsuen, has expanded the market for farmers across the country, and today I offer special gratitude on behalf of all farmers to Her Majesty.

To address the growing risk from climate change and natural disasters, the Government has allocated Nu. 800 million and launched a crop and livestock insurance programme. I call on all farmers to embrace this opportunity.

C. Tourism

Tourism contributes approximately 15 percent to GDP. It is a sector that benefits a wide range of population through income generation and employment opportunities. It is also an important source of foreign currency earnings. Hence, the Government continues to invest in the development of the sector.

In 2023, more than 103,000 tourists visited Bhutan. In the following year, the figure rose to approximately 150,000. In 2025, close to 210,000 tourists visited the country. This was a direct result of more than 70 marketing programmes and activities carried out in India and 13 other countries. 22 such programmes were also conducted within the country. Looking at this trajectory, the target of 300,000 tourist arrivals in a year is achievable.

To diversify the tourism offer, twelve new tourism products have been developed in adventure, wellness, ecotourism and culture across the country. Further, to improve tourist experiences, roadside amenities have been improved along key routes. Trekking routes and campsites have also been maintained, cleaned and improved with an expenditure of approximately Nu. 40 million. Two tourist information centres have been constructed in Paro and Haa.

D. Cottage, and Small Industries

While cottage and small industries form a significant pillar of GDP in most developing countries and especially in developed economies, the sector contributes just four percent to Bhutan's GDP — a gap that signals not a shortcoming, but an opportunity waiting to be seized.

Therefore, the government is actively supporting tourism businesses, start-ups, and cottage and small businesses through training, business development support, and capital investment assistance. Under the Economic Stimulus Programme alone, approximately Nu. 3.3 billion has been provided as concessional loans.

Over the past two years, 8,552 new licences were issued and around 8,700 new industries and businesses have been established by the private sector. A notable achievement has been in the Creative Industry, where support was provided to 142 individuals working in the creative sector, whose films have been screened in 72 countries around the world.

E. Mining

Minerals are an important asset of our country and over the past two years, mineral production increased from 7 to 12 metric tonnes, with revenue growing from Nu. 4 billion to Nu. 5.5 billion.

However, there is no national account of the mineral profile and geographical distribution of the minerals. A National Mineral Exploration Project has been initiated to map Bhutan's mineral wealth comprehensively. This project has been initiated under the guidance of His Majesty The King and will be a crucial insight in the country's economic development.

F. 21st Century Economic Roadmap

As per the Royal Command, the 21st Century Economic Roadmap, has been formulated with the sole objective to grow our economy tenfold by the turn of the decade. A dedicated Delivery Unit to drive the roadmap forward has been established and implementation of the food product entry point project has commenced.

The six aforementioned sectors of economic development continue to benefit our country. However, to achieve economic transformation, emphasis is also being placed on ensuring following key enablers of our economy; infrastructure, policy and regulations, foreign direct investment, trade facilitation.

- **Enabler 1: Infrastructure**

As a landlocked country, our most important infrastructure is our road connectivity.

In the past two years, four new national highway constructions have been undertaken with eight existing highways being widened and improved. Ten more highways will be widened and twelve will be resurfaced in the remaining plan period.

20 Gewog Centre roads have been constructed and blacktopped in the past year. 20 additional Gewog Centre Roads will be resurfaced on priority. Repairing and resurfacing of other Gewog Centre Roads will be carried out gradually.

Five new bridges have been constructed and nine more are under construction. Seven more will be constructed in the upcoming fiscal year.

To facilitate import and export of essential goods, dry-ports are a critical infrastructure given our country's landlockedness. Three new dry-ports are being constructed with an expenditure of approximately Nu. 4 billion. The dry-ports in Pasakha and Nganglam have been completed while the dry-port in Gelephu is under construction.

For domestic air connectivity, after thorough assessment, the Government has decided to construct two domestic airstrips in Samrang, Samdrup Jongkhar and Yoeseltse, Samtse.

