



Annual Performance Agreement

Between

Prime Minister and

Minister, Ministry of Finance

(July 1, 2026 – June 30, 2027)

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Section 1: Vision, Mission and 13 FYP Outcome(s).

a. Vision:

A dynamic and progressive Ministry of Finance, serving as a catalyst for Bhutan's transformation into a high-income and self-reliant nation.

b. Mission:

To drive Bhutan's transformation by:

- i. Ensuring fiscal sustainability through prudent and efficient public financial management.
- ii. Fostering entrepreneurial and innovative practices.
- iii. Advancing inclusive and sustainable economic growth through aligned fiscal policies.

c. 13th FYP Outcome:

Bhutan's public sector is more dynamic, result-oriented agent of transformation, demonstrating effectiveness, accountability and robust management of the economy.

Section 2: Planning Matrix

1. Department of Macro-Fiscal and Development Finance

13th FYP Output	Annual Deliverables	Key Performance Indicator	Baseline	Target
Public policies are more dynamic, responsive and results oriented	Maintain fiscal resilience and macroeconomic stability	Fiscal sustainability maintained	6.2% of GDP	Fiscal deficit $\leq$ 5% of GDP
Public policies are more dynamic, responsive and results oriented	Maintain fiscal resilience and macroeconomic stability	Public debt sustainability preserved	37% of GDP	Debt-to-GDP <35%
Public policies are more dynamic, responsive and results oriented	Strengthen financing for national development	External Resources mobilized	NA	Grants Nu.8.5 bn (excluding Gol); Grant from new sources Nu.2.2 bn
Public policies are more dynamic, responsive and results oriented	Strengthen financing for national development	Two new sources of innovative financing partnerships	NA	June, 2027

2. Department of Planning, Budget and Performance

13th FYP Output	Annual Deliverables	Key Performance Indicator	Baseline	Target
Public policies are more dynamic, responsive and results oriented	Maintain fiscal resilience and macroeconomic stability	Timeline by which Medium-term fiscal policy institutionalized	MTFF reflected in FY 2026–27 Budget	MTFF reflected in FY 2027–28 Budget
Public policies are more dynamic, responsive and results oriented	Improve public expenditure quality and fiscal governance	Percentage of public expenditure efficiency enhanced	87.70%	Capital utilization ≥90%

3. Department of Procurement and Properties

13th FYP Output	Annual Deliverables	Key Performance Indicator	Baseline	Target
Public policies are more dynamic, responsive and results oriented	Improve public expenditure quality and fiscal governance	Timeline by which the three reforms are implemented: i. Public Investment Management (PIM) ii. Life-Cycle Costing (LCC) Strategic Procurement iii. Procurement Efficiency Reforms.	NA	June, 2027
Public policies are more dynamic, responsive and results oriented	Improve public expenditure quality and fiscal governance	Timeline by which Property Management Rules 2026 is implemented	NA	May, 2027

4. Department of Revenue and Customs

13th FYP Output	Annual Deliverables	Key Performance Indicator	Baseline	Target
Public policies are more dynamic, responsive and results oriented	Enhance revenue performance and taxpayer trust	Domestic revenue mobilized	Nu.74.5 billion	Nu. 76.1 billion
Public policies are more dynamic, responsive and results oriented	Enhance revenue performance and taxpayer trust	Income Tax Act operationalized	NA	June, 2027
Public policies are more dynamic, responsive and results oriented	Enhance revenue performance and taxpayer trust	Timeline by which the taxpayer Satisfaction Index established and 80% taxpayer satisfaction monitored	NA	June, 2027
Public policies are more dynamic, responsive and results oriented	Streamline implementation of the GST for ease of business operations.	Timeline by when the sensitization and awareness campaign to ease the GST implementation conducted	NA	June, 2027

5. Department of Treasury and Accounts

13th FYP Output	Annual Deliverables	Key Performance Indicator	Baseline	Target
Public policies are more dynamic, responsive and results oriented	Improve public expenditure quality and fiscal governance	Timeline by which the audited Annual Financial Statement is submitted to the Parliament,	December, 2025	December, 2026
Public policies are more dynamic, responsive and results oriented	Strengthen treasury and cash flow management	Improve cash flow management through high-frequency liquidity tracking	NA	≥95%
Public policies are more dynamic, responsive and results oriented	Improve public expenditure quality and fiscal governance	Timeline by which the development of the IFMIS is measured	NA	IFMIS Phase 1 User Acceptance Testing (UAT) completed by June 2027

6. Policy and Planning Division and Human Resource Division

13th FYP Output	Annual Deliverables	Key Performance Indicator	Baseline	Target
Public policies are more dynamic, responsive and results oriented	Strengthen institutional excellence and innovation	Organizational transformation accelerated	NA	Implement three reforms which broadly includes i. One-MoF Programme, ii. Decision rights and process simplification iii. Leadership and organizational culture transformation
Public policies are more dynamic, responsive and results oriented	Strengthen institutional excellence and innovation	Digital and AI-enabled governance institutionalized	NA	June 2027

