



THUENDREL MANIFESTO



FOR

NATIONAL ECONOMIC TRANSFORMATION

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ACKNOWLEDGMENTS

The evolution of “**Druk Thuendrel Tshogpa (DTT)**” and the subsequent “**Sunomics**” manifesto was possible thanks to each and every one of you who embarked on our journey of “མི་མེད་བསྐྱུན་གྲོལ།” (*Mi-Ser Tuendrey*).

As the pandemic raged on, we reached a critical juncture as a nation. Grassroots consultations were carried out and issues were discussed and debated on high mountains, along sweeping valleys and at every *chiwog*, wandering hamlets, towns and even households. This culminated in our first convention, the day Covid-19 restrictions were lifted, on May 2nd, 2022. A new party was born.

We are now launching our party manifesto “**Sunomics: Towards National Economic Transformation**”, our economics contract with the people of Bhutan.

We would like to thank all founders of the party for the clarity of vision based on strong values. Our founding members from all 20 *Dzongkhags*, with very little else, sacrificed a lot and achieved much.

Special thanks go to the Election Commission of Bhutan (ECB) for their consistent guidance, which they lent much like a mentor rather than a regulator, throughout the various stages of the process. A dramatic shift in the way ECB viewed us as equal partners in advancing the creation of a vibrant democracy in Bhutan.

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We would like to extend our deepest appreciation to those that we tend to take for granted, our voters and families. We all came forward to serve you, promising better and happier lives, a pursuit we will often falter at and sometimes fall short. As public servants, our priorities and choices are sometimes harsh and often at the cost of our own families. Our sincere apologies for that. But we are also immensely grateful for the beliefs and hopes you pin on us in our lofty commitment to “*breaking our personal ploughshares in the larger endeavor of ploughing the community field.*”

Thank You and Tashi Delek.



FOREWORD

While many things are important for a nation, we must prioritize the one thing that is the most important. In doing so, everything falls into place, and everyone sees the result. For Bhutan, the Royal Address of the 114th National Day prioritized economic progress and prosperity. This clarity of the Royal Vision gave birth to a new political party – DTT and this manifesto of “***Sunomics: Buddhist Capitalism with the spirit of GNH***”¹.

“*Sun*” is the party’s logo representing Tsa-Wa-Sum. “-*nomics*” is the suffix for economics. Together, *Sunomics* shall herald the dawn of a new economic era for Bhutan, in realization of His Majesty the King’s Royal Vision underpinning economic progress for Bhutan.



Therefore, “***Sunomics***” is the cornerstone of this manifesto and DTT’s economic philosophy and blueprint, which will herald the dawn of a new economic era of people-centred progress and prosperity. It is based on the Four Elements of Nature (ལྷུང་བ་བཞི་-*Jungwa Zhi*) and the five Economic Senses (དབལ་འཕྱོར་དབང་པོ་ལྔ་-*Paljor Wangpo Nga*) representing not only the economic factors of production but also the entire means of governance and ecosystem for a prosperous economy.

For decades, we did not have this clarity of economic philosophy. We have always been donor dependent. We had an ecosystem that was mired in red-tapism. Hence, the Royal Command for Transformation. Then came the pandemic that further battered our economy. In the short term, all these created a perfect storm leading to the recent great resignations and exodus to Australia. However, in the long term, the transformation and Royal Vision²s shall herald a future economy of opulence for the Bhutanese population. Prepared within the context of this major transformation exercise, this manifesto shall seek to address such questions as: How would any government of the day implement the transformation? How would they prepare the nation for participation in the huge opportunities of the Royal Visions? How would we inculcate the sense of sacrifice and ་ར་ (“*Ngar*”) in our public servants?

¹ Buddhism as reflected in Article 3.1 of the Constitution of the Kingdom of Bhutan. All subsequent reference to ‘Buddhism’ and ‘Buddhist’ pertaining to SUNOMICS shall be construed as such.

² All Royal Visions refer to the Royal Addresses.



The basis for good governance in Bhutan is predicated on not only the timeless social contract of 1907 with the institution of the monarchy but also on our belief in the divine rights of our Monarchs that is still the source of hope, aspirations, and deep reverence for the Bhutanese. Absent of this is the chaos and the basic state of nature that once existed prior to 1907. Therefore, the overarching visionary guidance from our Kings shall form the meta-governance for our nation and the fundamental tenet of our governance shall be the unquestionable loyalty to the Golden Throne. Hence, our vision, mission, and the value systems.

Our vision, as a *value-based* Party, is national prosperity.

Our mission is to manifest our service to the *Tsa-Wa-Sum* in (ལུས་ངག་ཡིད་ *Lue-Nga-Yi Sum*) body, speech, and mind with relentless focus on efficient public service delivery through tenacity, discipline and *Ngar*.

Our values are **Trust** and **Integrity** that binds every Bhutanese; **Humility** in our approach; and **Loyalty** to the *Golden Throne*. Such value systems shall enable us to transcend all difficulties and challenges in pursuit of our true and clear purpose.

Our commitment, as the མཐུན་འབྲེལ་དཔལ་ལ་འཕྲོར་དཔལ་གཟུངས་ (*Thuendrel Paljor Pazzaps*) - Economic Warriors), is to bear sacrifices by the age-old motto that “*To plough the community field, we have to be ready to break our own ploughshares* (དམངས་ཀྱི་ཞིང་ཚོ་བ་ལུ་ སྐྱེར་གྱི་ཐོང་མ་བཅག་དགོ།)”.

Our meaning for *Thuendrel* is harmony and interconnectedness, premised on the urgent need to inject harmony in the political discourse at every level to nurture a vibrant democracy in Bhutan.

Our approach is through མི་མེད་བསྐྱུན་གྲོས་ on empowering the grass-roots through our “*Chiwog-Dangpa*, (མྱི་འོག་དང་པ་ མི་མེད་བསྐྱུན་གྲོས་)”, while ensuring good governance through “*Zhungchong Thuendrel* (གཞུང་སྐྱོང་མཐུན་འབྲེལ་)”.

Our priority is based on our firm belief in hierarchy of values at every level by *Rab-*རབ་ (at best), *Dring*-འབྲིང་ (up to par) and *Tha*-མཐའ་ (at the least), thus allowing us to focus on things that matter and assure that “promises made are promises kept”.

Our performance will be assessed not only by you, our voters, but also by our Parliamentary Coordination Committee (PCC) through a granular based Annual Parliamentary Performance Management System.



Our humility is to admit that sometimes we do not even know the problems let alone the solutions. We shall listen, reflect, and then act with relentless focus on efficiency, nimbleness, and determination.

Our purpose is **Nation First**, by making personal and collective sacrifices (*Ngar*) in the pursuit of a ***progressive modern economy*** anchored in the timeless philosophy of GNH, under the visionary guidance of our Kings.

We believe these to be fundamental in achieving our goal to be a rich and a glorious nation. Part I and Part II of this manifesto will discuss the *Sunomics* or the Economic Philosophy and Part III will provide the detailed DTT pledges.



EXECUTIVE SUMMARY

Philosophy of the *Sunomics*

Druk Thuendrel Tshogpa's Economic Philosophy is the *Sunomics*, which is predicated on “**Buddhist Capitalism with the spirit of GNH.**” This is the solution to our perennial economic woes, one that was to do with lack of a clear, simple and practical economic philosophy. This is a strategic document in addition to the development works included in the regular FYP documents.

It is based on the Four Elements of Nature (*Jungwa Zhi*) and the Five Economic Senses (*Paljor Wangpo Nga*) representing not only the economic factors of production but also the entire means of governance and ecosystem for a prosperous economy.

Jungwa Zhi is represented by the four factors of production – earth, water, fire, and air – which are traditionally clubbed as land with deposits and potentials worth billions of Ngultrums. We require this segregation given the unique context of our nation.

Paljor Wangpo Nga is represented by good governance, social harmony, environment, culture and cutting-edge technology and finance. They are the unique enablers, keys to unlocking the values so far blocked in our *Jungwa Zhi*, in the next five years.

Theories and Frameworks of *Sunomics*

While taking constitutional inspiration, DTT shall deploy some of the latest and the most recent economic diagnostic methods and frameworks based on data analytics to formulate economic plans and implement projects. One such theory is the “**Economic Complexity Index (ECI)**” at the macro level and another such model is the concept of the “**Project Economy**” at the implementation level. We also use the framework of the theories such as that of “**Creative Destruction**” and “**Disruptive Innovation**” at the firm and industry levels.

By integrating these theories at both macro and micro levels, we will be able to truly leverage the highly limited but extremely competent human resources in the nation. This will allow us to link and trace the micro actions and activities with granular details to aggregated data at the macro level. In addition, the practice of Adaptive Leadership of “*Mangi Gothribs* (དམངས་ཀྱི་འགོ་བློན་དཔ)” shall be used to train, discipline, and motivate the *Thuendrel* team, all in alignment with the Royal Address of instilling dedication and “*Ngar*” in us.



These frameworks will allow us to focus on issues that matter. For instance, our economic target contributions for the next 10 years will be USD10 billion: 80 percent (USD 8 billion) from **Jungwa Zhi** and 20 percent (USD 2 billion) from **Paljor Wangpo Nga**.

Jungwa Zhi: The Four Elements of Sunomics

1. Our **Earth** element represents the rural sectors of agro farming and the mining sector that is steeped in the “poverty paradox”. Our mining and natural resources sectors have been held back to save for a future generation that is in an exodus rush.
2. Our **Water** element represents the cross-cutting sectors in rural and urban areas for drinking and irrigation as well as the major revenue earning hydropower sector. However, bad engineering and bad resource allocation decisions have wasted millions, leading to self-fulfilling negative prophecies.
3. Our **Fire** element represents the manufacturing sector, where the raw materials from the earth element are being churned in the furnaces using hydro generated electricity.
4. Finally, **Air** literally represents the pristine atmosphere and our spirituality sector that has a major revenue potential through air travel, tourism and GNH branding.

Paljor Wangpo Nga: The Five Senses of Sunomics

Paljor Wangpo Nga or the Five Senses of *Sunomics* is represented by good governance, social harmony, environment, culture and cutting-edge technology and finance.

1. **Good governance** is the ultimate silver bullet and has everything to do with meritocracy, equity, efficiency, and transparency (MEET). For instance, with conversion of *Lhengye Dhensa-* ལྷན་རྒྱལ་ལྷན་ས་ (Ministers’ Enclave) to *Zhabto Dhensa-* འབས་ཉལ་འདུན་ས་ (Service Enclave), this will break the policy and regulatory silos and greatly enhance public service delivery.
2. **Social harmony** focuses on not only providing free education and health services but also on how to increase the person-bytes to have a productive economy instead of leading to inflation of degrees in education. In health, we explore how to provide options for those willing to pay for the services.



5. We shall “**Take care of your Health, while you take care of your Wealth**”. Provide free basic healthcare services at every doorstep and options for those willing to pay through private and international participation.
6. We shall ensure **Nation First, Youth Foremost** by being there through your entire life cycle of *Phuentshok Deyzhi*- ལུན་ཚོགས་བདེ་བའི་ your journey to Australia should first start with your skills that are in demand anywhere.
7. **We shall use what has been saved for the rainy day**. Preserve our environment but not for a future generation that might not be there at all. Extract resources through sustainable processes and source over USD 1 billion in green financing.
8. **We shall cash out the GNH brand through an equivalent of a global IPO** and establish a GNH stock index with innovative ideas at the intersection of Buddhist values and current scientific empiricism, including quantum physics.
9. We shall lead in regional offshore banking and technology driven platforms with potential capital formation and asset creations of over Nu 1 trillion by 2030. **Capital is cheap, it is an idea that is scarce.**

Therefore, *Sunomics* is a simple and a clear economic philosophy that is disaggregated into practical targets and plans. It is based on sound economic theories and frameworks incorporating unique local context. It is a wholesome approach with clearly identified factors, targets and parameters that is easy for assessment and monitoring. Most of all, it is supported by a highly professional and committed team called the *Thuendrel Pazzaps* or the Economic Warriors.



PART I: *SUNOMICS* - BUDDHIST CAPITALISM WITH THE SPIRIT OF GNH

Druk Thuendrel Tshogpa's Economic Philosophy is the *Sunomics*, which is predicated on ***Buddhist Capitalism with the spirit of GNH***. It is based on the Four Elements of Nature (*Jungwa Zhi*) and the Five Economic Senses (*Paljor Wangpo Nga*) representing not only the economic factors of production but also the entire means of governance and eco-system for a prosperous economy.

We BELIEVE in the established Bhutanese hierarchy of values that drives attitude, mindset, and behavior. Mission Sunomics values generation of material wealth anchored in our karmic accounting methods of merits and demerits.

We BELIEVE that every Bhutanese has the wisdom, strength, and the conviction (Ngar) to realize its full potential in pursuit of the purpose of higher national goals through the fundamental premise that “She who knows the WHY shall bear any how”.

The “Why” for the Thuendrel Paljor Pazzaps (Economic Warriors), is putting the Nation First and implementing the Sunomics guided by sound theories and innovative approaches, ready to make individual and collective sacrifices if necessary, so that the community, society and the nation succeeds.

Our commitment is to have a laser focus on revival of the economy and get back to the fundamentals of wealth generation in the Bhutanese context guided by the Constitutional Equation of GNH.

1.1 The Constitutional Equation of GNH

While frameworks for economic pursuit are definitely modern, inspiration and wisdom are derived from our constitution and the spirit of GNH. For instance, (Article 5, section 3) of our Constitution on environment depicts the domain of four natural elements or ***Jungwa Zhi*** (***earth, water, fire and air***). (Article 2, section 6) portrays the domain of social science through the concept of ***Phuentshok Deyzhi*** (four stages of life).

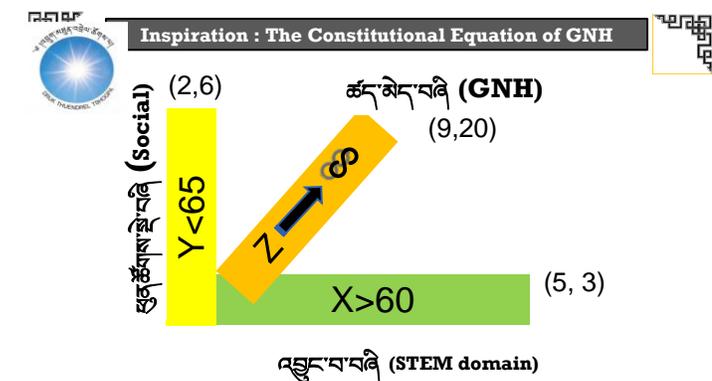


Figure 1. Constitutional Equation



An optimum intersection and interdependence of these two domains would lead to achievement of a GNH state of **Tshemey Zhi** (the four boundless compassion, love, equanimity, and joy) as enshrined in Article 9, section 20 of the Constitution.

Our interpretation of the Constitutional Equation of GNH will act as our guiding compass in formulating policies and implement plans at the national level but also provide a stable and solid reference for a Bhutanese value system.

1.2 Sunomics: Our Economic Philosophy

Debate on laissez-faire capitalism and state-controlled capitalism will continue. However, we now need to decide on which part of the spectrum we subscribe to. Much of the current confusion that results in administrative burden and the unfriendly regulatory environment stems from lack of clarity on this issue. *DTT's Sunomics or Buddhist Capitalism with the Spirit of GNH* shall be the economic philosophy that will guide our plans, policies, and regulations.

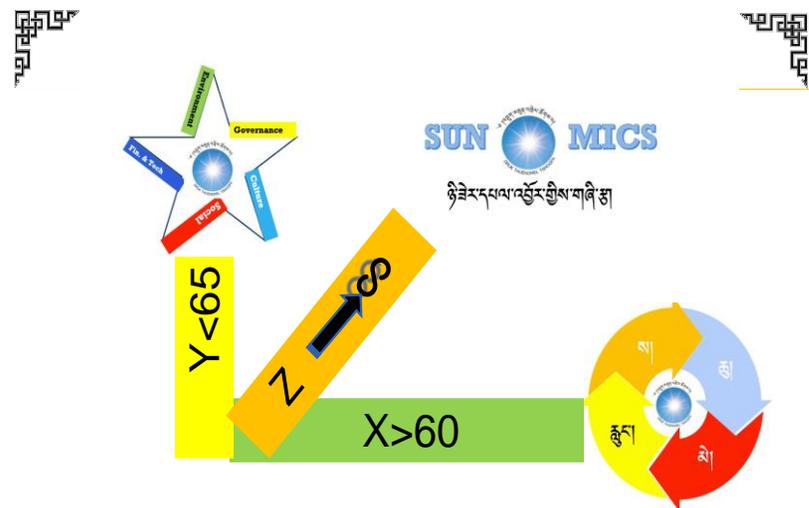


Figure 2. Transition of the constitutional equation to the framework of the Sunomics

Nature is the living example of dependence. If we have the greatest respect towards nature's intelligent way to coexist and sustain life on the surface of the earth through interdependence and coexistence, we will realize that GNH is not an antidote to wealth creation but rather that wealth creation is a means to achieving GNH.

The concept of **Phuentshok Deyzhi** or the four stages of life, in fact requires that one focus on generating material wealth between the age of 21-50 years, where we are at the peak of our mental and physical strength. Such time-tested wisdom based on



universal values and Buddhist ethos shall serve as the guiding inspiration for our economic philosophy.

With this clarity in our economic philosophy, we shall define our economic factors and elements of production and the governance system that shall facilitate this environment of economic production.

1.3 Jungwa Zhi: The Four Economic Elements of Sunomics

“Sunomics” is the cornerstone of this manifesto and DTT’s economic blueprint, which will herald the dawn of a new economic era of progress and prosperity. It is based on the Four Elements of Nature (*Jungwa Zhi*) and the Five Economic Senses (*Paljor Wangpo Nga*).