For bulk export, railway connection is one of the most important transportation services. For this, the Detailed Project Report (DPR) for the Gelephu-Kokrajhar railway construction has been completed and construction will begin next year. Similarly, for the Samtse-Banarhat railway project, the DPR has been completed.

To expand Internet connectivity, the new Government of Bangladesh has agreed to support the establishment of the third Internet gateway and the government aims to start implementing the works by the end of the year.

- **Enabler 2: Policy and Regulations**

Laws, policies and regulations continue to be the bottleneck for most businesses from growing or even starting. In the past two years, the Government reviewed close to 90 policies and harmonized 151 sections to facilitate business and startups.

However, the large number of policies and regulations continue to hinder the private sector and economic growth. Therefore, this year the Government will further initiate reviews of such regulations and repeal and remove as many regulatory bottlenecks as possible.

- **Enabler 3: Foreign Direct Investment**

Foreign Direct Investment is a key driver of economic growth because it not only brings in foreign investments but also fosters knowledge and experience sharing, technological growth and opening new markets.

The Government has reviewed and improved the FDI Policy in the past two years and has approved 35 new FDI Projects with an investment size of Nu. 226 billion most of which are large projects.

- **Enabler 4: International Trade Rules and Processes**

On international trade specifically, India is the most important partner for our country as more than 80 percent of all our trade is with India. Therefore, the Free Trade Agreement (FTA) with India is strategically important which expires this year. Talks are underway to renew the FTA with India.

Similarly, FTA has been signed with Thailand while negotiations are underway to sign FTA with Bangladesh and Vietnam. In addition, preparations and negotiations are underway for Bhutan's accession to the World Trade Organization.

Challenges: Migration and Fuel Prices

As we continue to strengthen our economy, there are two major challenges to the economy namely, outmigration and the rise in fuel prices.

As stated in the previous State of the Nation Report, the greatest national risk is the continued migration of Bhutanese people abroad which is an existential crisis. At present, more than 71,000 Bhutanese are working overseas, most of them young, educated, and skilled. However, those who return bring broader exposure, skills, and experience that benefit the national economy.

In 2025, remittances from abroad amounted to USD 342.94 million, contributing meaningfully to the economy. Ultimately, addressing this existential crisis depends on the strength of our economy. When we say the economy is important, it means that we Bhutanese ourselves must take responsibility for strengthening it. The Economy will not develop on its own and certainly not with a few experts coming in to help us. The responsibility of developing our economy rests solely and fully with us.

The second major challenge is rising fuel prices due to the West Asia conflict. This conflict has disrupted global supply chains and has resulted in shortage of fuel across a number of countries.

Nonetheless, because of the support of the Government of India, Bhutan has continued to receive petroleum products including LPD, Petrol, Diesel and Aviation Fuel without disruption.

Furthermore, His Majesty's fuel price Kidu support has greatly benefited all citizens. To prevent petroleum dependence from harming the economy in the future, a National Energy Security Strategy is being prepared, with the objective of reducing fuel consumption and replacing it, as far as possible, with domestically generated electricity. This will help our economy and drive our vision of economic self-reliance.

II. National Programme 2: Twenty-first Century Skilling

Human capital development is important for every country. For Bhutan, with its small population, it is even more important. Over the past two years, the capacity of Technical Training Institutes has increased from 900 to 3,000 trainees, with quality improvement partnerships established with training institutions in Singapore and Germany.

More than 55,000 youth were given opportunities to participate in skills and technical training programmes. Training was provided to 10,500 unemployed youth, and around 3,000 youth were given employment opportunities. In addition, around 7,000 Bhutanese received training in information technology (IT).

The programmes contributing most to human capital development are the De-suung, Gyalsung, and Pelsung programmes, all established by His Majesty The King. A National Human Capital Development Plan is being prepared to provide a strategic framework for the comprehensive development of human capital from early childcare to old age.