Section 3: Description of Key Performance Indicators

Key Performance Indicator	Description	Means of Verification (MoVs)	Department Responsible
Fiscal sustainability maintained Suggestion: Percentage of fiscal deficit to GDP maintained	Measures the Government's ability to maintain a sustainable fiscal position while supporting macroeconomic stability.	Fiscal Reports, Budget Report, National Accounts, MFCC quarterly report	Ministry
Public debt sustainability preserved Suggestion: Percentage of debt to GDP maintained	Measures sustainability of central government debt and fiscal resilience against emerging risks.	Debt Sustainability Analysis (DSA), Debt Reports, MFCC report	DMDF
External Resources mobilized	Measures mobilization of grants and concessional resources to support national priorities.	Meridian, Financing Reports	DMDF
Number of Financing partnerships diversified	Measures progress in expanding financing sources and innovative financing instruments. The responsible department will explore potential new and innovative financing partnerships and initiate at least two feasible options by the end of the FY.	Agreement and commitment letter	DMDF
Timeline by which Medium-term fiscal policy	Measures the integration of medium-term fiscal planning into budget formulation and	MTFF, Annual Budget Report. MFCC report	DPBP / DMDF

Key Performance Indicator	Description	Means of Verification (MoVs)	Department Responsible
institutionalized	decision-making based on quarterly review by MFCC. The work for institutionalization of the MTFF starts in March, 2027 with the formulation of the budget for FY 2027-28.		
Percentage of public expenditure efficiency enhanced	Measures efficient and effective utilization of public resources by ensuring capital budget utilization of above 90%.	Budget Performance Report	DPBP
Value for money in public expenditure improved Suggestion: Number of reforms implemented	Measures implementation of reforms that improve economy, efficiency and effectiveness of public spending including procurement. The three key reform areas that the Ministry is focusing on are: i. Public Investment Management (PIM) ii. Life-Cycle Costing (LCC) Strategic Procurement iii. Procurement Efficiency Reforms. These reforms are expected to collectively improve the economy, efficiency, and effectiveness of public expenditure and strengthen overall value for money.	Progress Reports	DPP/DPBP
Timeline by which Property Management Rules 2026 is	The Property Management Rules 2026 is issued by May, 2027.	Notification of issuance of the Rules	DPP

Key Performance Indicator	Description	Means of Verification (MoVs)	Department Responsible
implemented			
Domestic revenue mobilized	Measures achievement of Government revenue objectives by mobilizing domestic revenue of Nu.76.1 billion.	Revenue Reports, BITS	DRC
Income Tax Act operationalized	All income tax for 2026 filed using the income tax module of BITS	Tax filing report	DRC
Timeline by which the taxpayer Satisfaction Index established and 100% taxpayer satisfaction monitored	Measures taxpayers' level of satisfaction with the quality, accessibility, timeliness, responsiveness, and overall experience of services provided by the Department. The indicator establishes a standardized baseline through an annual taxpayer satisfaction survey and supports continuous improvement in taxpayer service delivery.	Taxpayer satisfaction Index, survey Report	DRC
Timeline by when the sensitization and awareness campaign to ease the GST implementation conducted	To ease the implementation of the Goods and Services Tax (GST), a sensitization campaign will be organized for the Dzongkhags.	Office Orders	DRC
Government financial reporting strengthened	Measures the credibility and timeliness of Government financial reporting. Government financial reporting primarily refers to the Annual Financial Statements (AFS), which the Ministry is	Certified Annual Financial Statements	DTA

Key Performance Indicator	Description	Means of Verification (MoVs)	Department Responsible
	required to prepare and submit in accordance with the Public Finance Act (PFA).		
Timeline by which the development of the IFMIS is measured	Measures progress in modernizing PFM systems and digital financial management through the development of the Integrated Financial Management Information System (IFMIS)	IFMIS Project	DTA
Improve cash flow management through high-frequency liquidity tracking	The liquidity position in the GCA will be improved through high-frequency tracking to improve Government Cash Flow Management.	MFCC Report and Certified Annual Financial Statements	DTA
Timeline by which the three organizational transformation reforms are implemented: i. One-MoF Programme, ii. Decision rights and process simplification iii. Leadership and organizational culture transformation	Measures implementation of strategic transformation initiatives across the Ministry. This is a new initiative being undertaken by the MoF as part of its efforts to shift the organizational culture from being largely process-oriented to becoming more results- and outcome-oriented. The Ministry is currently developing a series of transformation initiatives, which will be implemented and reviewed on a quarterly basis. By the end of the FY, the Ministry aims to have implemented at least three key transformation	Records of minutes and quarterly report	Secretariat

Key Performance Indicator	Description	Means of Verification (MoVs)	Department Responsible
	reforms. At this stage, the reform areas can broadly include the One-MoF Programme, decision rights and process simplification, and leadership and organizational culture transformation.		
Timeline or number of AI-enabled governance tools or mechanisms adopted in public financial management by June, 2027	Measures the timeline or number of AI-enabled governance tools or mechanisms adopted in strengthening public financial management.	Approved AI Strategy and Governance Framework or Official Notifications.	PPD / DTA/D MDF

Execution Clause

I, Minister, Ministry of Finance, hereby commit to the Prime Minister, the Government, and the People of Bhutan to deliver the results described in this Annual Performance Agreement.



Lekey Dorji
Minister, Ministry of Finance

The Prime Minister and the Chairperson of the Royal Civil Service Commission, hereby commit to the Minister, Ministry of Finance on behalf of the Government and the People of Bhutan, to provide the necessary resources, including the financial resources, human resources and civil service support, required for the delivery of the results described in this Annual Performance Agreement.



Tashi Pem
Chairperson, Royal Civil Service
Commission



Dasho Tshering Tobgay
Prime Minister of Bhutan

Signed on this 16th day of September 2026