Jungwa Zhi of the Four Elements of Nature are: **Earth, Water, Fire and Air.**

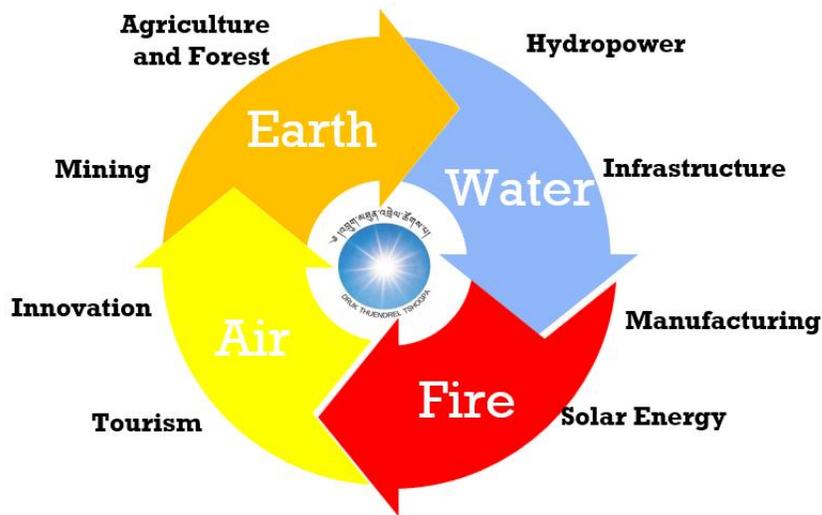


Figure 3. Jungwa Zhi: The Four Elements of Sunomics

The **Earth** shall provide the raw materials and the natural resources, including agriculture products and mines and minerals. The **Water** shall spin the hydropower energy, which is not only one of the major revenue sources for the nation but also provides the

electricity that will **Fire** the furnaces of the manufacturing plants. Finally, the **Air** in Bhutan provides the pristine physical as well as the spiritual environment that has gained Bhutan international fame.



1.3.1 Earth - The bedrock of our rural economy and the mining sector

The earth is the source of our rural economy and the mining sector. Rural economy is currently plagued by the perennial “paradox of poverty”. DTT shall transform the structure of the rural economy by achieving sufficiency in certain critical production and lift the over 43.5 percent of the labour force into far more productive sectors.

a. Our Rural Economy: The Paradox of Poverty

Numerous efforts and millions of investments have been poured into the agriculture sector. However, this did not achieve the objectives of either rural prosperity or that of preventing rural-urban migration. The agriculture sector, with almost 43.5% of the workforce contributes to just 15 percent of the GDP. Therefore, we need to frame policies that will not only improve the productivity of this very important sector but also free the massive labour force participation from this sector to other sectors.

b. Food Self-sufficiency and Rural Skills Transfer

The primary sector is not only unproductive but also heavily dependent on imports. In addition, there is also a growing trend of rural-urban migration, to the capital city of Thimphu in the first phase and then to Australia. DTT shall address this issue through a careful and coordinated transformation of the rural economy.

DTT shall first focus on self-sufficiency. DTT shall promote at least 10 crops products a year and make them competitive both in yield and affordability to be able to reach self-sufficiency in those crops in 10 years. On the labour side, skills for the young demography will be upgraded towards manufacturing and services sectors to replace imported laborers. This shall enable import substitution in two dominant sectors that is currently leading to large trade deficits.

c. Chiwog Dangpa: grassroots wisdom

Chiwog Dangpa was an opportunity to reframe development questions through grassroots wisdom and also to realize that one size solution does not fit all problems.

The three things all *chiwogs* ask for are roads, water, and fencing. All these would require huge investments and sometimes we may not even achieve the impact that is expected. It would neither stop the rural-urban migration nor lead to any significant increase in productivity of the farmlands. There are almost 11,000km of the *chiwog* roads that need black topping and tens of thousands of kms of fencing. These projects are already included in the 13th FYP. However, with the high cost of black topping



and the high cost of imported angles and chain mesh, we are looking at an investment of over Nu 30 billion which is 10 times the annual budget for the entire agriculture sector.

Considering the cost benefit analysis, DTT shall consult with the public on the best solution to both the road black topping or concreting and the chain link fencing.

DTT Pledges - Agriculture

1. Improve productivity of agriculture so that GDP contribution is maintained at 20 percent despite explosive growth in other sectors.
2. Transfer of skills from the massive labour force of over 43.5% to other more productive sectors like manufacturing and services.
3. Reach self-sufficiency in at least 10 basic crops in the next five years.
4. Provide a Good TOP (all weather) farm roads and not just black top roads.
5. Redefine regional balanced development by providing equal opportunities for every individual and not just infrastructure development.

d. Mining and Natural Resources

Bhutan has huge resources of timber and other mineral resources. However, we are still unable to provide affordable housing. Major inefficiency and bureaucratic red-tapism of the sector have made even boulders and sand highly unaffordable to an average Bhutanese. We even import timber and stone slabs. Even though a Royal Command was issued, challenges still exist.

e. A roof over our head – by making local resources affordable.

DTT shall remove barriers to reduce the cost of basic building materials because every Bhutanese deserves a roof over his/her head.

DTT shall cautiously liberalize the sand and timber sector through meticulous execution and implementation of the Royal Command. We shall facilitate and enable the construction of at least 5,000 modular homes for those 43,000 households who do not have a roof over their head.

Local sand quarries need to open up so that transportation costs are reduced. Rural timber subsidies shall be applied through agencies like Natural Resources



Development Corporation (NRDCL) in the sawn form so rural homeowners are not burdened with the cost of extremely difficult logistics.

f. Timber: Harvest the tree to save the forest.

Billions worth of timbers are currently not accessible to logging due to environmental concerns and costs for road construction. This problem could be solved by innovative cable tied transport systems.³

DTT shall facilitate innovative technology driven solutions through a Public-Private Partnership (PPP) model or private sector investment.

g. Mining: The Future is now - Time to use our savings for the rainy day.

Mining has huge potential. However, current mining is limited to a few minerals like coals and gypsum and we are not doing much value addition to them. The current exports have numerous challenges of both tariff and non-tariff barriers across the border.

DTT shall explore high end materials like lithium and graphite given the recent discovery of lithium deposits in the Himalayan region like Kashmir. These and other strategic mining that requires major investments will be done through strategic partnerships between SOEs like DHI and external partners where necessary.

Other mines shall be opened up to local miners with the government facilitating the current bottlenecks of local and environmental clearances. PPP models can allow returns to be shared in proportion to the risks taken and distributed among key stakeholders, including the local community, the local government, and the promoters.

Capital investments and banking transactions seem to be the biggest bottlenecks for the manufacturing sector. DTT shall ease this through PPP in investments, export credit facilities and faster Real Time Gross Settlement (RTGS) services from the banks.

DTT shall widen the road from Haa Sombaykha to the Samtse exit gate so mining logistics can be facilitated for transporting the over 125 years of mining deposits

³ Inspiration drawn from publications by Dr. Phuntsho Namgyel and subsequent communications with the renowned forester.



identified in lower Sombaykha area. The current road from Bji Katsho to Sombaykha in Haa, while helpful, has hardly any traffic, whereas the demand is actually for the road leading to the South.

DTT Pledges - Mining and Natural Resources

1. Promote such industries that will integrate and feed these raw materials into our factories taking advantage of our hydropower.
2. Facilitate the current export of boulders by reducing non-tariff barriers in the transportation and clearances in the border areas.
3. Review the current taxation system that penalizes the value addition to raw materials and provides incentives instead.
4. Provide a green channel for underground mining proposals, which require additional investments but would have lesser environmental impacts.
5. Encourage novel technologies and underground mining for lesser environmental impacts.
6. Local communities pay back through appropriate ownership structure and partnerships.
7. Invest in logistics infrastructure to reduce transportation costs including both tariff and non-tariff barriers for export of mining products. For instance, widening of Sombaykha – Samtse road.
8. A 400kV ropeway between Phuentsholing and Damchu or Chuzom to transport fuel from Phuentsholing and to transport mining materials from Thimphu, Haa and Paro to Phuentsholing. This will be the in-country dry port that will create local economic opportunities. A similar ropeway to connect Sarpang to Changchey in Tsirang.

1.3.2 Water - Energy, infrastructure, and the Project Economy

Water is one of the most important elements of *Sunomics*. It depicts the source of life primarily in drinking and irrigation and energy in hydropower, where, besides construction and infrastructure development, we also have urban settlements. Given its pristine nature, fresh drinking water can also be an export commodity to the bordering towns.

Hydropower from our rivers (water) is our main source of wealth. However, recently the light in Bhutan's hydropower has been dimmed by numerous problems in its



project executions. The mega Punatsangchhu-I project in the west has been stalled, while the only major investment project of the east, Kholongchhu, has been stopped.

DTT shall immediately prioritize the start of these projects and put them back on track without further delays. Immediate decisions shall be taken, including the re-negotiations of the financing and ownership mechanisms.

For instance, Kholongchhu ownership shall be at least 51 percent instead of 50 percent as in the past that led to the impasse. Sunk cost for Punatsangchhu-I shall be submitted for write off and only additional investments for the dam mitigation or the barrage construction shall be included in the cost to make the power more affordable.

Next, we need to capture some of the emerging trends in the energy sector in our sustainable energy policy. Given the fact that we are becoming a net importer of more expensive energy in the winter, we need to now focus on expanding on alternative sources to complement the hydro generation that is seasonal.

DTT shall initiate the following within the first year through Druk Green Power Corporation (DGPC), Department of Energy (DoE), Bhutan Power Corporation (BPC) and even with the invitation of the private sector through the PPP model:

- reservoir projects of Bunagu and Sunkosh,
- at least 500MW of pump storage facilities that could be closed loop, and
- promote the installation of at least 500MW of solar farm projects.

The financing model for hydropower projects shall also be reviewed. The current inter-government (IG) model will be the most difficult to source given that the policies and the trend at the donor government and agencies are moving away from direct investments to a more hands-off approach investments through PPP. DTT shall introduce policies that range from sourcing financing to project implementing modalities through PPP policies and project economy (PE).

DTT shall adopt the proven methodology of the “project economy” for all its infrastructure projects, which are currently mired with challenges of time and cost overruns.



There are numerous construction projects in the 13th FYP, including major infrastructure works on roads, urban settlements, and hydropower projects. These can be all carried out through a proper designing and implementation based on modularity and project economy that will not only save time and costs but also ensure quality and use of the locally available resources.

a. Urban Centers and Regional Balanced Development

Spatial planning of the country shall follow the Comprehensive National Development Plan (CNDP), where urban centers in the east and south are identified. In the east, Doksum can be revived with the start of the Kholongchu project. In the south, Nganglam can be revived with the boost in Dungsam cement and other industries in the region.

Ideas like providing transfer of development rights (TDR) can be given to the people in the remote areas, who complain that their rural land does not have the value to get loans from the banks. This will reframe the concept of balance development. Urban investments shall have consequential benefits to the rural areas.

This, implemented with the concept of providing opportunities for youth from remote areas to a brighter future in schemes like learn-and-work-abroad, would make more contribution to the idea of regional balanced development, which currently is being viewed only in terms of infrastructure development.

b. The Infrastructure and the Project Economy Act including Public Private Partnership (PPP)

As a developing nation, Bhutan's economy is driven by infrastructure projects. However, their planning and execution till date has been highly inefficient giving Bhutan an Incremental Capital-Output Ratio (ICOR) rating of 7.00, one of the highest in the world. At the local government level, 82 percent of the capital investments goes into highly unproductive projects. This dominance of projects will grow even more as the country accelerates its development pace with major infrastructure projects including hydropower and other significant national projects.

So far, we have focused on unique designs and execution methods that prevent any learnings to be applied for future projects. On the other hand, “project economy” uses



theories of modularities and is used for construction of projects such as the mega Tesla factory at Nevada and Madrid’s modular metro.

There shall be a Project Economy Act that will streamline and empanel contractors at the national, Dzongkhag and the Geog levels through a transparent bidding process so they will be able to carry out all construction works without delay.

The Act shall empower the empanel contractors to carry out the work through faster award based on sound BoQ estimates with focus on quality. The Act shall also clearly define how capital can be raised for infrastructure projects and how risks can be allocated to various partners through PPP concept.

DTT Pledges

1. Resume Punatsangchhu-I and Kholongchu in the first year.
2. Start 500MW of pump storage and solar projects in the second year.
3. Initiate Dorjilung and Sunkosh in the third year.
4. Enact Project Infrastructure and the Project Economy Act.
5. Ensure 100 percent drinking water for every Bhutanese.
6. Rationalize irrigation water based on returns.
7. Implement phase I of the Comprehensive National Development Plan (CNDP)
8. Adopt land development and management policies, including transfer of development rights (TDR) for regional balance development.
9. Reframe regional balanced development by providing scholarships to regional youth for study and work abroad.⁴

1.3.3 Fire - Growth through Furnaces of Manufacturing Hubs

No country has achieved developed status without its manufacturing sector contributing to at least 20 percent of its GDP. The current contribution is about 6 percent. However, we have all the necessary inputs of the natural resources and raw materials from our “**earth element**” while our electrical energy from our “**water element**” can **fire** the furnaces of our manufacturing hubs.

⁴ The regional balance refers to equity in opportunities across the youth of the nation rather than equity in outcomes and additional focus will be given to rural youth from economically less advanced Dzongkhags.



DTT shall promote heavy industries in the South. We need to develop strategic partnerships between the government and the sector players led by state-owned enterprises (SoEs) such as DHI and the major private sector firms.

DTT will also count on the over 26,000 SMEs in decentralizing production of goods and services through deregulation and liberalization of policies taking a whole-of-government approach, reduced TAT and implementing the concept of 'allow first, regulate later' in addition to decentralizing the licensing regime to local governments.

Policies boosting the private sector will be mostly applicable to SMEs through decentralization and liberalization.

a. Steel factories need to upgrade to Integrated Manufacturing Units

DTT shall expand and double the industrial estates and also promote upgradation of existing industries. For instance, the current steel rolling mills and the ferro silicon factories import both raw materials and export the finished products with minimal value addition.

For these to step up in their value chain, the rolling mills have to slowly become integrated mills, which will require huge investments both in terms of technology, scale, and technical know-how.

The Theory of Disruptive Innovation and our Manufacturing Hubs

While breakthrough technology is a major component of the theory of disruptive innovation, the other component is actually the adoption of the technology in a manner that is able to make the product or the services affordable.

This model, initially observed in the steel industry, has been effectively used by Apple, Intel and some of the major car manufacturing companies. It also explains the miraculous growth of economies like Japan and Korea in the 1980s and now China and India. Japan's Toyota was once regarded as a cheap car for poor college students in the West just as Korea's Hyundai started at the bottom of the car market. Both these succeeded using the theory of disruptive innovation.



This allows us to also look at our other industries. Combined with rich natural resources in timber, Bhutan can follow the path taken by the Scandinavian countries like Norway and Finland on how they graduated from timber exporting and carpenter dominated economy to now some of the most advanced economies with focus on precision technologies led by firms like Ericson and Nokia at one time.

DTT Pledges of Mines-Machines-to Market (MMM)

1. Target 20 percent contribution of GDP from the manufacturing sector.
2. Upgrade steel and ferro plants up the value chain into integrated hubs.
3. Ensure seamless cycle from mines to machines to markets (MMM).
4. Review taxation policies and border tariff and non-tariff barriers⁵.
5. DTT will invite private sector participation in the development of small and medium hydropower to enhance national energy security and accelerate hydropower development ⁶
6. Give industries higher access to convertible currency for import of machinery, raw materials, etc, which, through value addition for export, would lead to acquisition of Rupees.
7. Tax incentives for exports to India and import substitutions in order to minimize the current trade deficit.
8. Institute electricity tariff projection beyond the current regime for three years to help boost manufacturing and power intensive industries.
9. Review policy for value addition and promote value addition to minerals.

b. The Sunshine Solar Project of 500 MW

A 500MW solar project is an epitome of *Sunomics* philosophy implemented. It represents an abundant source of renewable energy and can be executed through the modular concept of the Project Economy.

⁵ Non-tariff barriers include charges such as Goonda Tax, Subedar Taxes currently being imposed at an estimated rate of INR 5000 per truck which makes our export of boulders more expensive than those of Vietnam and other countries. Taxation policy would focus on tax deductibles for R&D, spare parts, consumables as well as expenses for scholarships and training of employees. In addition, DTT government will promote high tech industries such as chip and solar cell assembly through enhanced FDI windows to ensure that Bhutan does not remain perpetually at the bottom rung of the manufacturing value chain.

⁶ PPP and Private sector participation as mentioned in the Bhutan Sustainable Hydropower Policy



The natural ecosystem of the four elements provides positive reinforcement in the cycle of mines-machines-markets, from extraction of raw materials (mines) to processing in the industries (machines) to finally export to the (market).

1.3.4 Air - Travel, Tourism and Spirituality

Air in Bhutan provides the pristine physical as well as the spiritual environment that has gained Bhutan international fame. It is also the space that will inspire innovation, creativity, and enterprise, which is the domain of future digital technology and the study of quantum science. This sector defines tourism and innovation.

a. High Volume, Higher Values

The current definition of “high value, low volume” in tourism policy is extremely limited. It only considers the monetary value and ignores other values, one that a highly qualified visitor could bring in terms of knowledge transfer. Therefore, while retaining the daily INR 1,200 tariff for the regional tourists, SDF for the third country visitors will be made simple and effective.

In the digital and innovation sector, DTT shall empower innovation not only by leapfrogging into digital technology but also by building on our strengths. DTT shall empower the launch of at least five Minimum Viable Products (MVPs) both in the public and the private sector each year so they would generate employment of at least 100 on average and revenues of Nu 100M a year from the products.

DTT Pledges - Tourism

1. Segregate policy and regulatory functions from marketing and operational services.
2. Simplify SDF to USD 500 for five days, USD 750 for 10 days and USD 1,000 for all days up to a limit of one month or can be applied for non-consecutive visits to encourage repeat visits. Make this predictable and stable for the next five years.
3. Generate an annual revenue of USD 500M and employment of 30,000 by the third year.
4. Review and promote organized tours again to fix accountability and learn from pilgrimage trends with the objective of reversing it.



5. One Guest, 7 Gates. Your Host - Your Choice.
6. Increase hotel occupancy rate across the country to not only revive the sector but also to avoid massive damage to the banking sector through ballooning Non-Performing Loans (NPLs).
7. Repatriate 5,000 youth from abroad to the tourism and hotel industry through incentive schemes.
8. Provide discounts and differential pricing incentives, including SDF free zone to overcome problems of seasonality, geographic distribution and to encourage longer stay for tourists.