III. National Programme 3: Educational Transformation

Under the 13th Five Year Plan, Nu. 82 billion, representing 19 percent of the total Plan budget, has been allocated to education as education is among the highest priorities of the Government. Under the guidance of His Majesty the King's Royal Kasho on Education Reform, the Education Reform Programme has been formulated as a priority and activities carried out as follows.

Infrastructure work has begun in 34 schools, including 17 central schools and 16 schools under them. Structural repairs and improvement work for schools are being planned. Early childcare is the foundation for quality education in the country. There are currently 713 Early Childhood Care and Development (ECCD) centres in the country, 170 of which were new centres established over the past two years. 35 more ECCD centres will be established going forward.

To enhance children's nutrition in schools, the monthly meal stipend has been doubled from Nu. 1,500 to Nu. 3,100, and a programme to provide one egg per student per day has been started to support cognitive development.

The education curriculum is being aligned with the standards of the Cambridge framework. The Cambridge curriculum has been introduced on a pilot basis this year and will be introduced in all schools from next year. In STEM subjects, the results are already encouraging: Class 6 scores have improved from 67 to 78 percent, and Class 10 scores from 57 to 72 percent. Work is underway to establish Drukgyel School in Paro as a specialised STEM school.

As the key driver of quality education, 18,000 teachers have received professional development training, both within and outside the country over the past two years. A school has been established in partnership with EtonHouse International Group from Singapore, expected to open in August this year, providing a new benchmark for educational quality. Higher education seats have been increased from 2,100 to 2,400, five higher education institutions are being renovated and expanded, and Nu. 600 million has been provided as low interest loans to support disadvantaged youth in higher education. More than 300 youth have been supported with scholarships to study abroad, with 300 more to be supported going forward.

One of the biggest concerns is the spread of substance abuse among our youth and to address this serious challenge, rigorous efforts are being made to enforce drug-free schools. A special school has been established at Yonphula, Trashigang, to provide targeted support to youth affected by substance abuse.

IV. National Programme 4: Healthy Drukyul

Health services are essential for the nation. Under the 13th Five Year Plan, Nu. 60 billion, representing 12 percent of the total outlay, has been allocated to health.

Over the past two years, three major hospitals have been completed: in Mongar, Samtse, and Gidakom. New urban health centres have been established in Thimphu and Phuentsholing, and Trashigang Hospital has been renovated and expanded. The Jigme Dorji Wangchuck National Referral Hospital is being developed into a Multi-Disciplinary Super Specialty Hospital capable of providing all specialised services domestically, with the detailed project report already completed.

Approximately 92 percent of patients in the country are now served through the Electronic Patient Information System (ePIS), enabling better medical services and bringing major benefits for disease prevention. A great achievement in Public Health is that Bhutan has eliminated measles, rubella, leprosy, neonatal tetanus, and poliomyelitis from the community. Communicable diseases have also been reduced which is a landmark public health achievement as a nation. However, Non-communicable disease is fast becoming a concern and screening facilities have been established in all 20 Dzongkhags. So far, 278,000 Bhutanese have been screened, of whom around 68,400 have been found to

have hypertension or diabetes and are receiving treatment. This is a matter of concern. As advised by the Ministry of Health, it is extremely important for all Bhutanese to avoid alcohol and tobacco, exercise regularly, and eat nutritious food.

Mental health remains another major challenge; under the wise leadership of Her Majesty the Gyaltsuen, The PEMA Secretariat has provided counselling and treatment services, bringing immense benefit.

Another major concern is the declining population growth rate. Bhutan is undergoing a significant demographic transition. The Total Fertility Rate (TFR) has declined below the replacement level of 2.1, while annual births have fallen by 26 percent over the past decade, from 11,001 in 2015 to 8,153 in 2024. Births at the third order and above have also declined by 27 percent since 2020.