DTT Pledges - Culture, Creativity & Innovation

1. Encash brand GNH through export of GNH related services and also through collaboration in studies and content development at the intersection of Buddhist philosophies and modern empiricism.
2. Adopt an Innovation Policy at the above intersection.
3. Develop a Science, Technology, and Innovation (STI) Park through DHI.
4. Generate at least five minimum viable products each year targeting at least 100 employees and revenue of Nu 100M per product by the fifth year.
5. Introduce a Buddhist pilgrimage circuit programme covering Bodh Gaya, Kathmandu, Paro, and Lhasa to capture the rising middle class Buddhist market.
6. Facilitate the creation of cultural parks and zones in urban centers to attract investors, executives, and innovators through the economy of agglomeration.
7. Increase investment in cultural enterprises (songs, dances, music etc.), particularly intangible cultural creations, given the rising global trend of culturisation and creativisation of the economy.

1.4 Target for *Sunomics*

DTT’s “**Sunomics**” shall forge a robust economic plan that will power the nation into the 21st Century by achieving a GDP per capita of USD12,000 within the next 10 years.

10x10x10
US\$10 billion GDP @10% Growth Rate in 10 Years
Creating 150k jobs
Per Capita of USD 12,000



This is an extremely ambitious target. At the macro level, our current investments have a very high ICOR rate (7.0) and we have a ballooning external debt complicated by massive hydropower project failures and ever widening trade and fiscal deficits. At the micro level, we have highly unproductive sectors and uncompetitive firms, who mainly thrive on low technologies and exploitation of natural resources. We cannot continue business as usual. Sunomics is the blueprint for change.

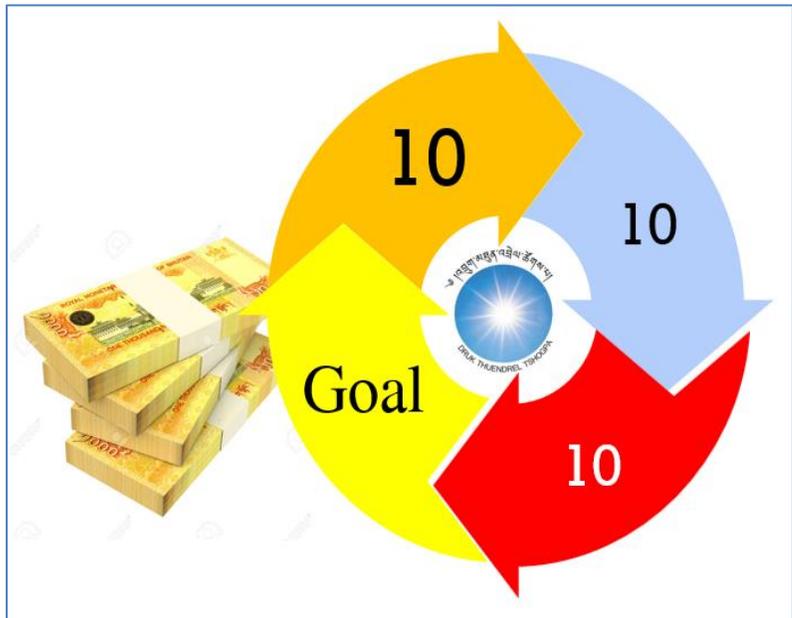


Figure 4. The Goal of Sunomics: 10 x 10 x 10



2. PART II: PALJOR WANGPO NGA - THE FIVE SENSES OF SUNOMICS

Building on the foundational four natural elements we need the economic senses to navigate through the highly volatile and complex environment. The five Economic Senses are: governance, environment and social harmony in the traditional sense, and banking and finance and cutting-edge technology in the modern sense. These senses will facilitate our interaction with the stakeholders as we implement our Sunomics through its formulation of policies, governance structure and resource mobilization.

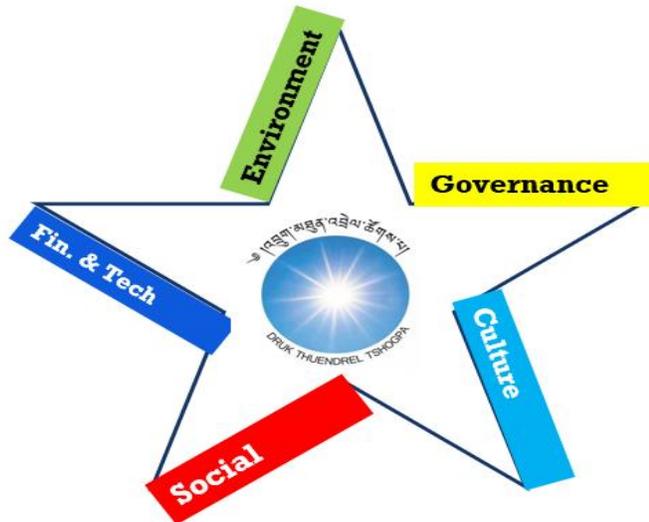


Figure 5. Five Economic Senses

2.1 Good Governance: The Heart of Sunomics

of

Meritocracy, Equity, Efficiency and Transparency (MEET)

2.1.1 Belief in the Divine Rights of our Kings: The foundation for Good Governance

The overarching visionary guidance from our Kings shall form the meta-governance for our nation and the fundamental tenet of our governance shall be the unquestionable Loyalty to the Golden Throne.

2.1.2 མི་སེང་བསྐྱུན་གྲོལ་(Mi-ser Tuendrel) : Not just a Slogan!

DTT's approach of public consultation is premised on the belief that formulation and implementation of a public policy is a matter of serious social engineering and experiment, where the inclusion of stakeholders is critical. Hence, *Druk Thuendrel*, མི་སེང་བསྐྱུན་གྲོལ་(Mi-Ser Tuendrel).



Policy negotiations can be a zero-sum game. There are winners and there are losers. Winners will be asked to pay up their fair share of taxes and services and losers will be acknowledged and confronted without fear or favor.

2.1.3 Meritocracy, Equity, Efficiency and Transparency (MEET)

DTT's governance structure and aspirations shall be based on the principles of meritocracy, equity, efficiency, and transparency (MEET). The MEET system is predicated on a dominance hierarchy based on individual and collective competence. For instance, STEM related professionals, including vocational skills that are in demand for the economy, shall be highly rewarded.

2.1.4 Civil Service and their acronyms: Causes of Low Morale

RADA, IWP, TA/DA, Retirement Benefits and delayed decisions

Recent substantial pay hikes do not seem to have provided the real motivation and incentive for enhanced performance in the Civil Service. Current allowances did not lighten their tax burden and help their retirement situation, whereas cancellation of the TA/DA has led to decrease in grassroots service delivery. IWP has been pointed out as the major pain getting in the way of performance enhancement. It all seems to come down to a lack of basic consultation process.

DTT shall review the above policies and consult and negotiate with all stakeholders so we can not only have a win-win situation but also identify the win-lose situations. We shall negotiate a situation where we get a highly motivated civil service who will provide the most efficient public service but also without any additional cost to the government. This shall be process-defined even for the Pay Commission.

2.1.5 Equality, Equity and Equanimity (EEE)



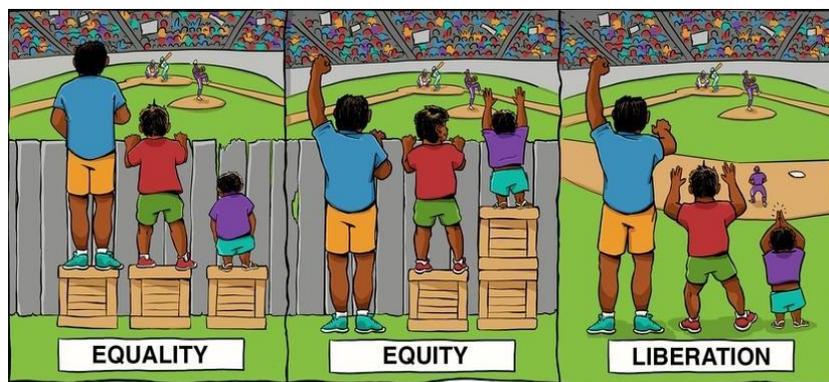


Figure 6: Graphics on equality to equanimity

Source: <http://culturalorganizing.org/the-problem-with-that-equity-vs-equality-graphic/>

DTT believes that policies on equity and fairness is not the same as providing a one-size-fits-all solution. The government shall ensure that every Bhutanese has an equal opportunity but then not necessarily expect the same outcome. Therefore, differentiated services and assistance shall be provided to all citizens and communities, especially the marginalized ones that allows them to *maximize* full potential.

We believe in an efficient and compassionate government that shall enhance services to the people. As pointed out in the Royal Kasho, 35 percent of the civil service end up providing services to themselves rather than to the public, who face endless red tapes and bureaucratic process.

DTT shall coordinate the executive agencies at the top through its “*Tsemo Zhungchong Thuendrey* - ཚེ་མོ་གཞུང་གློང་མཐུན་འབྲེལ་” and empower the grassroots agencies at the bottom through “*Tsawa Mi-Ser tuendrey* - ཚ་བ་མི་སེར་བསྐྱུན་ཤོས་”.

a) At the TOP - Tsemo-Zhungchong Thuendrel

One way of breaking the policy silos at the top is through *Zhungchog Thuendrel* and taking actions. For instance, we shall convert *Lhengye Densa* to *Zhabtog Densa*, a One-Stop-Shop or services hub, where all critical public services could be located. This will improve coordination, logistics and public services multifold by breaking the current silos among government agencies. This can also free up a lot of commercial spaces with substantial revenue potentials in the core town area, where currently a lot



of government ministries are located. Such small sacrifices will yield huge results in financial prudence helping in additional revenue and deficit reduction.

b. Chiwog First - “Chiwog Dangpa - Tsawa-མི་ལེན་འཆུག་ཡོན་”

DTT shall carry out consultations at the local level through its *Chiwog First* approach in the true spirit of decentralization. People at the grassroots community shall be encouraged in discussing ideas and monitoring works and budgets that maximize the economic impact. Through this approach, we have identified four main issues: i) Decentralization through resource mobilization; ii) Transparency through a digital app; iii) Execution of the minimum programme of roads, water, and fencing; and iv) Land development.

c. *Autonomy in resource mobilization and decision making.*

Currently, Local Governments (LGs) are dependent on a very limited block grant from the central government and restricted to specific items of development works with accountability only for the fund use but with no accountability for the returns and the benefits the fund generates. This provides no incentive for the LGs for prudent resource management and also does not encourage any creativity and innovation at the local level.

DTT shall redefine the concept of the LDC graduation. While Bhutan may have crossed the threshold of the LDC in her GDP per capita, 60 percent of the population survive on subsistence.

2.1.6 *All Weather Roads, not just black topping of roads*

At the current costs of Nu 3M – 5M per kilometer for black topping of roads, and that too with import of bitumen at heavy costs, it will drain the nation’s economy by Nu 30B if we are to black top all 11,000km of farm roads.

When we reframe the question to the villagers, it is not necessarily black topped roads they need at any cost. They need an all-weather road. This requires careful engineering and design of the current farm roads. Instead, we can concrete a certain portion of the roads or use ropeways and mono-rails, which will drastically reduce costs but meet the needs.



2.1.7 All animal-proof fencing, not just Chain Link Fencing

Project Economy & the Use of Non-fatal methods

For human wildlife conflict solutions, people were warming up to the idea of electrical fencing. However, now we have managed to brainwash them with chain link fencing, which is not only expensive at the cost of Nu 0.60M per kilometer but their efficacy is also highly doubtful. Besides, we have to import all fencing materials, which will further drain the economy.

It turns out that there are many other solutions. Some areas need protection from wild boars, while others need protection against birds and monkeys. DTT shall explore design options which are far more affordable with a mix of prefab posts, iron angles and also wooden posts. In addition, there is low-cost technology and using age-old non-fatal methods to keep wild animals at bay.

The Project Economy concept shall be applied to both the above *Chiwog Dangpa* requirements for modular and local designs using local resources.



DTT Pledges - Good Governance (position changed)

1. Institute a system of Meritocracy, Equity, Efficiency and Transparency (MEET) in the first 108 days that shall define the yardstick for targets and performance.
2. One size does not fit all. Adopt the principle of equity rather than equality. Services should be need-based and not rule-based.
3. Convert Lhengye Dhensa to Zhabto Dhensa – Break Policy and Regulatory Silos and establish a One-Stop Shop for governance and public services.
4. Apply the principle of “You delay – you pay” to the service providers whether government or corporate.
5. Pay is not everything. Review incentives for civil service through Pay Commission including IWP, TA/DA and retirement benefits through proper consultations.
6. One Gewog – One Lagthram. One Gewog – One Administration.
7. An Economic Development Agency to empower and boost private sector participation.
8. Government Business Processing Unit (GBPU) to facilitate and cut through red-tapism.

2.1.8 A special attention to the Highlands

Bhutan’s vast highlands offer a formidable front for national security and also an oasis of numerous unique species of natural flora and fauna, including the most prized cordyceps. Above all, it has the population with unique cultures and lifestyles proven to be highly resilient. However, their full potential for the area is yet to be realized and they face numerous challenges.

Services to the far-flung remote areas are left in the hands of inexperienced and unwilling providers, who treat postings as punishments. Tourist visits have no linkage to the local community. Numerous studies and research on products carried out by the Highland RNR center were not implemented.

The highland herders are the first line of intelligence and defense in the remote border areas. However, the conditions are extremely difficult without any proper shelter, means of communication and self-defense in the event of an encounter with wildlife.



DTT Pledges for the Highlands

1. Value addition to cordyceps instead of auctioning raw harvest.
2. Promote at least three highland products for value addition and export.
3. Local training and recruitment shall be initiated for vital positions like health workers, schoolteachers and livestock officers so they will not only be more committed but also fully accountable in the long run.
4. Provide materials for some basic shelter and means of communication through radio frequency appliances.
5. Equip the highlanders with innovative methods to defend themselves and their cattle against wildlife.
6. Provide insurance schemes for cattle losses.
7. Provide animal tracking devices through use of the Internet of Things (IoT).

2.1.9 Chiwog Dangpa: Go digital with the Thuendrel Mobile App

Another medium for DTT to achieve decentralization is through the *Thuendrel* Mobile App. The *Thuendrel* mobile app will directly contribute towards the efficiency and the transparency of the MEET governance framework. As the nation moves forward with the digital strategy, DTT shall not only embrace it in policy but also in adoption at the party level as well.

a) Thuendrel App - “We pay if we delay”

The *Thuendrel* digital mobile app for digital communication shall provide the ultimate means of *Tuendrey* and consultation, where public officials will have direct access from the grassroots and also be accountable. The App will enable people to have full transparency in implementation of policies, programmes and projects and also have live updates on status of pledges and progress. One unique feature of how people can hold the government accountable is by making the government follow through “You Pay if You Delay” feature in deliverance of the public services.

This App used by villagers in coordination with the *Thuendrel* Parliamentary Coordination Committee (TPCC) will ensure timely report, monitoring and evaluation of both local and national level projects.



2.1.10 The Private Sector: Driver of Economic Development Agency (EDA)

Our private sector is apathetic towards the often-touted slogan of “engine of growth”. DTT shall establish the Economic Development Agency (EDA), whose primary role shall be to empower and facilitate the private sector.

The shortcomings in the implementation of the earlier Economic Development Policy (EDP) offer several insights and justifications for a dedicated entity. The EDP contains numerous policy commitments and identifies concerned agencies to support the implementation of the policy.

However, no single agency assumed a lead role in implementing the policy. Indeed, as the document contains 252 provisions requiring the engagement and reform commitment of nearly 38 agencies, achieving policy coherence requires an institutional framework that aligns the incentives for each of these parties with the overarching objective of the EDP. Therefore, the EDA shall:

- Coordinate with government agencies on economic issues.
- Improve the business ecosystem and investment climate in the country.
- Identify and remove administrative burden and friction in all bureaucratic setups.
- Liaise with investors, businesses/interested parties and government agencies and provide all required investor information from a single point.
- Act as a one-stop shop for all foreign direct investment interests.
- Review and carry out the performance management of agencies mandated to implement provisions of the Sunomics plans.
- Provide hands-on and advisory services to industries and businesses.
- Carry out research and establish an economic intelligence unit.
- Support local businesses and industries through talent development to create a globally competitive workforce.
- Have the authority and the funds to engage with potential investors and firms.
- Promote capital markets and other financial instruments with the RMA and financial institutions.
- Work closely with the Ministry of Foreign Affairs for economic diplomacy and state-level marketing.



- Define the Role of the Government vis-à-vis Economic Activity as a policy maker, facilitator and a regulator but not intervene or interfere in businesses and the domain of the private sector.

The EDA shall also establish a Government Business Processing Unit (GBPU) to make the system more efficient and customer friendly. The EDA shall cut down policies, rules and regulations to the minimum and allow for a minimal basic requirements of Standard Operating Procedure (SOP) for those implementing the rules. As the challenges faced is similar to all the sectors, it invariably points to the fact that a modular SOP can be adopted to remove the following hurdles:

- a. Many low-level barriers create friction: This starts from the administrative burdens, compliance requirements, and often arbitrarily imposed regulations.
- b. Isolated efforts and siloed approaches among the many institutions making citizens run from pillar to post.
- c. High entry hurdles often a 'one-size-fits-all' approach to project approvals with little distinction based on risk and impact.
- d. Indiscriminate regulations that widen 'the gap', not just in wealth but also in opportunities, information and services obtained by different personalities through ambiguous and discretionary rules and regulations.
- e. Risk aversion: Bureaucracy by nature is path dependent and highly risk averse. With the current transformation and sharpened accountability, decisions are further delayed. Therefore, during implementation, caution should be taken to prevent overlapping of mandates.

DTT Pledges - Private Sector

1. DTT shall establish an Economic Development Agency with a focus on the role played by the private sector. Some of these salient principles shall include: (70i) a one government principle; and iii) a negative list approach,
2. DTT shall empower the BCCI under the purview of the Economic Development Agency.