These trends, together with outward migration and population ageing, have long-term implications for Bhutan's workforce, communities, and socio-economic development. Since our population is already small, this challenge must be addressed urgently. The Government has recently launched the Third Child Plus Programme (TCPP) to provide support to those who have a third child, and I request all Bhutanese to support population growth in our country.

The Bhutan Health Trust Fund is the financial foundation that sustains our commitment to free and quality healthcare. The fund currently holds Nu. 4.5 billion in fixed deposits, and the fund has been enhanced by an additional Nu. 500 million over the past two years. The Government remains firmly committed to growing this fund and will continue to develop strategies to expand its base. In the years ahead, it will serve as a vital resource in our collective effort to prevent and address the growing burden of non-communicable diseases.

V. National Programme 5: Digital Transformation

Technology is indispensable for national development and provides a major opportunity to accelerate economic growth. In the past two years, the digital economy has created job opportunities for about 1,230 Bhutanese. The ICT sector generates approximately Nu. 500 million in additional income every year.

The National Digital Identity system has been successfully established, enabling citizens to use their identity safely and securely online. The NDI system has gained international recognition, and discussions with several countries regarding its adoption are underway. A Cyber Security Strategy has been prepared and is being implemented. A National AI Strategy has been developed, through which ways are being explored to use artificial intelligence in agriculture, education, health, and public service delivery. Discussions are underway with India and Bangladesh to launch a Third Internet Gateway, which will greatly support the growth of an ICT-based economy. The biggest challenge in digital transformation is the high cost of internet access, and the Government is in active discussion with Druk Holding and Investments to reduce charges.

VI. National Programme 6: Transformational Governance

At an outcome level, good governance can be observed through the various international indices and their rankings. Bhutan ranks 18th out of 182 countries and 1st in South Asia in the Global Corruption Perception Index. Similarly, Bhutan ranks 21st out of 163 countries and 1st in South Asia in the Global Peace Index. In addition, while the GNH Index is not an international measure, Bhutan's GNH Index has steadily improved from 0.743 in 2010 to 0.756 in 2015 and 0.781 in 2022.

Bhutan has more than 30,000 civil servants, whose performance is central to the quality of public services and the nation's socio-economic development. In response to His Majesty's Royal Kasho on Civil Service Reform, significant structural reforms have been implemented. The eight National Programmes of the 13th Five Year Plan were designed in alignment with the Civil Service Reform Report. The Government and the Royal Civil Service Commission are jointly developing and implementing the national Diamond Strategy. The Enlightened Entrepreneurial Bureaucracy programme is being implemented, with more than 700 civil servants having received special training under this initiative.

Governance systems are being made more efficient and transparent through technology, including the Border Management System, the e-Customs Management System, and the Construction Approval System. The Annual Performance Agreement, recognised as a tool to make the civil service more efficient, transparent, and results-oriented, will be reintroduced from this year.

Over the past two years, the Government has provided approximately Nu. 227 million in support to 16 civil society organisations, recognising the important services they provide to communities.

VII. National Programme 7: Sociocultural Resilience and Community Vitality

A. Social Development

Local Government remains the most important institution for social development. In line with decentralisation, budgets have been provided as grants to Gewog Administrations, Dzongkhag Administrations, and Thromdes. The Government of India has distributed funding for High Impact Community Development Projects equally across all 205 Gewogs, 20 Dzongkhags, and 4 Thromdes.

European Union, the United Nations, and other development partner funds have also been allocated to Local Governments.

As a priority under social development, efforts are underway to make our cities more safe, green and livable as per the plan. A special economic development programme, Phuentsholing Thromde Enhancement Programme has been launched to revitalise Phuentsholing Thromde's economy and urban activity. Major revitalisation work has also begun for Thimphu Thromde, including improvements to water, roads, parks, drains, and footpaths. From this year, major renovation of the Babesa Expressway will begin. Her Majesty the Gyaltsuen has said that Thimphu, as the capital city, should be like an ornament of Bhutan, and accordingly, Her Majesty initiated the One Thimphu Project, through which the environment of the capital will become more beautiful. The Government is preparing a comprehensive social protection strategy for all citizens, from birth to death. The Rural Life Insurance scheme will be launched this year.