3. *Licensing Policy will be guided by the philosophy of “allow first, regulate later”.* In the end, a conducive business environment would be one where it is easy to start a business, and also easy or okay to fail.
4. *Consolidate all such small issues to just three issues and minimize the low entry barriers.*
5. DTT shall initiate the transformation of “Lhengye Densa to Zhabto Densa” for breaking policy and regulatory silos and at the bottom, where policies are implemented on the ground.
6. DTT shall engage people from the private sector in determining an optimum solution to these issues through a commonly agreed to Standard Operating Procedure (SoP), where the burden of compliance will shift to the private sector rather than to unnecessary monitoring by the government.
7. DTT shall review and nullify one irrelevant provision within a regulation each day in the first 108 days.
8. DTT shall minimize bureaucracy by transferring the culture of risk taking from the civil service to the elected leaders who are committed to “plough the community field by breaking their own plough shares”.
9. *DTT shall strip down the EDP Policy to the basic minimum of 10 clauses and see that it is implemented in the first six months.*
10. DTT elected officials will demonstrate “Ngar” or the art of discipline, gumption, and the tenacity in making decisions and taking risks in the interest of the public.

2.1.11 Review of 10 policies in first 10 weeks

Currently, there is no mechanism to review and check policies, rules and regulations for their effectiveness in meeting the intended purposes. Therefore, decades-old regulations continue to be implemented despite little evidence of their effectiveness. DTT shall review and/or adopt the following policies and projects within the first 10 weeks and find a solution to the challenges.

DTT Pledges - Review of Policies

1. Economic Development Policy
2. Energy and Hydropower Policy
3. BCCI & Private Sector Policy, including that of CSI and Start Ups



4. FDI and PPP Policy
5. Tourism Policy
6. Industrial and Manufacturing Policy
7. Local Governments Policies
8. Fiscal Policies and the Debt Burden Issues
9. Nation First but Youth Foremost Policy
10. Infrastructure and Land Development Policy

2.1.12 Judiciary: Expeditious Judgement and ADR

“In the 21st Century, economic and social development is not just about the balance of payments or building roads or increasing tax collection. More and more it is about the rule of law. We believe that the rule of law is in effect when meaningful and enforceable laws assure transparency, fairness, and predictability in decisions; when contracts are enforced to promote business and commerce; when basic security and an independent judiciary protect personal safety and property; and when the people have access to justice. If we have these elements, the state can regulate the economy and empower private individuals to contribute to economic development by confidently engaging in business, investments, and other transactions”. Mark Dakolias, November 14, 2003

With rapid economic development taking place in the country, the judiciary must internalize the economic dimensions and examine the impact of its judgment on employment opportunities, infrastructure expansion and the revenue of the state.

Law and Economy act together in developing the economy through analysis of contractual disputes based on theories of positive and normative laws. We cannot think of economic progress unless the changing needs of society are supported by facilitating regulations. In fact, the effect of a contract between parties extends to individuals in their economic lives and contract actions involving business. The judgment of any contractual dispute is considered imperative to economic progress, especially when courts uphold contract and the property rights, which are broadly the basis for more investment confidence.

The courts can correct the market failures and improve the economic performance, for example, by fixing liability in ways that total social cost (including the transaction



costs associated with bargaining around the initial allocation of legal rights) are minimized.

Greater performance of courts leads to developed credit markets and competent courts create pathways for economic competitiveness. Therefore, if Bhutan is to achieve its economic goals, its judicial system should be robust and effective. Currently we lack enforcement of contractual issues or delayed decisions due to lengthy appeal processes.

a. Arbitration and Foreign Direct Investment (FDI)

Alternate Dispute Resolution (ADR) that includes arbitration and mediation are increasingly becoming popular for resolving commercial disputes. While Bhutan has enacted the ADR Act of 2013 and most contracts include clauses on ADR, the parties still prefer going to courts.

We need to determine why parties do not opt for ADR despite the expeditious process and more reasonable judgments by arbitral committees with industry knowledge. International arbitration processes like the UNCITRAL process provide a universal framework for international parties. Countries like Singapore and Hong Kong have established themselves as highly reliable and respected centers for international arbitration that provides certainty and confidence to international investors.

b. Judiciary's commitment to the Government

The judiciary can validate the credibility of the government commitment for three reasons. First, courts can resolve disputes that bind the government and parties based on pre-existing legal commitments as contained in contracts or the Constitution. Second, the judiciary can lend transparency by publishing the judicial decisions. Third, the judiciary can also demonstrate that it has no bias for the government and show that parties can file a lawsuit against the government to seek damages for breaching its policy or contractual commitments.

c. Conflicting laws affecting economic activity.

In 2018, the Law Review Task force (LRTF) recommended seven acts that were in conflict with the Constitution to be amended or repealed.

Conflict between Evidence Act and ICM Act on Validity of Agreement: For evidence, section 303 of Information, Communications and Media Act 2018 provides for an



electronic signature as valid whereas sections 35 and 36 of the Evidence Act require physical signatures.

2.2 Environment - The GNH Brand Equity and Economic Diplomacy

Our Economic Diplomacy also defines our foreign policy. While India is our biggest development partner, we also need to explore other partners to meet the volume of investments that we are looking at. We will be approaching both state and private players through bilateral and multilateral countries and international agencies at different levels to source financing and cooperations.

We shall strengthen our relationship and engagement with our development partners including active renewal of bilateral and multilateral ties and strengthening the Thuedrel Economic Diplomacy.

In addition to the renewed focus on global sustainable issues and climate change, there are recent theories on market value of everything, trying to monetize the previously unaccounted value of the environment, social harmony and the quality of life. It is the idea that every merit shall be entered into the credit side of the trial balance and every misdeed shall be deducted from the debit side. Bhutan's environmental credit of merit can be compared to a huge vault of capital source that is clean, simple and sustainable. This shall be realised mainly by aggressively taking charge of the GNH branding abroad through Economic Diplomacy.

The accumulated value of brand Bhutan and GNH is huge judging by the global appeal and awareness. It is now time for us to reap this brand equity in our national balance sheet. The aggressive GNH branding, and the Economic Diplomacy shall focus on raising the maximum awareness on Bhutan's sustainable policies and networking at the international forums with the intention of raising at least USD 1B in five years.



DTT Pledges for Economic Diplomacy

1. Strengthen economic diplomacy with GoI and other development partners.
2. Increase engagement for both government and private sector players with our development partners.
3. Encourage direct sourcing of financing by the local governments to promote grass-roots engagement and promotion of local products “from farm to fork” including export markets.
4. Promote innovation by attracting equity investments from international investors to reduce debt burden.
5. Source green financing of USD 1B from UN and other financing windows.

2.2.1 Resource Use is not an antidote to GNH

Our concept of resource use so far was seen as an antidote to the GNH concept of environmental preservation for future generations. With over-reliance on external assistance and our youth leaving the country on a daily basis, there might not be any future to save natural resources for. We cannot afford to wait any longer for a future that may not be there. This is the time to reap the benefits to mitigate this existential phenomenon.

2.2.2 Solution to the Net Zero situation of Hydro Export and Fossil Fuel Import

A sustainable environment makes for perfect economic sense if we leverage our renewable hydropower to replace polluting fossil fuels. Currently import of diesels and petroleum amounts to Nu 10B in 2019 negating the benefits of hydropower exports. The Royal Monetary Authority (RMA) has also established that a 10 percent increase in fuel price leads to 0.4 percent in CPI inflation, thereby, even making the ordinary living costs higher. While subsequent governments have been promoting electric cars, DTT shall promote alternative transport that would reduce the import of fuel by over Nu 1B a year and also lead to the use of sustainable forest harvest with revenue potential of over Nu 50B.

Practical Solution: Multi-purpose cargo ropeway

A 55km Phuentsholing-Chhuzom heavy duty cargo ropeway would reduce the paradoxical transportation of diesel fuels from Phuentsholing in heavy trucks that



burn over 100 liters of fuel in transportation. With Bhutan's rich experiences in building 220kV to 400kV transmission towers over this route, we have the technical expertise to build the ropeway. Therefore, unlike passenger ropeways which are expensive to build given strict safety requirements, a cargo ropeway is both technically and financially viable.

DTT Pledges for the Environment

1. Use resources now and prudently to avoid future demographic disasters like the youth exodus.
2. Sourcing green financing worth USD 1B in 10 years.
3. Build a 50km, 400kV equivalent ropeway from Phuentsholing dry port to Damchu.
4. EV for BG, reducing emissions from government fleet of vehicles.

2.3 Social Harmony: Who We Are

Person Bytes and the Economic Complexity Index (ECI)

Our social harmony can be ensured through our symbol of our national strength, unity and pride – personified by the strong, sacred and benevolent institution of the monarchy. It encompasses the ideal of a philosopher King along with the modern practical concept of a strong and decisive leadership with awe-inspiring legitimacy that transcends race, religion, ethnicity, cultures and even international borders.

2.3.1 Our Symbol of Unity

It is our faith in the institution of monarchy that will naturally organize and structure, not only our government and society, but also our family unit and personal lifestyle in a harmonious way that guarantees us long term stability in an increasingly unpredictable and unstable world. Sandwiched between neighboring giants, our social harmony forms the basis for our national survival. While comprehending such existential threats, we must not be carried away by theories and practices which are irrelevant in our context but should rather, ultimately, be subject to the overall wisdom and actions of the golden throne. Within this framework of social harmony, DTT shall explore the following policies that again directly contribute to the economic progress and prosperity of the nation and focus on, say, education.



2.3.2 Education: Nation First, Youth Foremost

We need enough letters or the person bytes to activate the economy

Education is not only seen as the ultimate equalizer to social equality but also a powerful means to economic progress and prosperity. However, increasing the number of schooling years with little improvement in its quality and relevance to the economy will, in-fact, lead to inflation of the education degrees.

Our education thumbnail resolution is the scrabble theory of letters, where we can compare our individual knowledge and skills to the letters in the alphabet and their collective formation of the words. While three letters can make four words and four can make 10, 10 letters can make 595 words, thereby, empirically demonstrating the power of teamwork leading to exponential impact in delivering results. Each of the different skill sets, talents and professions can be compared to the required set of letters, whereas the economic production of goods and services can be compared to the resulting words.

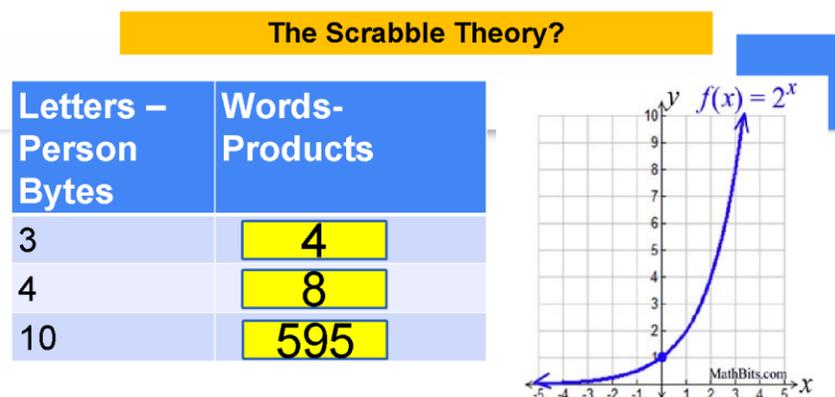


Figure 7. Scrabble Theory Model

This requires that our education system, geared towards economic progress, should teach and train our youth and specialize them in diverse letters rather than make them the same letters of the same kind. The focus on STEM subjects will produce these diverse letters that will allow Bhutan to compete internationally, which is again proven through the Economic Complexity Index (ECI).



2.3.3 The Content: Bhutan Bacculaureate and Cambridge System

The Druk Gyalpo Institute (DGI) in Paro has been developing both the strategy and content for the Bhutan Bacculaureate (BB) for the last decade. Similarly, other systems like the Cambridge System and the IBs shall be explored. When it is ready to be rolled out, DTT shall again be committed to mobilizing the required resources and the implementation plans to roll out instead of developing competing strategies, which have been the cause of much woe in the sector in the past.

2.3.4 21st Century Ready Skills

In the hierarchy of education streams, DTT shall focus on STEM subjects, mostly at applied science and vocational education. Digital skills for future jobs will be integrated through the production and use of technologies like drones and Internet of Things (IoT) for increasing yield and productivity in agriculture, forest and construction sectors. Focus will also be lent to export on the development and export of digital skills through targeted establishment of small-scale industry and industrial parks, including collaboration in start-ups with targeted investments in digital technology.

In vocational and tertiary education, focus will be international tie-ups on both delivery and certification to prepare our youth and the workforce for the future projects. This will require the projection of the likely demand of various skills in the project and then investing in the upskilling of students in these areas. Most likely the construction, legal and hospitality sectors will dominate in the beginning, followed by other services like banking, finance and technology.

2.3.5 Autonomy and Creative Management: One size does not fit all!

In addition to the numerous day-to-day lesson planning, the school staff seem to be spending a lot of time on administrative works like budgeting, IWP and crossing bureaucratic hurdles due to lack of autonomy. Moreover, they do not have any authority to customize the budgetary needs based on their own school requirements, a case again of one size shoe for all. Based on the principles of MEET, schools shall be granted autonomy in their budget and administrative management with full transparency and accountability.



2.3.6 Private Schools: Options and Innovations

Private schools will be encouraged. They provide much needed options for students who either do not qualify in government schools or are unable to get autonomy that will still be difficult to match in private schools. Private schools will also be able to use ideas, which are infeasible in government school. Such ideas, if proven successful, can then be replicated in the government schools as well.

2.3.7 The Great Australian Exodus and the Economic Complexity Index (ECI)

The common narrative for the great Australian exodus is that they leave because of lack of opportunity in Bhutan. This can be explained from the Economic Complexity Index (ECI) theory. Australia ranks 91 in the ECI ranking (2021), whereas Bhutan has no ranking. In this, rather than stopping people from emigrating, we could leverage the trend and see how we can treat this like a large-scale scholarship and skilling scheme. This will increase the level of advanced skills training and knowledge and hence the potential for improving our own economic complexity index, which can eventually be channeled back to Bhutan to power its own growth. Hence the use of global pathways for enhancing Bhutanese skills, knowledge and productivity.

2.3.8 The Global Pathway Scheme: Joint Certification for World Ready Skills

The global talent pathway scheme will help, in a coordinated approach, towards organizing all Bhutanese migrants to Australia against a targeted list of job segments that best match their aptitude and inherent skills. The scheme will finance them to be world ready through joint degrees and certifications in STEM and vocational education.

This will grow into a rolling fund that would have grown and benefit over 11,500 students. The education loan scheme offered through existing financial institutions shall also facilitate the entire life cycle of the study abroad starting from admissions, visas, initial housing and job opportunities for students in Australia.

2.3.9 Reverse brain gain through a Golden Sunshine Carpet Scheme

The current diaspora in Australia actually presents a great opportunity for a reverse brain gain. It has been the trend that diaspora has not only contributed to the foreign remittances but also resulted in transfer of knowledge, skills and capital back in the home country. Historical examples include the Indian diaspora in the IT sector and also the success story of the garment industry in Bangladesh.



The diaspora and the group who initially went out (in case of Bangladesh to South Korea in the '70s) returned home and led to a boom in the sector in their own home country. We see potential areas even for the Bhutanese diaspora in Australia, who are currently hesitant to return for lack of investment opportunities and difficulties in navigating bureaucratic procedures in Bhutan.

This group could bring an advanced level of skills and experiences along with their savings as potential capital for starting businesses in Bhutan. DTT shall have a special scheme to welcome them and facilitate them not only to obtain their license and clearances but also handhold their business during the initial period.

2.3.10 A Bhutanese Age Care facility and a Hospital in Australia

There is much learning from the Indian diaspora targeting the IT sector abroad and the Bangladeshi targeting the garment sector. The government should target specific sectors in Australia, where our diaspora has the competitive advantage.

Currently the majority of the Bhutanese are employed in hospitality and age-care, given our caring nature. They provide the labour input, which is also the highest cost of operations in this sector. However, the cream of profits is taken by the owners and the investors. Government shall, through DHI, invest in acquiring a hospital or a health care center in Australia with equity investments both from local investors in Australia as well as the diaspora who end up working in that industry.

This will not only allow ownership of the venture but also result in skill transfer in this segment at every level from specialist to management to support staff level. The learnings and experiences from the entire service can then be gradually transferred to Bhutan to enhance our venture into medical and health care and wellbeing tourism. DTT, through strategic partnerships, shall invest in at least one hospital and one age care facility in Australia and employ 1,000 Bhutanese diaspora.

DTT Pledges - Education

1. Prioritize vocational and skills education (70 percent after high school).
2. Ensure 21st century ready workforce by 2030.
3. Finalize Bhutan Baccalaureate as the content from DGI as the main education curriculum.



4. Provide autonomy to schools in terms of funding and management.
5. Review Individual Work Plan (IWP) for teachers to reduce their workload and increase their productivity.
6. Allow private schools for more flexibility and innovation.
7. Encourage commercial aspects of attracting international students to the education institutes.
8. The Global Pathway Scheme: Joint Degree Certificate and Education Loan in Vocational Education.
9. Reverse brain-gain through a Golden Sunshine Carpet Scheme
10. A Bhutanese Age Care facility and a Hospital in Australia
11. Saturday OFF for government schoolteachers.

2.3.11 Phami Drinlay and Nazhoen Drogram

As we go through major changes in the cultural landscapes, social rifts are bound to arise even between children and parents. These are manifested in the cases of growing substance abuse, broken families, and neglected elderly citizens. Sometimes this is a result of our own misunderstanding of our roles.

The older generation looks at its younger as being rebellious, while the younger generation looks at the older as a demanding archaic *Driglam Namzha*. However, it is best proven that we need the co-existence of both the traditional structured norm and a chaotic, but adventurous, future generation.

One can find out through deeper discussions that parents feel they are being held hostage by their children who could turn to substance abuse if their parents don't pander to their demands. The children, on the other hand, feel neglected when their parents are either too busy or come down hard on them. Both have the right intentions, to do something for a successful family unit, but are faced with different outcomes.

DTT shall ensure that parents should be entitled for compensation if their children have not fulfilled their end of the bargain through an understanding of the long-standing social norms. Similarly, children should be entitled to protection and damages from parents who are either negligent or put unreasonable demands on their children.



The state should not only step in to provide the cushion for such individuals (both parents and children) but also have the mechanism to punish those for neglecting their basic social duties, which are not covered under current legislation.

DTT shall institute a senior citizens allowance to cater to the needs of the elderly population not covered under existing pension schemes.

2.3.12 Moghi Thobthang: Women Empowerment

For women, Bhutan could perhaps sanctify the tradition of a matriarchal culture through legislation. Property and license ownerships, along with differentiated taxation that will lead to a fairer and equitable opportunities for women.

Since it is mostly the women who will have to give up their career opportunities to raise the most important societal unit, the family, we should provide them with enough protection in the event their partners do not acknowledge such contributions in the economic or social structure.

We should, therefore, facilitate more ownership of property rights, including licensing for business to women through tax breaks and institutional support. Property transfer taxes and Personal Income Taxes (PIT) to women with more than one child should be waived off and women's business should be facilitated through skills and knowledge training.

DTT Pledges - Social Welfare

1. *Mogi Thobthang* (མོ་གི་ཐོབ་ཐངས་)- Women Empowerment – Who owns the property and who pays the taxes?
2. *Phami Drinlay* (ཕ་མའི་དྲིན་ལན་) - Spare the rod but have the legal teeth to flog our children into shape?
3. Raise the national minimum wage to Nu 500 a day.

2.3.13 Health & People with Challenges

You take care of your Wealth, we take care of your Health

Health care has a huge cost to the nation. The cost of treatment and loss of productivity from the workforce for lack of proper health care services are not



properly accounted for. With one of the highest budget allocations in the sector and little to show for, we need to revamp the healthcare system. We need to not only reduce the cost of treatment but also increase productivity of the nation through a healthy workforce.

Most of us tend to ignore our health until it is too late. By then, a visit to hospital is literally painful. The long lines, the crowded places, the overworked health care workers, month long que for CT Scan appointments, broken equipment and the list goes on.

DTT shall reduce the waiting time in the hospital lines to less than 15 minutes to start with, expedite the adoption of technology platforms and motivate doctors and nurses through respective professional councils and incentives. It should also encourage participation from other sectors to allocate risks and responsibilities to where they are best mitigated. For example, maintenance of equipment and facilities is best done by outsourcing so that health professionals can focus on their critical tasks at hand.

Incentives for professionals could be a scheme for extra hours and extra earnings, where they can work certain hours in some of the private clinics, including sabbaticals abroad so they can also get additional exposure and income from other sources.

Most important, the entire health care system for now can be run as an integrated health care system since we do not have any other players in the system than the government. Data can be consolidated; policies can be streamlined, and a uniform modular approach can be adopted.

2.3.14 Need-based and Not Rule-based for Resource Allocations

Doctors, nurses, MRI, CT scans and Ambulances: Currently resources like certain bedded hospitals, an ambulance or an MRI equipment are allocated based on certain archaic rules in the health care system. However, beds in Paro hospital are empty since people prefer to travel to Thimphu in any case, while MRI scan machines in Mongar lie idle or operating far below their capacity of scanning one million patients. Worse is that BHU-II in remote places like Lingzhi get no qualified nurses and no diagnostic equipment, leaving travelling on foot or makeshift



carriages or evacuation by air as the only option. All these should now be need-based instead of rule-based. Expensive equipment like MRI and qualified nurses should be more on mobile concept given the sparsely distributed population and health workers could multitask in remote areas to provide basic primary healthcare.

2.3.15 Rural Life Insurance Scheme: Matter of Life and Death

The only sensible policy (though still not equitable) is that since we are unable to provide the same quality of services to the rural population to save lives, we should at least provide them the bare minimum of support at the time of death. Supporting them with adequate insurance payment with requirement that they should be residing in rural areas will help curtail rural-urban migration as well. Therefore, DTT shall increase the urban rural life insurance from the current 30K to 100K.

2.3.16 Provide options for those willing to Pay - Prevent outflow of Forex

The current healthcare system is expensive without offering any choice. Moreover, the cost of healthcare is inherently opaque and biased towards those with the means and the connected. People with connections have the means and access to the best services, at the shortest waiting time, with the most qualified doctors and nurses and the promptest references abroad. For the rest, it is the usual grind that wears down a patient even more.

To be fair, those with the means are willing to pay for their special services, but currently we just do not have the option. DTT shall provide the option, either in the existing system or by providing a different set of fast-track channels, including international and private service providers. This is required to prepare ourselves as a medical tourist destination and to provide services to international clients. The potential revenue from those shall be used to improve the quality for the rest of the population.

2.3.17 Mentally Challenged, Physically Challenged, Legally Challenged

There are two ways in which we are shutting out our youth demographics from the national domestic production activities; exodus abroad and incarceration. While our attention is turned to youth exodus abroad, we are missing out on the vast numbers of youth who are incarcerated either for misdemeanor, substance abuse or trafficking and statutory rape.



These are the legally challenged sections of society with pre-or-post consequences similar to the mentally and physically challenged groups. DTT shall have an integrated system to trace the entire life cycle of these challenges. While some offences that do not merit such harsh penalties need to be revisited, there shall be counselling and orientations for those who are incarcerated so their integration back into society can be smooth and productive.

DTT Pledges - Health

1. You take care of your Wealth; We take care of your Health.
2. Increase rural life insurance to 100K with premium limit to Nu 800.
3. Provide crop insurance options for rural wildlife conflict.
4. Facilitate Health insurance for treatment abroad, which could include pre-existing diseases.
5. Provide services on need-based and not rule-based for ambulance, nurses and CT scans and X-ray machines.
6. Provide options for those willing to pay for speedy health services, including treatment by international service providers.
7. Provide services for mentally, physically and legally challenged sections of society.
8. Apply “Your extra time is your extra earning” concept to healthcare workers as well.
9. Provide special dental and dermatologists services for our diaspora abroad which are not covered by their insurance through both on-site and off-site services.⁷

2.4 CULTURE: Our Sense of Pride

2.4.1 Venturing Out with the Incredible Soft Power of GNH

Viewing our culture through the economic lens again allows us to intentionally leverage on brand Bhutan. We have established huge credibility in our practice of Buddhism and spiritual well-being along with GNH that directly translates to economic growth. A case in point is the high-end tourism and the Buddha Dordenma Project

⁷ Bhutanese diaspora would rather come for a month-long holiday in Bhutan and then take care of all their dental and dermatology needs at half the cost of a similar treatment in Australia. This will be run on a commercial model and there will be no subsidy from the government. Precisely because it is not life threatening, it is a perfect package that has the potential to generate a substantial revenue to the government from our diaspora.



which has now become a major tourist attraction besides bringing in foreign currency during the construction period.

2.4.2 The Bhutanese Sense of Pride: Our Culture

As the *Royal Kasho* has mentioned, our sense of pride by being a Bhutanese derives from its strong and rich sense of belonging, identity, culture, and history. Our sovereignty and independence were protected through our cultural resilience. The ways we do things have always been different from others as it is based on our profound cultural values. This embedded social intelligence, which is a part of our culture, cannot be obtained from university degrees.

2.4.3 The Ngar beyond the Driglam Namzha

This requires that we imbibe our Bhutanese way of life in a genuine way, thereby, opening up a robust discourse on our way of following *Driglam Namzha*. What is only an apparent outward display of personal bearing cannot be sustained in difficult times if it does not arise from deeper convictions.

Without an overall transformation of personality based on deep and genuine personal values predicated on the national values, a Bhutanese will not have any “Ngar” when met with challenges. We should be inculcating the right behavior, attitude and belief systems in mind, body, and speech, beyond the rituals and fanfares. This requires us to look for deeper meanings in our culture and tradition and simplify how we communicate them.

In addition, some of our philosophies and practices align themselves to a compelling mix of modern empiricism, including psychology and behavioral science to a more spiritual and meta-cognitive phenomenon, including that of quantum computing. The principle state policy of GNH state of boundless compassion can be loosely interpreted as “meta-verse”, while the centuries-old debate on the non-binary and non-duality state of “emptiness” is a complex state of nature that perhaps could be demonstrated through quantum physics.

2.4.4 Traditional Multipurpose Halls (MPH) for Community Entertainment

The film industry has truly demonstrated this sense of pride through their creativity and reach despite the minimal support from the government. For instance, the famous *Yak in the Classroom* has been screened in Hollywood but not at Gasa, where the



movie was shot. DTT shall therefore, commit to facilitating the construction of an affordable movie hall in each Dzongkhag based on innovative design blending with local materials and with multipurpose utility for the community. The architecture will be traditional, whereas the structure will be of basic trusses that will allow for affordable facilities.

DTT Pledges - Culture

1. Reverse pilgrimage package for every Bhutanese visiting other countries on pilgrimage.
2. Facilitate the building of movie screening premises with simple and affordable local designs as well as the use of existing multi-purpose halls.
3. Assist in logistics coordination for movie distribution in the Dzongkhags through LG networks through timely issuance of clearances and approvals.
4. Establish GNH collaborators in 10 major cities in the world through PPP.

2.5 Banking, Finance and Digital Technologies

Our Future Platform

Government has always led investments in Bhutan with private sector investments limited to housing and hotels. These two sectors have in-fact defined the products of the banking and finance sectors in Bhutan. To achieve the growth target, the banking and finance sector has to drastically leapfrog in terms of their products, technology platform and their capital base.

2.5.1 Focusing on the Private Sector and not just the 13th FYP

The total resource envelope given in the 13th FYP is Nu 405B, including revenues, anticipated aids and hydropower generations and also the fiscal deficit of almost Nu 80B. To power the economy towards a USD 10B GDP in 10 years would require an investment of at least Nu 1.5 trillion. The current layout is not even half of the target. This requires that we explore other sources of revenue such as innovative financing, equity financing and the introduction of other financial products.

This also makes us look at the private sector with huge expectations and perhaps gives us the opportunity to really start the engine of growth. Just by tracing the money, we



can put the private sector in the driver's seat instead of the government. However, our policies have to be liberalized to allow this to happen and break out of the vicious cycle of the private sector dependence on government investments.

2.5.2 Current State of Banking and Finance

The total assets of the financial sector are around Nu 250B, a major part of which is loans and advances. Almost 50 percent of these loans are in the Housing and Services (including tourism) sector, with production and manufacturing comprising only 12 percent.

On the capital market front, we have around 22 listed companies with a total market capitalization of Nu 51B. This was 27 percent of GDP compared to the global average of 92 percent and that of lower middle-income countries at 61 percent, reflecting the underdeveloped nature of the country's capital market.

As of 2019, the Finance, Insurance and Real Estate contribution to GDP was estimated at Nu 14.5B. With the high growth target, the sector will need to contribute to Nu 81B of the GDP.

2.5.3 Total Investment of Nu. 1.5 trillion by 2034

For a GDP target of USD 10B by 2034, we need a cumulative investment requirement of about Nu 1.5 trillion over the next 10 years, assuming a much higher level of capital efficiency (ICRO of 2.8) than historically recorded (ICOR of 7). Other challenges are high non-performing loans (NPL) and low pension coverage at eight percent of the population, with the government always running a fiscal deficit. The debt to GDP ratio is also high, especially given the high investments in the hydropower sector.

This requires that we increase future equity investments through promotion of FDI, capital markets and innovative financing. We need critical players missing in the financial ecosystem like credit rating agencies, investment banks and venture capital/PE funds. This is where we need to sort out our regulatory challenges currently impeding FDIs. This is also one of the ways the private sector will be looked at as the real engine of growth by raising capital through PPP projects, where risk can be shared between the government and the investors – with the government providing land and infrastructure, while the investors provide the capital, the know-how and technology.



2.5.4 Capital is cheap, opportunities are scarce

The concept of priority sector lending (PSL) for the conventional banks and the rural subsidized banks like Business Opportunity and Information Centre (BOIC), Rural Enterprise Development Corporation (REDCL) and Cottage and Small Industry (CSI) have all crashed, leading to even policy corruptions⁸. This requires a new financial philosophy.

The perennial complaint of lack of access to finance from all business sectors show a lack of real insight and business acumen. What is, in fact, lacking is the opportunity and the market that is actually the foundational requirement for all startups and business ventures. Therefore, a start-up is only as good as a market that can capture, which eventually depends on ideas and value proposition of the business unit. The fact that capital is abundant is clear from the overwhelming capital in the government bonds (almost 99 percent in the US) as compared to the venture capital market.

DTT shall also encourage other localized simple banking products that do not need collaterals such as trust banking, movable finance, cash flow and tax receipts-based financing among others. However, this will require integration of all agencies and stakeholders, including a transparent and regular monitoring of projects by financial institutions, Dzongkhag officials, regional trade offices, agriculture and livestock offices, and LG *gups* and *thrizins*.

2.5.5 Taxes and levies: Domestic investments also deserve tax breaks

While taxes and levies could be a major source of revenue for the government, it should be focused on business entities rather than on individual earnings and properties. Higher taxes, especially on land and buildings, both in the urban and the rural areas, are seen to be redundant. There are barely any earnings from rural land holdings and urban properties are already taxed through the rental earnings. This will be seen as highly ironic, especially when most FDIs and capital raising schemes will invariably include tax waivers for foreign entities.

Therefore, the current tax increment of over 1,000 percent calls for review, especially given the aftermath of the Covid-19 pandemic and the frail positions of business and

⁸ Refer to press coverage and audit observations pertaining to the operation of these financing windows.



property owners. Instead, properties used for generation of additional wealth through use for business entities should be granted tax waivers.

DTT Pledges - Finance and Banking

1. Set up additional banks, venture capital (VC) and private equity (P/E) funds.
2. Review taxation policies on PIT, rural and urban properties.
3. Establish Green Channel for FDI over Nu 100M.
4. Divest loss making SoEs to raise at least Nu 10B.
5. Remove double taxation for holding companies.
6. Establish an Investment Trust Fund, a Mutual Fund and a Hedge Fund.
7. Inject equity of Nu 2B into existing banks and financial institutions as government equity to support the growth and development of the CSI sector. This will lead to a derivative asset of Nu 7B.
8. Recommend that banks also explore other products based on trust, community groups, movable assets, tax and cashflow based receipts.
9. Initiate a conclusive study on the currency peg with INR, its impact on local inflation, production comparative advantage and overall trade balance.
10. Enact the Infrastructure Development and the Project Economy Act.
11. Raise USD 1B green financing from the international market.

2.5.6 DTT - Digital by Default

With past experiences, the financial sector is a good foundation for launching the digital sector. Banks have been among the first organizations in the nation to adopt technology platforms to improve efficiency and service deliveries. The banks also have the largest pool of data on their clients and also certain patterns of both economic trends and social behavior.

Indeed, for Bhutan to become a truly digital nation, digitizing the financial sector is a critical pillar. Specifically, the three pillars of a digital nation are:

1. Digital economy: using technology to drive industries such as finance, agriculture and tourism.
2. Digital society: upgrading use of technology in healthcare and education
3. Digital governance: promoting delivery of public services through technology



Focusing on the first aspect of a digital nation means enabling the digital economy, which includes fintech and digital banking to, not only drive high-growth industries in the economy but also uncover new opportunities in areas like digital payments and grow the reach of social finance through initiatives like ‘banking the unbanked’.

2.5.7 Digitalization facilitates economic efficiency

Digitalization facilitates economic efficiency in all industries, through creation of new business models:

i) Decentralized banking

We believe that decentralized cryptocurrencies like Bitcoin and Ethereum will fundamentally change how the world views and uses money. Bhutan needs to pioneer a new financial system that is built in real time – one that will accelerate our economy for generations to come.

ii) Open-source finance

The creation of a digital nation depends heavily on an open environment. An open environment is especially important for the digital economy (e.g. the openness of technological resources, integration with international payment gateways and the assimilation of international and local partners). Bhutan’s financial systems need to work and coordinate with global payment services and gateways. This is especially important for remote work and Bhutan’s participation in the global gig economy, where independent Bhutanese contractors, firms, and freelancers, can fill temporary and part-time positions in the international market, with their skills and services.

iii) Digital services

Financial services can now feel confident in accelerating existing processes of digitizing all services, while also providing live banking support through video conferencing and human support through phone calls and chats.

DTT Pledges - Digital by Default

1. DTT shall adopt the policy of Digital by Default for delivery of all public services.
2. Adopt an Innovation Policy.
3. Establish Science, Technology and Innovation Parks.
4. Raise internet penetration rate to 80 percent from the current 60 percent.



5. Expand internet access across all secondary schools, hospitals, post offices and local government offices by 2025 with the aim of providing them with broadband connections.
6. Directly link digital transformation strategy to education and TVET reform efforts. This means equipping job seekers with globally competitive skillsets through lifelong learning approaches.
7. Showcase public service delivery and performance management through the *Thuendrel App*.

2.6 The Great Transformation

Since ascending the throne, His Majesty the King provided a clear vision on how we should organize ourselves as a competent society and a nation, in anticipation of the monumental changes in the years ahead. However, it was during one pandemic year at the 113th National Day Royal Address, that the King raised tough questions on how “*impediments to development are entrenched in the system*” and commanded major reforms in the civil service and the education sector.

Some issues require us to move from the norms, preserving what works and discarding what does not. We need to start having difficult conversations on tough issues instead of hesitating to tell the truth that might offend people. This requires a mindset, attitude, values and behavior change, solutions that cannot be devised by any outside expertise or any domestic authorities with technical knowhow. Therefore, the Royal *Kashos* command a fundamental shift in the way we approach major reforms and change management in the nation.

2.6.1 The Royal *Kasho* and the framework for Adaptive Leadership

Inspired by this leadership approach, we structured our *Thuendrel* leadership training curriculum framework that aligns almost word-for-word with the concerns raised in the Royal Address of the 113th and the 114th National Day. This is the Adaptive Leadership framework, a hugely transformative and popular course at Harvard University:

Adaptive Leadership is all about “getting attention on the real issues, orchestrating confrontation of impediment to progress and change, having difficult conversation on the tough issues and intervening where necessary to create openings in the prevailing group



patterns, so that people can learn to adjust their thinking and behavior (make adaptations) in order to provide our organization, community, and our nation its best chance at success”.