B. Cultural Development

Religion and culture are among the core identities and the life-force of Bhutan's sovereignty. Over the past two years, Sarpang Dzong has been completed and 53 temples and monasteries have been constructed and 81 renovated. 88 chortens were also constructed with 69 renovated along with 23 new

mandhirs constructed and 6 renovated. In addition, a Buddhist monastery has been constructed in Rajgir, India with plans to construct a monastery each in Lumbini, Nepal and Varanasi, India.

The Royal Academy of Performing Arts has been established to preserve and promote traditional mask dances and songs. The Global Peace Prayer Festival was conducted last year, contributing to the flourishing of the Buddha Dharma. His Holiness the Je Khenpo continues to grant Moenlam Chenmo, empowerments, oral transmissions, and teachings across the country, further strengthening the Buddha Dharma. His Holiness started giving the Kathrid Empowerment and Kyilchog Dorji Threngwa empowerments on the 15th of June 2026.

Similarly, hindu pandits' continued prayers and rituals have helped sustain lasting peace and happiness in the country.

VIII. National Programme 8: Ecological Diversity and Resilience

Bhutan's green environment is one of the nation's greatest assets and one of its most distinctive identities. Efforts are being made to conserve the natural environment and use it sustainably for economic development. From this year, a system of Natural Capital Accounting will be introduced, through which we will be able to understand the monetary value of our natural environment. This system will help Bhutan access greater opportunities through international climate finance, carbon trading, sustainable development grants, foreign direct investment, and global markets.

To fully reap such benefits, we must take care of our environment which includes our river basins. To protect our rivers, continuous cleaning of our rivers has been initiated through the Nationwide River Cleaning Program which requires active participation of all citizens.



CHAPTER 3: GOVERNMENT PLANS AND PRIORITIES FOR 2026-2027

In addition to the priorities and activities highlighted above, I would like to inform about the the key plans and priorities under each of the National Priority Programmes for the fiscal year 2026-2027 as follows:

I. Economic Transformation

The Government will mobilise Foreign Direct Investment of Nu. 3.5 billion by targeting high-potential sectors including clean technologies, creative industries, information technology and IT-enabled services, renewable energy, wellness, and agro-processing. 25 new startups will be created and 85 early-stage startup businesses accelerated. To develop regional parity and reduce concentration of economic activity in the western region, 100 new industries will be established away from Thimphu and Chhukha.

In tourism, 5 new tourism packages will be developed, including nature-based, pilgrimage, wildlife, and winter packages. The Red Panda tourism flagship programme at Tergola, Haa, will be launched and the Red Panda Rehabilitation Centre established. More than 70 marketing programmes across 14 countries will continue, maintaining momentum toward the 300,000 visitor target.

A 10 percent increase in exports of gypsum, dolomite, and construction materials through value addition will be targeted.

On creative industries, the Government will establish 2 formal payment partnerships with major digital platforms, targeting USD 90,000 in revenue generation, and will complete construction of 2 cinema halls at Bajo and Samdrup Jongkhar.

The Economic Stimulus Programme will continue in FY 2026-27 with a total approved budget of Nu. 3,393.877 million. Key allocations include: Nu. 1,094.120 million for the Business Reinvigoration Fund and hotel sector interest subsidy support through the Royal Monetary Authority; Nu. 300 million for the Education Loan Scheme through Bhutan Development Bank Limited; Nu. 235.112 million for agriculture and livestock development under the Price

Guarantee Scheme; Nu. 795.534 million for the Crop and Livestock Insurance Scheme; Nu. 471.424 million for tourism development; Nu. 305.637 million for the Startup and Incubation Centre; Nu. 22.400 million for creative industry development; and Nu. 169.650 million for youth employment, education, and training. These interventions are expected to stimulate economic activity, create employment, foster entrepreneurship, and support sustainable socio-economic recovery across the country.