The Royal Kashos are a wakeup call to every citizen and not just the civil service and the education sector. As we prepare for a post pandemic era, we have to brace for major changes in the way we conduct our businesses. We will come across situations where, forget about solutions, even problems will appear unclear. We roll out some change management initiatives only to realize that everyone is back to doing the same thing with the persisting same problems. At best, we look to authorities for answers and at worst we experience resistance and even face marginalization if we speak out and take initiatives. These are all adaptive challenges that demand the exercise of adaptive leadership, which perhaps best explains the process of the recent transformation exercises.

2.6.2 How to confront losses and show a clear path for the future.

As expected, the transformation has provided the much-needed impetus and a huge shakeup to the erstwhile system that is entrenched, focusing on the wellbeing of those appointed to serve, rather than those in need of services, the people. However, the implementation challenges are many and unless handled properly, it could lead to uncertain outcomes and provide a negative spiraling reinforcement to the current wave of mass resignation and the onward exodus to Australia.

DTT shall carry through the transformation initiatives with a detailed implementation plan of how to confront losses that invariably come with such major transformation and show a clear path, including the state of the future to the population at every stage of the transformation. While it is extremely difficult to predict the outcome and the impact of such major transformation initiatives, we need to mobilize the public and the nation behind the initiative with transparency and awareness.

On the softer aspects, we need to comfort the civil service by restoring a certain level of confidence and the pride that comes with being part of the civil service. On the tougher side, we need to brace ourselves for the fallout from such an exercise, which might spell replacement of half of the workforce through



expedited adoption of technology in the system to provide an improved level of services to the public.

2.6.3 Getting Ready for the 21st Century Bhutan

Bhutan has seen numerous innovative and bold visionary initiatives from the Golden Throne borne out of Their Majesties' deep love and benevolence. The ultimate beneficiary of these initiatives will be the Bhutanese populace, bringing opportunities at their doorsteps to catapult the nation from a poor developing nation with hardly US\$3000 of GDP to that of a nation with GDP of over US\$12,000 in the next ten years.

The most important responsibility for any government is to get the population ready both in terms of skill upgradation and investment opportunities resulting from these Royal Interventions. With the planned investments that will bring billions of dollars, we will be able to create the environment that will transition our economy from the current aid driven to that of a thriving modern and advanced economy.

If we cannot increase the quality and the productivity of our agriculture sector, then we will miss the demand of the special projects. If we cannot prepare the raw materials for these projects, then our imports will balloon. If we do not upgrade the skills of our workforce, then the work force will be dominated by foreign workers, and we will end up doing menial jobs. If we do not increase our energy generation then there is no incentive for industries to locate here. Therefore, one of the most important things for the government of the day is to align their plans and activities with the Royal Visions and within the timeline provided.

2.7 Thuendrel Team: The Paljor Pazzaps

The Economic Warriors - Project Managers

Thuendrel team is organized along a corporate structure, led by a Chief Executive Officer (CEO), a post traditionally that of the Prime Minister. The rest of the Cabinet members are the Project Managers. This break from the past is essential to focus more on the performance and results rather than the role and the formal positions. This requires that we inculcate an internal motivation and commitment from the team and also provide the organizational structure and the resources to create that work environment, where the team should thrive on the diverse talent, background, and the knowledge of each member. DTT has assembled a group of highly diverse, competent, and energetic teams following the 'Scrabble theory of Letters', where each of the team members can be compared to a requisite letter in the alphabet.



2.7.1 Ready to plough the community field by breaking our own ploughshares

Thuendrel is a highly committed team of individuals driven by a higher sense of purpose, that of putting the “Nation First” through individual and collective sacrifices. This sacrificial motto makes for a team with the requisite “*Ngar*” to ask the hard questions and take the tough decisions in the interest of the public and the nation.

Thuendrel team imbibes the true spirit of *Mangi-Gothribs*, in selfless service to the community and the nation. While it is generally perceived that leadership is closely associated with position or authority, recent trends underscore the action of individuals working in collaboration and the importance of leadership of the self. His Majesty the King has maintained that “What we need is not a leader to lead the masses – we need leadership of the self.” In *Thuendrel*, these “gems” and “nuggets” have been translated into a shared purpose for all of us - how do we respond to the Royal Command, which like in the Bhutanese parable, is heavier than the mountain and more precious than gold. The team is coming forward to serve the public and the nation with the deep conviction that “*To plough the community field we need to break our own ploughshares*”.

2.7.2 *Thuendrel* is Accountable to the public at every stage.

The general notion is that elected officials are accountable to the people they appeal to during election, but their performance can be evaluated only at the end of their tenure and in the next round of elections, when the public can decide whether to re-elect the incumbent or vote it out. However, that is too late, especially in terms of remedial measures to implement in case of damage done to the country, to the people, through shortcomings in policies. Therefore, *Thuendrel* constituted a unique feature in its organizational structure, where the public will have a direct third-party assessment of the members on a regular basis. This is done through our *Thuendrel* Parliamentary Coordination Committee (TPCC).

The TPCC will not only ensure the party keeps in touch with the grassroots through their Dzongkhag coordinators but also allow the non-elected members to actively participate in governance. Through their mandate of the performance management systems of the elected members, including the Cabinet and the parliamentarians, they will have the power to hold the elected members accountable through regular



feedback. They can also take actions against those who underperform, to the extent that even Cabinet members can be changed if necessary.

2.8 The Way Forward

The first thing is to coordinate the establishment of an Economic Development Agency (EDA) as a separate independent council with adequate representation from the private sector to;

- Provide overall strategic oversight and direction for the implementation of the roadmap.
- Review regulatory issues that might require amendments of legislations and regulations.
- Draw up the structure, functions, mandate, and the power of the Agency.

Lead the formulation of a detailed three-foot implementation plan for this manifesto in the first 100 days in coordination with relevant agencies. Consider the following planning approaches and frameworks:

- Ecosystem based approach – end-to-end approach towards ease of doing business.
- All projects or programmes must be through the whole-of-government approach to break the silos.
- Lab methodology (templates, solutioning, syndication, prioritization matrix). Train relevant sectoral focal officers on lab facilitation and methodology.
- Private sector engagement in the planning process as the key ingredient.
 - a) Realign the 13th FYP programmes, projects, and resources with the manifesto.
 - b) Review relevant national policies and harmonize with the themes of this manifesto to improve the national ecosystem and promote data, technology, and innovation.
 - c) Develop new policy screening tools to promote ease of doing business.

2.8.1 Resource Mobilization and Reallocation

- a) All government planned works will be within the resource envelope of the 13th FYP, which is around Nu 500B for the next five years.
- b) Government to work out the detailed project reports for negotiation with financing sources in the first 100 days.



- c) Government investments to consider economic rate of returns in addition to the financial rate of return.
- d) Review the overall debt ceiling regulations considering that our savings may be inadequate to finance the huge investments.
- e) Coordinate and mobilize resources for the projects not only in the form of grants/loans from the development partners but also seek private sector investments.
- f) Sunomics shall allow the majority of the financing for the economic growth from the private sector, mainly on account of liberalization of the sectors and the concept of PPP and the Project Economy Act. They will facilitate the ease of doing business and attracting FDIs.

2.8.2 Monitoring and Evaluation

- a) Strengthen technical capacity related to macroeconomic policies, industrial policies, debt situations etc. This can be done through integration of:
 - Macro-economic planning functions of the Ministry of Finance.
 - Debt management functions to monitor debt cycles with future investment plans through a closed loop.
- a) Elaborate on the DBP functions to include the larger mandate of monitoring of the *Sunomics* implementation plans.
- b) Integrate within the Annual Performance Agreement (APA) targets and the RCSC reform initiatives.

2.8.3 Dependencies and Risks

Given the very ambitious goal of achieving a USD10B economy within 10 years, there are some significant risks. The most significant being our inability to attract the capital investment that is required for powering economic growth as the assumption is that the private sector will be coming up with most of the capital through FDI. If we fail to attract these investments, then we may not achieve the target as desired. To mitigate these risks, the government shall establish the Economic Development Agency (EDA) solely to attract FDI and provide them the services and the confidence to invest in Bhutan.

Other risks beyond our control are geopolitical and the global economic downturns. The past pandemic and the Russian-Ukraine war was a harsh reminder that no matter how remote, these disasters do take place and that too simultaneously. However, with broad-based foreign investments that we will be attracting, certain geopolitical and global market downturn risks will be mitigated.



The other risk is that of delayed delivery due to lack of cooperation or capacity of the various agencies and the bureaucrats. This will be tackled through clear assessment of the deliverables and training of agencies involved. There will be clear accountability across government and constant monitoring of the targets and the (Key Performance Indicators) KPIs.

2.9 Conclusion

Conclusion of this manifesto invariably leads to the way forward. With the clarity given by the Mission Sunomics of a “*Buddhist Capitalism with the Spirit of GNH*”. It is an honest and bold economic philosophy that is the requirement of the day at this critical juncture with focus on generating wealth but at the same time deriving inspirations from our Buddhist ethos and GNH spirits.

The concept of the four elements of the *Jungwa-Zhi* focuses on the main sectors with adequate natural and cultural resources. The five economic senses of the Sunomics provides for the other elements of good governance, environment, culture and the modern banking and cutting-edge technology can facilitate the nation’s drive towards economic growth. All policy formulations and national planning can now be guided with this philosophy, leading us to the way forward.



3. PART III: THE SUNOMICS ADDENDUM - OUR POW PLEDGES

Parts I & II of the DTT Manifesto, “**Thuendrel Sunomics for National Economic Transformation**”, clearly spelt out and elaborated our economic philosophy, programmes and policies that are founded on the core message of the 14th National Day Royal Address, the Constitutional Equation of GNH and public wisdom collated from consultations across the nooks and corners of our country.

Part III of the DTT Manifesto tables our additional **Campaign Pledges to the People of Bhutan**, if elected. Our suite of SMART (specific, measurable, achievable, relevant, and time-bound) promises, based on the nation-wide public consultations and collective wisdom drawn therefrom, in the spirit of “*Druk Thuendrel*, མི་སེམ་བུ་ལྷན་སྲོལ་ ”, are crafted in keeping with the national electoral laws and bye-laws in force.

3.1 Economic Development

3.1.1 Mining and Minerals

The mining sector’s contribution to the country’s GDP is 2.71 percent or Nu 5B and the sector is plagued with high preoperative costs, longer turn-around time by policy and regulatory agencies/authorities, perceived concentration of wealth and wealth creation opportunities in few hands and use of outdated technologies and mining methods.

a. DTT Pledges

DTT shall increase the sector’s GDP contribution to Nu 15B annually by 2028 and create 2,000 jobs in the mining sector through:

1. Amendment and adoption of the *Mines and Minerals Management Act and Regulations*.
2. Simple approval process for mines pertaining to environmental requirements.
3. Issue clearance decisions within three months.
4. Allow sustainable mining in protected areas (Revise the Forest and Nature Conservation Rules).
5. Allow FDI in captive mines.
6. Share benefits between the state, investors, and the affected communities.



b. Cost Estimate and Financing

- Geological mapping of Bhutan: Nu 100M through plan-tied assistance from bilateral and multilateral development partners.
- Fellowships in geology and mines engineering: Nu 150M. Source of Financing: 10 percent of surface rent and royalty collected from the mines.

3.1.2 Stone Quarries

An acute shortage of construction materials, particularly stones and aggregates closer to key urban areas and construction sites has increased the cost of construction in Bhutan. DTT shall implement the Royal decree both in letter and spirit for stone and sand quarries.

a. DTT Pledges

DTT shall expedite and open quarry approvals and promote benefit sharing to ensure that stones, aggregates, and crushed sand are affordable and available for all development works through the following deliverables:

1. Delegate approval of stone quarries to Dzongkhags and Gewogs.
2. Digitize goods movement to prevent revenue leakage.
3. Introduce benefit sharing between central and local governments through amendment of the *Income Tax Act of the Kingdom of Bhutan*.
4. Improve monitoring of compliance by central agencies.

b. Cost Estimate and Financing

No direct cost to the government.

3.1.3 Sand and Stone Supply from River Systems

The supply of sand from river banks and beds are predominantly operated by the Natural Resources Development Corporation Limited (NRDCL) in few isolated river basins like the sand quarry at Tshokana in Punakha. This has led to higher costs of sand in the neighboring dzongkhags due to transportation costs and uncertainty in the supply chain, ultimately resulting in delays and increased costs of construction.

a. DTT Pledges

The DTT government shall ensure that sand, as an important construction material, is available and affordable in all parts of the country through following initiatives:



2. Revision of Clauses 292 and 293 of the *Forest and Nature Conservation Rules 2023* pertaining to the eligibility of rural timber. Also incorporate allotment of commercial timber or standing trees for other rural construction.
3. Development of campsites, tour programmes and basic amenities in selected protected areas (private sector investments).
4. Encourage the use of modern technology in logging, timber processing and manufacturing of timber products through fiscal and non-fiscal incentives.
5. Promote FDI in the wood and non-wood forest products.
6. Promote the export of semi-finished and finished timber products.
7. Impart training and facilitate knowledge exchange and apprenticeships for artisans engaged in the manufacture of goods based on non-wood forest products.

b. Cost Estimate and Financing

No cost, as the investments will be made by the private sector.

3.1.5 Hydropower

Hydropower provides benefits beyond electricity generation by providing flood control, irrigation support and clean drinking water. Hydropower shall jumpstart the nation's economy by powering our growth ahead through the efficient concept of the Project Economy.

a. DTT Pledges

DTT shall not only resume works at Punatsangchhu-I and Kholongchhu but also ensure financial closure. It will initiate construction for some of the following hydroelectric (HEP) projects and implementation of four small hydroelectric projects.

i) Other Mega Hydro Power Projects under consideration

Dorjilung hydroelectric project, Mongar	1,125MW
Sunkosh hydroelectric project, Dagana	2,500MW
Bunakha reservoir hydroelectric project, Chhukha	180MW
Integrated Gongri reservoir-Jerichhu pumped-storage hydroelectric project, Trashigang-Mongar	2,500 (700 + 1800)MW



ii) Small Hydroelectric Projects in the pipeline

Jomori hydroelectric project, Samdrup Jongkhar	90MW
Gamri-I hydroelectric project, Trashigang	45MW
Bindu I & II hydroelectric project, Samtse	26 (18 + 8)MW
Begana hydroelectric project, Thimphu	20MW

b. Cost Estimate and Financing

- Funding shall be outside of the plan programmes.
- Financing source for mega hydro-electric projects (HEPs) will be mostly intergovernmental (IG) model with GoI, except Dorjilung HEP, which will be a multi-donor project consisting of World Bank, ADB, Qatar Bank etc.
- The four small HEPs are estimated to cost about Nu16.221B to be financed through DHI and RGoB.

3.1.6 Infrastructure and Transport

The current status of the development of basic infrastructure such as drinking water, irrigation, farm road connectivity and providing chain-link fencing are farfetched. Considering that the wellbeing and economic situation of the rural populace depend on the availability of the above logistics, DTT after detailed consultations with the public, came up with three flagship programmes, i.e. all-weather farm roads, good access to water and minimal human wildlife conflict.

a. DTT Pledges

1. All infrastructure works shall use domestic resources with the latest design and technology to the extent possible.
2. All infrastructure projects shall use the concept of the Project Economy and modular designs.
3. All-weather farm roads through black-topping or concreting.
4. Public transport, including taxis through EVs and low-emission vehicles.
5. Complete construction of the southern (alternative) east-west highway.
6. Develop cargo ropeway from Phuentsholing to Damchhu.
7. Introduce the concept of light mono-rails in the rural areas to transport agro products and also passengers, where road construction is not feasible.



8. Air transport - Facilitate and introduce commercial helicopter and domestic flight services using existing air transport infrastructure.
9. Development of the regional hubs at Doksum, Gyalpozhing, Nganglam and Pemagatshel.
10. Establish a National Logistics Corporation in association with the local governments, roads sector and the Bhutan Postal Services to reduce time and cost for the supply chain of interior goods and services.
11. We shall build about 500km of new roads of national highway standard and upgrade around 200km of the existing highway.
12. Empaneled contractors shall be facilitated with government investments in procurement of equipment and capacity building to be adjusted against running bills.
13. Concerned agencies shall consolidate their material requirements in bulk and then negotiate bulk rates with the OEM.
14. All major infrastructure works shall be based on build, operate and transfer (BOT) model for at least five years to improve quality knowledge transfer.
15. Concept of SMART city shall first be applied to small cluster villages like Laya and Bardo Trong within the first year.

b. Cost Estimate and Financing

- All-weather farm roads - Nu 5B
- Southern East-West Highway - Nu. 2B
- Phuentsholing-Damchhu cargo ropeway at an estimated Nu 800M.
- Sarpang-Changchey (Tsirang) cargo ropeway estimated at Nu 400M.

3.1.7 Production and Manufacturing

Production and manufacturing sector is driven largely by energy-intensive ferro silicon, iron and steel and cement manufacturing plants located in Southern Bhutan. While the sector has been open for FDI investments for more than a decade, success in the transfer of technology and good practices has been limited.

a. DTT Pledges

DTT shall accelerate the development of manufacturing sector and make large industries the dominant actor in the Bhutanese economy contributing Nu 20B annually to the country's GDP by 2028. This will be achieved through:



1. Adoption of *Industrial Development Policy of the Kingdom of Bhutan*.
2. Establishing the Industrial Parks Development Corporation of Bhutan⁹.
3. Reducing the turnaround time (TAT) of clearances and approvals through establishment of One Window System for all industrial parks.
4. Amending the FDI Policy and Act to remove existing barriers and enhance FDI inflow in all sectors, including CSIs.
5. Ensuring power availability and affordability through electricity tariff revision cycle of BEA.
6. Establishing the Cleaner Production Fund with a seed fund of Nu 20M from the RGoB and top up from environmental fees, penalties and contribution from sector industries.
7. Amending *Fiscal Incentives Act* to promote green and eco-friendly industries.
8. Establishing two industrial parks in Samtse for heavy industries.
9. Establishing one clean tech industrial park for solar, battery and electric vehicle and component manufacturing.
10. Implementing the Low Emission Development Strategy-Industries, particularly related to participation in carbon markets.
11. Promoting CSIs in Dzongkhags based on locally available raw materials and skills.
12. Establish three new startup centers, one each in the eastern, southern and central regions.
13. Easing land lease procedures for lease of state land for industrial activity in dzongkhags and towns in collaboration with LGs.

b. Cost Estimate and Financing

- Development of two industrial parks through PPP - approximately Nu 5B.
- Development of a Clean Tech Industrial Park (PPP) - approximately Nu 1B.
- Seed Fund for the Cleaner Production Fund - approximately Nu 20M (from GCF).
- Establishment of three new startup centers - approximately Nu 30M (RGOB/World Bank/ADB).