For food self-sufficiency, 500 farmers will access the National Crop and Livestock Insurance Scheme. 782 kilometres of chain-link fencing will be constructed. 800 acres of agriculture land will be developed in line with agriculture land development guidelines. Commercial Chirup Farms at Samrang and Pemathang, Samdrup Jongkhar, will be developed at Nu. 45.149 million. A large-scale commercial broiler livestock farm at Langchenphu, Samdrup Jongkhar, will be established.

To improve agriculture product marketing, new export markets in Thailand, Singapore, and the Middle East will be established. 29 Farm Shops in prospective Gewogs will be operationalised. A Floriculture Centre of Excellence will be established at Tsirang and the Million Fruit Tree Programme implemented at Nu. 20 million.

II. Digital Transformation

The digital economy's contribution to GDP will be targeted to grow to USD 60 million from USD 44.081 million in 2025, and 1,000 quality jobs will be created in the digital sector through capability building of IT professionals, innovation and startup ecosystem strengthening, global partnerships, FDI attraction, digital freelancing promotion, and skilling programmes. Five FDI projects in the technology sector will be attracted.

At least 10 GovStack components will be developed and implemented, and 10 features of the National Digital Identity system enhanced, including API integrations for digital signatures, financial services, telecommunications, biometric features, and guardianship wallets.

III. Educational Transformation

For promotion of education, knowledge and skills, 20 Phase I and 20 Phase II Central School clusters will be redeveloped and complete scoping and tendering for the redevelopment of 23 Phase III Central School clusters. The Cambridge aligned curriculum for class IX and XI will be rolled out.

The International School in Thimphu in collaboration with Eton House International Group (Singapore), offering international curriculum to Nursery 2 to Kindergarten 2 (4-6 yrs), and Grades I to XII will be established by August, 2026 with Nu.150.000 million. The STEM School for class VII to XII at Drukgyel Central School in collaboration with NUS High School of Math and Science and Principals' Academy Inc., Singapore will also be established.

Construction of 35 ECCD centres will achieve 65% and 42 mobile or home-based ECCD centres will be established as an alternative model. 20 additional schools upgraded to Green Kitchens, including construction, equipment supply, water connections, and installation of utensils and appliances upgraded. 1 National, 2 Regional and 1 all primary schools sports carnival sports meets will be conducted. 467 schools will implement enhanced school feeding and nutrition programmes.

The National Teaching Service (NTS) will be operationalized to ensure timely and equitable deployment of teachers to all schools with critical shortages.

IV. Healthy Drukyul

Nu. 829 million has been approved for the construction of the Multi-Disciplinary Super-Speciality Hospital in Thimphu. Nu. 54.161 million has been approved for the Mother and Child Hospital at Mongar. Nu. 902.810 million has been earmarked for procurement of medical equipment and Nu. 105 million for 7 ambulances. Nu. 110.200 million has been approved for enhancement of the Electronic Patient Information System.

Under the jurisdiction of the Jigme Dorji Wangchuck National Referral Hospital, the Changjiji Thromde Health Centre will be constructed at Nu. 40 million. Infrastructure for CT and MRI machine rooms will be remodelled at Nu. 20.800 million. The In Vitro Fertilisation facility at the Gyaltsuen Jetsun Pema Mother and Child Hospital will be remodelled with Nu. 5 million allocated budget. The Emergency Department will be expanded at Nu. 25 million.

Phuentsholing and Trashigang Hospitals will be expanded. Samtse Hospital will be expanded as a Regional Referral Hospital at Nu. 30 million. Construction of the Doksum-Trashi Yangtse 10-bedded hospital will commence. Peritoneal dialysis services will be introduced at 3 Regional Referral Hospitals.

Traditional medicine will be promoted through institutionalisation of Sorig Zhiney and Luejong as preventive health practices, and through research and innovation in traditional medicine knowledge. Also, the National Traditional Medicine Hospital will be reconstructed.

V. Socio-Cultural Resilience and Community Vitality

The Bhutan Digital Arrival Card system will be rolled out. A Regional Immigration Office will be constructed at Nganglam, Pemagatshel, to improve service delivery. A digital payment system will be deployed at all Ports of Entry for collection of immigration fees including the Sustainable Development Fee. The National Digital Identity system will be integrated with civil registration and census services.

In cultural preservation, Terminology Books and Dzongkha literary resources will be published. Automatic Speech Recognition, Text-to-Speech recording, and a Dzongkha Podcast will be produced.

For disaster preparedness, 200 primary responders will be trained in Search and Rescue operations and 60 Desuups in Basic First Aid. Search. Rescue equipment will be procured for both domestic and international deployments. Vulnerable streams and rivers will be mapped and debris cleared to prevent formation of artificial lakes and associated flood risks.

VI. 21st Century Workforce Skilling

In line with the vision of an Enlightened Entrepreneurial Bureaucracy, reforms will be deepened across the civil service through multi-skilling, Performance-Based Variable Increment, accelerated promotion for critical talent, and targeted incentives to strengthen retention in rural and hard-to-staff areas. These measures will be piloted and refined for wider implementation.

To make the civil service more attractive and family-friendly, particularly for women, five creches will be established in government office complexes with an investment of Nu. 25 million, providing quality childcare support for working parents.

Investments in technical and vocational education will continue with the completion of 60 percent of infrastructure works for TTI-Chumey, TTI-Samthang, TTI-Ranjung, and the Rural Development Training Centre. Four new TVET programmes, including diploma and applied degree courses aligned to the needs of the 21st century economy, will be introduced. In addition, a vocational institution will launch a Diploma in FinTech and Blockchain as its flagship programme, while 15 new National Competency Standards will be developed to strengthen skills quality and relevance. An institutional partnership between the Royal Institute of Tourism and Hospitality and the École d'Hôtellerie et de Tourisme du Luxembourg will further enhance hospitality training to international standards.

To support youth employment and livelihoods, the Government will facilitate stable employment opportunities for 5,500 young people through targeted interventions: 2,500 under the Youth Engagement and Livelihood Programme, 1,250 through the Overseas Employment Programme, and 1,750 through Employment Service Centres. A total of Nu. 169.650 million has been allocated to implement these initiatives.

VII. Climate Resilience and Ecological Diversity

Water resources inventorisation will be completed for Samdrup Jongkhar, Pemagatshel, Zhemgang, Punakha, Wangdue, and Chhukha Dzongkhags. The Punatsangchhu River Basin Management Plan and Water Security Index System will be developed and launched.

For environmental finance, USD 20 million in revenue will be generated from sale of HFLD credits and Results-Based Payments. Natural Capital Accounting will be introduced to quantify the monetary value of Bhutan's natural environment and unlock new streams of climate finance, carbon trading, and sustainability-linked investment. Forest fire burnt and damaged areas will be reduced by 25 percent through drone surveillance and monitoring in fire-prone districts and adoption of innovative fire suppression solutions.

One hundred hectares of degraded and barren state reserved forest land will be brought under high-value timber plantations through Public-Private Partnership. 4.5 million cubic feet of timber will be allotted through scientific thinning.

VIII. Transformational Governance

Nu. 622.060 million has been allocated for the design and construction of the Government Office Complex, Nu. 9.899 million has been approved for a new electronic Government Procurement System. Nu. 170 million has been earmarked as Local Government Mobility Support to enable efficient functioning of Local Governments.

The Annual Performance Agreement will be reintroduced as a tool to make the civil service more efficient, transparent, and results-oriented. The GNH Index survey will be conducted, providing the nation with its most comprehensive multidimensional assessment of wellbeing since 2022, and informing policy priorities for the final years of the 13th Five Year Plan.