⁹ Corporatize the IDD of DoI



3.1.8 Travel and Tourism

The recent change in the tourism policy brought uncertainties to both travel operators, visitors and tourists, including other stakeholders in the tourism value chain. There is an urgent need to revive the sector.

a. DTT Pledges

1. Retain INR 1,200 daily SDF for regional tourists.
2. Set a simple and clear SDF rate that will allow visitors to make easy decisions and also encourage repeat visitors through rate incentives¹⁰.
3. Focus on a consistent marketing policy to avoid sending wrong messages to visitors.
4. Allow flexible FC accounts for tour operators to facilitate better payment transactions with clients¹¹, in consultation with RMA.
5. Reinstate organized tour operators to avoid lapses in accountability and ensure grant of tourist visas only if applications are routed through licensed tour operators/ travel agents.
6. Allow 10 percent of service providers' profits as marketing expenses.
7. Allow 10 percent annual SDF revenue as cultural grant.
8. Do away with cultural monument fees.
9. Allow additional entry and exit points.
10. Allow differential rates for encouraging visits to other regions in Bhutan.

b. Cost Estimate and Financing

- No direct cost to the government

3.1.9 Foreign Currency Reserve Management

Today, inflow of official aid and grants, external borrowings, hydropower export earning, remittances and export proceeds are the sources of foreign currency reserves. DTT will improve our trade balance and avoid breach of the Constitutional provision of foreign reserves through a prudent Foreign Currency measure.

a. DTT Pledges

¹⁰ Through amendment of the Tourism Levy Act of Bhutan 2022.

¹¹ Improving on the current operation of FC Accounts



1. Build a well-diversified portfolio for Foreign Currency Reserve and Management by exploring into different instruments, global financial markets and digital assets.
2. Increase interest rates on Foreign Currency Saving Accounts.
3. Explore the feasibility of introducing Term Deposits for Foreign Currency Accounts.
4. Revamp Central Bank's conservative guidelines and policies approach on Foreign Currency Management into a more conducive business environment method.
5. Carry out a compelling study on the currency peg.

b. Cost Estimate and Financing

- No direct cost to the government

3.2 Social Progress

3.2.1 Education & Skills Development

The Royal Kasha on Education Transformation focuses on STEM subjects and quality education. First and the foremost is the lack of resources, followed by low morale among teachers unhappy with the Individual Work Plan (IWP) system, among others. Schools also lack financial autonomy to be more innovative and effective. DTT is prepared to respond decisively, with conviction and imagination to transform the education sector.

a. DTT Pledges

1. Provide Annual Block Grants for schools.
2. Provide healthy mid-day meals to all students.
3. Extend Community Primary Schools in chiwogs through Multi-grade teaching.
4. Establish ONE state-of-the-art STEM school in each Dzongkhag.
5. Convert each school into a Digital School through the following FIVE initiatives:
 - Connect all schools with high-speed broadband internet;
 - Provide adequate computers and smart boards for schools;
 - Upskill teachers' digital competences;
 - Integrate digital technologies in school curriculum;
 - Introduce computer programming and coding;
6. Implement TWELVE initiatives to promote wellbeing and empower teachers and educational leaders through:



- Encourage qualification upgradation and service regularization for ECCD facilitators in consultation with RCSC.

10. Implement TWO initiatives for people with disabilities (PWDs):

- Establish three Special Educational Needs (SEN) schools.
- Establish one TVET SEN institute.

11. Implement TWO initiatives for our non-literate adults:

- Provide Non-Formal Education (NFE) learners with 10 hours digital literacy education.
- Provide NFE and Continue Education (CE) in prisons.

b. Cost Estimate and Financing (Nu 3.07B, RGoB)

- School Block Grants: Empowering Schools - Nu 0.5B
- STEM Education: Empowering the Next Generation - Nu 0.1B
- TVET Education: Building Skilled Workforce - Nu 0.1B
- Digital School: The Gateway to Future - Nu 0.5B
- Teachers: Empowering the Educators - Nu 0.5B
- Students: Enhancing Wellbeing and Competence - Nu 0.5B
- School curriculum: Empowering Minds and Transforming Lives - Nu 0.05B
- ECCD: No Child is Left Behind - Nu 0.1B
- NFE and CE - Nu 0.05B
- SEN Education: Every Student Can Learn – Nu 0.1B
- Private Schools: Leading the Way - Nu 0.05B
- Tertiary Education - Nu 0.05B

3.2.2 Health and Wellbeing

Bhutan provides free health services. However, we need to improve the quality and access of health and wellbeing facilities and services to all residents.

a. DTT Pledges

1. Prevent diseases and promote health
 - Carry out first level disease screening of every citizen in the first year;



- Reduce non-communicable disease (NCD) risk factors by 50 percent;
 - Ensure quality of life for people living with disabilities and chronic diseases;
 - Ensure minimized drug and tobacco abuse through advocacy and sensitization;
 - Provide senior knowledgeable HA to serve in the villages.
2. Train 1,500 additional nurses by 2026:
 - Facilitate the establishment of private Nursing Colleges;
 - Create a Nursing Welfare Scheme.
 3. Promote Bhutanese traditional medicine by instituting a regional Himalayan Sowa Rigpa centre.
 4. Outsource support services in housekeeping, cleaning, laundry, food, security and IT.
 5. Establish a Rehabilitation Centre for Mental Health and Disabilities.
 6. Strengthen Primary Health Centre (PHC):
 - Providing ultrasound, X-Ray, Dental, and Eye check-ups.
 - Providing three staff members, including a lady nurse and a medical officer or senior clinical officer.
 - Providing transport services in all PHCs within the first hour of the emergency report.
 7. Enhance justice, reduce crime and boost exports by establishing the National Scientific Laboratory (NSL) including:
 - services in Forensic Lab, Food and Product Testing Lab, etc¹².
 8. Start in-country MBBS course in the first year.
 9. Reduce waiting line in the hospital to 15 minutes.
 10. Your extra time is your extra money.
 11. Bring some health services to your doorstep.
 12. Health insurance for referral treatments abroad.

¹² The state-of-the-art NSL will connect all currently operating labs in the nation including RCDC, MoH and create a vital laboratory that will act as a catalyst for scientific advancement and make a substantial contribution to the general growth and welfare of the country. The establishment of a Forensic Lab will enhance justice, reduce crime, and alleviate the nation's current expenditures on crime-related cases. It will also eliminate the costs and time involved in sending samples abroad for testing. The establishment of a Food and Product Testing lab aims to boost the export of indigenous products. Currently, the country faces challenges in exporting its products due to the constant requirement for international testing certificates.



13. Modify IWP requirements for health officials.
14. Facilitate 10-hour a month of telemedicine consultation with a specialist to remote areas.
15. One private diagnostic clinic in every Dzongkhag.
16. One private dental clinic for every Dzongkhag.
17. One private dermatologist/beautician in every Dzongkhag.
18. Provide special dental and dermatology package for Bhutanese staying in Australia.
19. Services like dental impression and initial consultation shall be provided by a Bhutanese doctor in Australia.

b. Cost Estimate and Financing

- Overall costs for the health sector - approximately Nu 11B (to be sourced from donor agencies and international aid) within the normal budget.

3.2.3 Social Protection - Women and Children

There is a huge prevalence of gender disparities mainly in decision-making levels. Only about 13.9 percent of women are in executive and specialist positions as opposed to males (NCWC, 2020). The workplace abuse and sexual violence are relatively high in road and bridge construction sector as opposed to other sectors.

a. DTT Pledges

1. Ensure minimum 30 percent women candidate representation by all political parties during the primary elections.
2. Reduce gender-based violence and abuses by 50 percent.
3. Institute Gender-Based Recruitment System in all Government agencies.
4. Recognizing women and children as cross cutting issues, DTT shall place NCWC secretariat under the Cabinet from MoESD.

b. Cost Estimate and Financing

- No direct cost to the government

3.2.4 Social Protection - Youth

Youth unemployment is another pressing issue in the country, which requires immediate attention. As expected, increase in youth unemployment rate has significantly contributed to increase in crime rates in urban centers. The unemployment rate in urban areas (10.4 percent) is three-times more than that of rural areas (3.4 percent) and females (15.3 percent) and males (7.1 percent) in urban areas.



a. DTT Pledges

1. Establish one International standard TVET for skills development by assessing and recommending for collaboration and certification with relevant International Institutions.
2. Buy one building to cater logistics for overseas youth¹³.
3. Education loan for TVET Scholarship.
4. Offer Red carpet schemes for Investors to invest back home.

b. Cost Estimate and Financing

- Nu 10B from RGoB in five years

3.2.5 Children in conflict with the law

An increasing number of children under 18 years have come into conflict with the law as a result of being suspected or accused of committing an offence in the country. The RBP report recorded 131 youth below 18 arrested in 2022, followed by 621 cases of youth offences.

a. DTT Pledges

1. Designated shelter and support center for children coming in conflict with the law.

b. Cost Estimate and Financing

- Nu 10M a year or Nu 50M for five years

3.2.6 Disabilities & LGBTQ Groups

The lack of comprehensive social protection policy for LGBTQ in the country has led to continued social discrimination, stigma and exclusion from any planning and programme interventions. Without designated special support scheme for employment and skills development to mainstream these vulnerable groups, there is no other source of income, where their livelihood and survival continue to depend on the support of their immediate family members.

¹³ The youths without stationed overseas relatives will be hosted in the building, until they get employed. The repayment for logistics services shall be made once he/she gets employed and starts earning. This will be an undertaking of Bhutanese Associations outside Bhutan and therefore, no financial cost for the State in O&M of the building.



a. DTT Pledges

1. Establish One Vocational Campus for People with Special Needs.
2. Support schemes for Private, CSO/NGOs catering for people with special needs.
3. Special employment schemes for people with disability and LGBTQ.

b. Cost Estimate and Financing

- Nu 0.5B

3.2.7 Ex-Juveniles and Recovery Groups

The ex-juvenile and recovery groups are two vulnerable sections of the population, who need an immediate reintegration programme focusing on treatment, rehabilitation, skills development, employment opportunities for immediate reintegration with their families and communities.

a. DTT Pledges

1. Special reintegration skilling scheme for recoveries and ex-juveniles.
2. Lift cooling period with regard to NOC for Ex-Juveniles

b. Cost Estimate and Financing

- Nu 2M a year or Nu 10M in five years

3.2.8 Old Age Care

With an increasing trend for exodus and rural urban migration for employment, we see an increasing number of old age people struggling without proper care, with reports of mental health issues among most of our aging parents. If we fail to come up with an appropriate, timely policy intervention, there is a serious threat to the wellbeing of our aging parents with less family support and services.

a. DTT Pledges

1. Establish one designated old age care center through PPP model.
2. Offer preferences for age old citizens in accessing any public services.
3. Support scheme for private/NGO/CSO for senior citizens.

b. Cost Estimate and Financing

- Nu 20M for old age care/hospice a year or Nu 100M in five years



3.2.9 Civil Society Organizations (CSO)

Except for a few established ones, civil society organizations (CSOs) in Bhutan are disorganized and challenged by lack of financial and human resources. Other hurdles relate to restricted legal and political space in which to operate. CSOs are also not recognized as active partners in the country's development process.

a. DTT Pledges

1. Engage the civil society in conducting advocacy and outreach on development programmes and projects, by July 2024.
2. Partner with the civil society in realizing the SDGs to "leave no one behind" and taking account of the diverse and complementary roles of the civil society, by December 2024.

b. Cost Estimate and Financing

- No direct cost to the government.

3.3 Security

3.3.1 Food Security

3.3.1.1 Increase Food production

The agriculture and livestock sector in Bhutan plays a crucial role in the country's economy and livelihoods of its people. Bhutan's economy is primarily agrarian, with about 43.5 percent of the workforce dependent on farming and animal husbandry for their sustenance. But agriculture and livestock's contribution to Bhutan's GDP in 2021 was only 10.52 percent (Nu. 19.75B) and 5.71 percent (10.72B) respectively. This is partly because the sector faces various challenges that need to be addressed to ensure sustainable development and food security for the nation.

Land fragmentation, limited arable land, climate change, lack of adequate irrigation water, dependence on sustenance farming, human wildlife conflict, farm labour shortage, poor breed, limited value addition and limited access to credit and technology are some of the key issues the sector faces. Addressing these challenges requires a multi-faceted approach to ensure sustainable growth, food security and preservation of its unique cultural heritage.

a. DTT Pledges



1. Increase absolute GDP contribution from Nu 19.75B to Nu 30B for agriculture and from Nu 10.72B to 15B for livestock.
2. Increase self-sufficiency of rice from 47 percent to 50 percent, maize from 94 percent to 100 percent, wheat from 83 percent to 100 percent and millet from 90 percent to 100 percent through following activities:
 - a. Rationalize and provide minimum 5km chain link fencing in every chiwog;
 - b. Develop and revive at least 50-acre agricultural land in each chiwog;
 - c. Provide a 50 percent subsidy on mini-power tillers;
 - d. Maintenance of existing irrigation facilities.
3. Make farm inputs such as improved seeds and seedlings, fertilizers (both organic and inorganic), pesticides, etc., readily available.
4. Establish two commercial greenhouses to substitute vegetable imports.
5. Bring in farm laborers during peak farming season.
6. Explore the possibility of purchasing large commercial farming areas in Australia.

b. Cost Estimate and Financing

- Chain link fencing - approximately Nu 2.82B (RGoB)
- Farm mechanization - about Nu 0.91B (RGoB)
- Two commercial greenhouses - about Nu 1.0B (RGoB)
- Irrigation system - approximately Nu 0.16B (RGoB)

3.3.1.2 Double Farmers' Income

A farmer's annual income is about Nu 25,000, which is one of the lowest in the region. Increasing farmers' income through improved farming is paramount to boost the rural economy. DTT shall strive to double farmer's annual income by promoting high value crops, organic crops, high value livestock products and through the million fruit trees programme.

a. DTT Pledges

1. Commercialize high value crops like apples, oranges, seed potatoes, asparagus, mushrooms, pomegranates, walnuts, passion fruit, buckwheat, cardamom and areca nut.



2. Promote organic crops like asparagus, broccoli, quinoa, strawberry, cauliflower, buckwheat, adzuki beans, cordyceps, and Sichuan pepper.
3. Allow growing of high value perennial crops in *chhuzhings*.
4. Commercialize high value livestock commodities like rainbow-trout (red and sturgeon caviar), yak cheese and fiber, putka and comba honey, yagyu cheese and royal jelly among a few.
5. Ensure better orchard management for the one Million Fruit Tree project.
6. Provide subsidized greenhouses to farmers so they can produce vegetables throughout the year.

b. Cost Estimate and Financing

- High value crops - about Nu 0.1B (RGoB)
- Incentives to protect prime *chhuzhing* - approximately Nu 1.2B (RGoB)
- Subsidized greenhouses - approximately Nu 0.1B

3.3.1.3 All Weather Farm roads

While farm roads are constructed in every *chiwog* and *gewog*, most cannot be driven on throughout the year due to lack of black top/proper GSB. As such, frequent maintenance needs to be done, which comes at significant costs. In this regard, despite high initial cost, DDT shall endeavor to black top/concrete all *chiwog* roads as it would be much better and economical in the long run.

a. DTT Pledges

1. Black topping/concreting all *chiwog* roads to make it motorable all year round.
2. Construct new farm roads, wherever necessary, to improve better road connectivity within and between *gewogs*.
3. Provide land substitution to those affected by farm road construction.
4. Construct light mono-rails/ropeways, where farm roads are infeasible.

b. Cost Estimate and Financing

- Black topping/concreting of *chiwog* roads plus new farm road construction - about Nu 5B.



3.3.1.4 Set up Agri-Food Eco-Hubs

Having proper access to a reliable market and proper value addition are the greatest challenges in the agriculture sector. In this regard, DTT shall establish four RNR Eco-Hubs for easy market access and proper value addition to reduce post-harvest losses.

a. DTT Pledges

1. Establish Agri-Food Eco-Hubs in four regions based on feasibility studies.

b. Cost Estimate and Financing

- RNR Eco-Hub - about Nu 1B (CARLEP and other projects)

3.3.2 Cyber Security

With increasing growth in the adoption and use of ICT devices such as smartphones, personal computers and the Internet, cyber security is one of the key concerns facing modern Bhutan. There have been numerous cyber-attack cases in the country resulting in major damages, in terms of losses in money and data, including service disruptions. Many more cases went unreported or undetected. While there are laws to safeguard data and information systems and users, it is not as comprehensive or sophisticated enough.

The most common cybercrimes plaguing Bhutan in recent times are email phishing and malicious links on social media platforms, vishing, web defacement and system vulnerabilities.

a. DTT Pledges

1. Conduct national critical information infrastructure (CII) risk assessment.
2. Establish CIIP regulating agency/body.
3. Monitor and respond to national cyber threats and incidents.
4. Develop crisis management procedures.
5. Develop cybersecurity capabilities - HR capacity, processes/procedures and technology.
6. Conduct regular security awareness training/advocacy for all users.
7. Develop comprehensive cybersecurity incident reports across critical sectors recorded at a single point.



b. Cost Estimate and Financing

- Government shall fund most Bhutan Computer Incident Response Team (BtCIRT) projects, while external donor support will be sought for cybersecurity capacity building and advocacy programmes. Approximately Nu 100M (RGoB).