CHAPTER 4: GOVERNMENT'S LEGISLATIVE PLANS FOR 2026-2027

Bills Already Adopted

During the current Parliamentary session, the following Bills have been deliberated and adopted:

The Annual Budget Bill for Financial Year 2026-2027, representing a total budget of more than Nu. 153 billion. The Supplementary Budget Bill for 2025-2026. The Goods and Services Tax Amendment Bill 2025. The Bhutan Renewable Energy Tax Exemption Bill 2026. The Mutual Legal Assistance in Criminal Matters Bill of Bhutan 2026.

The National Council has deliberated and adopted: the Livestock Bill of Bhutan 2025; the Cooperatives and Farmers' Groups Bill of Bhutan 2025; and the Financial Services Amendment Bill of Bhutan 2025.

These achievements were made possible under the leadership of the Honourable Speaker and Honourable Chairperson, and through the diligent efforts of the Members of Parliament and the members of the secretariat staff of both Houses who examined and deliberated on these matters in the national interest.

Bills to be submitted to Parliament in FY 2026-2027

This year, the Government plans to submit the following legislative Bills to the Parliament, after thorough consultations with all relevant institutions:

The Surface Transport Bill; the Housing Bill; the Trade and Investment Bill; the Consumer Protection Amendment Bill; the Labour and Employment Amendment Bill; the Customs Bill; the Agriculture Bill; the Water Bill; the Child Protection Bill; the Narcotic Drugs, Psychotropic Substances and Substance Abuse Amendment Bill.

Policies to be submitted in the FY 2026-2027

Important policies that have been developed and are being implemented include the Foreign Direct Investment Policy, the Education Policy, the Policy on support for parents with a third child, and the Rural Life Insurance Policy, which is being prepared. This year, the Government also plans to develop the National Transport Policy, the National Logistics Policy, and other policies as required.

CONCLUSION

I feel deeply honoured and fortunate to have had the opportunity to present this year's State of the Nation Report. This year is especially significant because it marks the twentieth anniversary of His Majesty the Druk Gyalpo's accession to the Golden Throne.

Over the past twenty years, guided by His Majesty's noble vision and unwavering leadership, Bhutan has achieved remarkable progress. We have strengthened our socio-economic foundations, expanded access to education and healthcare, reduced poverty, and created new opportunities for our people. Our GDP has grown from Nu. 10.7 billion to Nu. 311 billion. More importantly, our development has remained rooted in our values of compassion, harmony, sustainability, and Gross National Happiness. Thousands of young Bhutanese have undergone Gyalsung training programmes, hundreds of thousands have benefitted from Kidu, and our democracy has matured peacefully and confidently.

Yet, even as we celebrate these achievements, we recognize that nation-building is a continuous journey. The opportunities before us are unprecedented, but so too are the challenges of a rapidly changing world. To succeed, we must embrace innovation while safeguarding our identity, pursue economic transformation while protecting our environment, and create meaningful opportunities so that our youths can realise their aspirations within our own country.

The Gelepu Mindfulness City stands as a bold expression of His Majesty's far-sighted vision - a generational endeavour that has the potential to transform Bhutan's economic future while exemplifying development founded on mindfulness, sustainability, and human values. Its success will depend not only on Government efforts, but on the dedication, integrity, and collective participation of every Bhutanese.

Today, on behalf of all Bhutanese people, with one voice, we offer our deepest prayers that under His Majesty's wise and compassionate leadership, the Kingdom of Bhutan may continue to flourish and prosper.

As a loyal citizen, we shall carry in our hearts His Majesty's profound guidance and golden words of wisdom, and renew our pledge to serve our nation with unity, courage, discipline, and a deep sense of responsibility. Together, let us serve to fulfil His Majesty's noble aspirations and build a stronger, more prosperous, and more resilient Bhutan for generations to come.



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