3.4 Governance

Lack of coherence in governance, planning, execution of development activities resulted in wasteful expenditure through duplication of various planned activities between various central agencies and local governments. Growing inefficiencies and lack of accountability among various government agencies can be addressed through robust and effective monitoring and evaluation systems. An efficient use of resources to reduce and curb wasteful expenditure is also the core element of good governance.

The annual Anti-Corruption reports also revealed severe corruptions in selection, recruitment and nomination for employment and training. The public also share concerns on long bureaucratic procedures and requiring them to submit endless documents in accessing public services from various central agencies.

a. DTT Pledges

1. Convert *Lhengay Densa* into *Zhabto Densa*.
2. Replace designated 75 government (BG) cars with Electric vehicles.
3. Relocation of 10 agencies to Districts.
4. Divest loss-making SoEs.

b. Cost Estimate and Financing

- Converting *Lhengye Densa* to *Zhabto Densa* may save Nu 9M a year.
- EV scheme for BG could save Nu 216M in five years from F&M.
- SoEs diversification and subsidy: Nu 39B and Nu 900M from subsidy and losses.

3.4.1 Economic Measures

On the domestic economy front, according to Ministry of Finance reports, Bhutan's economy is projected to grow at 4.2 percent in 2023 followed by 5.2 percent in 2024, which are still considered below the pre-pandemic economic performance. DTT's focus will primarily be to improve on the following areas through our monetary and fiscal policy measures.



a. DTT Pledges

1. Grow the economy by creating opportunities and better-paid jobs across the country.
2. Reduce inflation during our tenure to provide financial security to people by reducing cost of living.
3. Reduce our national debt to secure the future of our youth and people of Bhutan.
4. Strengthen the role, function and services of Central Bank and Financial Institutions.

b. Cost Estimate and Financing

- No direct cost to the government

3.4.2 Monetary Policy Reform

To address the increasing pressure on the external reserves, mounting Public Debt, cumulative inflation and an escalation in financial institutions' loan exposures, mainly in Housing, Service & Tourism and Production & Manufacturing sectors, our country requires unprecedented and concerted Monetary Policy Reforms.

a. DTT Pledges

1. Build a robust, resilient and proactive team of economic and financial experts to recover and safeguard the distressed economy.
2. Revive the sectors that have been gravely impacted due to pandemic and global & domestic financial crisis.
3. Build a well-diversified portfolio to address the issue of Foreign Currency Reserve.
4. Improve and enhance Fintech services to address Financial Inclusion.
5. Regulate Cash Reserve Ratio (CRR) and Minimum Lending Rate (MLR) to diversify Loans & Advances for the vulnerable groups such as Youth, Female and Rural entrepreneurs by leveraging the current stable Liquidity Ratio of the Financial Institutions.
6. Rework Credit Guarantee and Refinance schemes to scale up finance for the potential underserved market, such as Green projects and investments.
7. Diversify insurance schemes to protect the vulnerable groups, especially distressed farmers, through schemes like Crop Insurance.
8. Revisit the FDI Policy.
9. Buy back debt instruments and government bonds.



b. Cost Estimate and Financing

- Nu 1B as seed fund for crop and livestock insurance and compensation schemes, sourced from Global Environment Facility/World Bank, Bhutan Trust Fund for Environmental Conservation (BT FEC), Bhutan For Life (BFL) and WWF in a new programme focusing on co-existence of farming communities with wildlife.

3.4.3 Fiscal Policy Reform

To mitigate the impact of the economic crisis on vulnerable groups and on the nation in general, DTT will continue to adapt Expansionary Fiscal Policy by continuing to spend on government projects pertaining to infrastructure development, social programmes, and other initiatives to boost demand and stimulate economic growth.

a. DTT Pledges

1. Improve and build critical public infrastructure for people's convenience.
2. Enhance the financial Delegation of Power (DoP) of local governments to ensure efficiency in the implementation of development programmes and service delivery.
3. Rework the taxation system to build more workforce friendly policies to improve household incomes of citizens, primarily for the vulnerable ones and also support the establishment and growth of the emerging Green Market (Green Tax).
4. Revamp existing social programmes and explore a social security/transfer payment system especially for the elderly, juvenile and disadvantaged fellow Bhutanese.

b. Cost Estimate and Financing

- No direct cost to the government. Involves reprioritization of planned activities and standardization using the project economy/modular approach.

3.4.4 Civil Service

With 30,000 civil servants, we have a ratio of one civil servant for every 25 people in the nation. Over 1,462 civil servants resigned in 2022, of which 70 percent (1,023) was voluntary resignation, a majority in the Professional and Management (P&M) category, mainly to pursue overseas career and employment opportunities. It is of paramount importance and urgent to reduce the current attrition rate of civil servants.



a. DTT Pledges

1. Pay revision and rationalize current remuneration structure, depending on the economic situation of the country and Government's fiscal position. Allocate Nu 3B as HR Professional Development Grants.
2. Promote affordable housing for civil servants to help their post service.
3. Review PIT slab based on inflation and cost of living.
4. Increase pension scheme option from the current 20 years to at least 30 years.

b. Cost Estimate and Financing

- Direct cost of Nu 3B as PD grant, cost sharing between RGoB and development partners (eg. NUFFIC, UNDP, World Bank, ADB, etc).

3.4.5 Offices for Members of Parliament

Offices for Members of Parliament (MPs) are still located in a private building at Taba, Thimphu which neither serves core functions for the parliamentary affairs nor for respective constituency activities. Moreover, travel allowances for MPs, to visit their constituencies, add up to millions annually.

Establishing MPs offices in respective *Demkhungs* will facilitate the oversight role of MPs in their respective constituencies over the planning, functioning and execution of development works, without compromising their biannual parliamentary sittings.

a. DTT Pledges

1. Establish MP offices in respective *Demkhungs*¹⁴.
2. One Project for One *Demkhung*.

b. Cost Estimate and Financing

- Manageable from within the current rental cost of MP offices in private building.

3.4.6 Judiciary

Lack of efficient case management, followed by poor ethical code of conduct among judiciary fraternity and poor citizen's feedback mechanism dominated recent media

¹⁴ The current arrangement of MPs offices in private buildings is costing 1.45M monthly for the Government. And requiring MPs to travel twice to their constituency annually is costing millions for the State in the form TA/DSA for MPs and their Research officers. The proposed arrangement is either in Dzongkhag head office or in Demkhongs, which are far from Dzongkhag offices. No new infrastructure is recommended. It aligns with MPs main mandate to consult grassroots and resolve their issues instantly as needed instead of bringing them to parliament sessions.



coverage on the arm of the government. There is also poor stakeholder engagement with legal community, SCO, academia in discussion and reforms related to judiciary.

a. DTT Pledges

1. Institute ICT-based hearing in judicial proceedings.
2. Strengthen Local Dispute Settlement Process.

b. Cost Estimate and Financing

- No direct cost to the government. Capacity building has already been done under the UNDP financed e-litigation project.

3.4.7 Anti-Corruption Commission (ACC)

The office of ACC is currently battling with inadequate resources both in terms of HR and Finances. There is also a huge attrition rate of employees from ACC on various grounds. These constraints have increasingly posed a threat for ACC in fighting corruption in the country.

The annual ACC report (2021-2022) cited retention of core professionals as one of the main challenges for the institution. It was reported that 106 ACC officials left in the last 15 years since its establishment; the recent attrition figure says six officials in 2019; 10 in 2020, and 12 in just the first half of 2022.

a. DTT Pledges

1. Provide full HR and Financial autonomy in the first year.

b. Cost Estimate and Financing

- No direct cost to the government

3.4.8 Election Commission of Bhutan (ECB)

Despite aggressive voter education programmes by the ECB, the voter turn-out has remained below 60 percent both in recent parliamentary and LG elections. Lack of postal voting facility for overseas citizens and private employees were attributed for the huge absent voters in any elections.

Women representation, in both LG and parliamentary elections, has remained low with poor gender sensitive policies, practices and programmes. The dedicated



women quota in elected offices has not been received well even by women. Today we just have 15.3 percent women in parliament and 12.8 percent as elected LG members.

a. DTT Pledges

1. Facilitate e-voting for all registered voters, irrespective of place of residence.
2. Require minimum 30 percent women representation in each of the contesting political parties during the primary elections.
3. Achieve at least 30 percent women representation at the Local Governments elections.
4. Revamp/institutionalize the office of Bhutan Democracy Dialogue (BDD) in the ECB Secretariat.

b. Cost Estimate and Financing

- Nu 50M to facilitate e-voting from RGoB and UNDP.

3.4.9 Local Government Offices

The consecutive annual ACC reports (2013-2017) revealed highest administrative complaints from Local Governments (LG). The review on Local Development Grants (LDG) by the National Council found over 82 percent of LG grants being spent on non-economic activities.

The consecutive annual RAA report (2017) revealed underused funds of 6.8B and 5.2B in their 2018 Audit Report. The RAA suggested realistic planning, efficient monitoring and deployment of professional HR at the Local Governments Offices, especially to gewogs, considering an increase in LDG and decentralization of many services to LG.

a. DTT Pledges

1. Management of Community Centers under Gewog administration.
2. Rationalize gewog utility vehicles through monetization for LG Members.
3. Local Leaders to preside over all local events.

b. Cost Estimate and Financing

- No direct cost to the government. It will reduce cost from savings in the form of travel cost of dignitaries from Thimphu.



3.5 Cross-Cutting Issues

3.5.1 Disaster Management

Weak coordination and poor communication among stakeholders in the implementation of *Disaster Management Act (2013)* in developing targeted national disaster contingency plans, in identifying, assessing and reducing risks.

The Royal Bhutan Police, being at the frontline in any search and rescue operations during disasters, still suffers from lack of funds for training, procurement and management of disaster-critical facilities in the country. Lack of targeted financing is a reason for concern. It compromises building essential equipment, human resource capacity and necessary infrastructure to enable effective responses during disasters.

a. DTT Pledges

1. Designate Royal Bhutan Police as the main frontline Disaster Management agency.
2. Ensure adequate awareness and planning for Disaster Management.
3. Institute robust search and rescue operations during disasters.
4. Provide quick recovery and restoration services after disasters.

b. Cost Estimate and Financing

- No direct cost to the government

3.5.2 Poverty and Migration

The rural-urban migration is largely prevalent from East and Central to West, induced by large inequalities and in search for decent employment and better economic opportunities. Trashiyangtse has the highest *gungtong* at 694 households in 2022. NSB reported our urban population increased to 37.8 percent in 2017 from 30.9 percent in 2005. The urban unemployment rate is 16 percent.

Over 64,000 acres of farmlands are barren, with just 45 percent of the population employed in agriculture, contributing only 19 percent to GDP. The concentration of urban population, inadequate infrastructure, and service deliveries, BLSS (2022) reported 15,600 households in urban centers that do not own decent houses.

a. DTT Pledges

1. Reduce Road Right of Way from 50 ft to 20 ft in consultation with MoIT.
2. Provide skilling programmes to 50,000 village youth and farmers.



3. Facilitate 1,000 low-cost modular housing for low income people.

b. Cost Estimate and Financing

- Nu 1.05B (Climate Financing - Adaptation Fund, as a climate adaptation programme).

3.5.3 Youth and Sports

Limited sporting facilities and services in the country has prevented professionalization of youth in sports.

a. DTT Pledges

1. Establish four regional sporting centers in the country.
2. Make sporting facilities accessible and affordable for youth.
3. Institute professional/scholarship in sporting fields.
4. Promote national sporting activities through decentralized local grants.

b. Cost Estimate and Financing

- Nu 360M (Nu 100M from RGoB, Nu 260M from international sports federations).

3.5.4 Environment & Waste Management

While environmental conservation is important, it is considered the biggest hurdle in pursuing economic development with TAT for no clearances exceeding six months for large projects. Waste management is an emerging environmental issue and is currently addressed through a waste flagship project. Financing environmental conservation and governance activities are mostly met through grant financing.

a. DTT Pledges

1. Mandatory waste segregation at source in all major urban towns.
2. Embrace the principle of circular economy to create a closed-loop system for a minimum of five industrial wastes and five consumer goods.
3. Establish four composting and organic waste management centers around the country.
4. Initiate a pilot project, Waste-to-Energy/Heat and Innovative Technologies in the first year.
5. Establish at least 10 international collaborations on knowledge, best practices, and resource sharing.



b. Cost Estimate and Financing

- Nu 50M to be sourced from development partners (GEF, LDCF)

3.5.5 Climate Change

Bhutan is a carbon net-negative country. Though not responsible for the emission of GHGs, the country has to tackle the vulnerabilities associated with climate change.

Bhutan has been a late entrant in the carbon trading regime under the Kyoto Protocol and has so far benefitted from the Dagachhu Hydroelectric Project. Punatsangchhu-I Hydroelectric Project has been registered as a CDM project but is yet to start generation, while Punatsangchhu-II and Mangdechhu Hydroelectric Projects are in the process of being registered. The carbon markets under the new Paris Agreement are a little different and our hydroelectric projects are not eligible under the new regime as the mitigation actions are happening outside the territorial boundary of Bhutan.

a. DTT Pledges

1. Bhutan to remain carbon neutral for all times to come.
2. Raise USD 1B to finance climate mitigation and adaptation activities.
3. Register at least two projects annually to participate in regional and global carbon markets.
4. Resume Bhutan's leadership role in global environmental and climate governance through enhanced international cooperation.
5. Sign MoUs with at least five regional and global carbon markets, including the EU Emissions Trading System (ETS).
6. Establish the Bhutan Climate Fund (BCF) with seed funding of USD 50M sourced from multilateral agencies and development partners.
7. Allocate 10 percent of the carbon market revenues to the BCF.

b. Cost Estimate and Financing

- As per Paris Agreement and UNFCCC, all costs for climate change activities for Bhutan will be met from resources mobilized from multilateral and bilateral financing sources.

3.5.6 Culture and Religion

Though small, Bhutan is a culturally diverse country. Different cultural groups have their own rich and unique cultural traditions, languages, customs, beliefs, faiths,



rituals, arts, music, and other forms of practices. For example, there are more than 20 local dialects in the country. However, some of these dialects are at a critical risk of vanishing. DTT believes that these diverse traditions are crucial to uphold and promote the mainstream national ethos through preservation of languages, songs, music, dances and culture in the spirit of ‘unity in diversity’.

a. DTT Pledges

1. Allocate 10 percent of tourism SDF as religious and cultural grants.
2. One museum to preserve diverse culture and tradition.

b. Cost Estimate and Financing

- No direct cost to the government.

3.5.7 InfoComm and Media (ICM)

The InfoComm and Media (ICM) sector includes information and communication technologies (ICT), telecommunications, TV and radio broadcasting and media industries. The sector was instrumental in diversifying our economy beyond traditional sectors like agriculture, tourism and hydropower. It facilitated the modernization of key sectors such as education, healthcare, banking and finance and government services.

a. DTT Pledges

1. Achieve universal, reliable and affordable internet access, by December 2025, through:
 - a. Consolidation of the nationwide ICT broadband network infrastructure under a public limited company.
 - b. Licensing of a third mobile telecom operator.
 - c. Third international gateway setup at Gelephu.
 - d. Promotion of ICT competency and digital citizenship, by June 2025.
 - e. Initiation of AI deployment to promote Dzongkha and local content development.
 - f. Facilitation of citizen engagement and participation in evidence-based decision making (eg. DTT App).
2. Enhance delivery of personalized and integrated public services, by June 2025, through:



- a. Use of AI to process data and information rapidly and accurately.
 - b. Promoting adoption of the self-sovereign inclusive digital mobile wallet.
 - c. Revamping the government-wide intranet system.
3. Establish three Digital (STI) Parks, by December 2028 (one each in the east, central and south).
 4. Promote media pluralism, freedom of expression and press freedom, by June 2025, through promotion of independent media outlets, including more TV channels.
 5. “Public services in the palm of citizen’s hands”

b. Cost Estimate and Financing

- The total cost during 2024 - 2029 is estimated at Nu 6.5B, out of which 40 percent will be sourced from the private sector.

3.5.8 Cottage and Small Industries (CSI)

The Cottage and Small Industry (CSI) is an important source of employment and economic activity in Bhutan, accounting for about 96 percent of total industries, providing close to 100,000 jobs. While the CSI is a promising source of employment and broad-based economic development, they face a number of challenges. These include human resource skills and entrepreneurship culture; access to finance; logistics and infrastructure limitations; small domestic market; and low coordination among stakeholders. This has contributed to lack of economies of scale, high transportation costs, underdeveloped logistics and weak market linkages.

a. DTT Pledges

1. Establish a national framework for CSI product standardization, testing and certification by December 2024.
2. Support the institutional strengthening of CSI stakeholders, including government agencies by June 2024.
3. Integrate CSI products into the tourism supply chain by June 2024.
4. Develop microfinance and small business loan programmes, specifically tailored for the CSI market, by December 2024.
5. Facilitate improved access to high-value domestic, regional, and international markets by June 2025.
6. Identify and develop regional clusters, where certain products have a natural advantage due to resources, markets or expertise, by December 2024.



7. Promote select domestic and export-oriented CSI products using Brand Bhutan (“Made in Bhutan” and “Grown in Bhutan”) labels by June 2025.
8. Revive and modernize traditional arts and crafts, making them appealing to contemporary consumers, including using digital tools for design and marketing, by December 2025.
9. Establish three new startup centers - Eastern Region, Central Region and Southern Region.
10. Initiate, “Buy Bhutan: Consume nature-based products and live healthier.”
11. Establish an independent CSI bank; for, of and by Bhutan CSI stakeholders, including ownership.
12. “Revamp the *Jabchor* platform as Tiger’s Nest platform”, where entrepreneurs can pitch their startup business and/or business ideas to a panel of venture capitalists with the aim of securing investment finance from them.

b. Cost Estimate and Financing

- Cost estimate – Nu 200M and financing to be sourced from bilateral and/or multilateral donors and/or development partners.

3.5.9 Civil Society Organizations, Associations & Groups

There are numerous CSOs and associations that play an extremely vital role both in the urban centers as well as rural communities. We have international CSOs and local NGOs that are growing more visible in delivery services, where government agencies come short.

These are Tarayana Foundation, Youth Development Fund (YDF), Respect, Educate, Nurture, Empower, Women (RENEW), Save the Children, Bhutan Centre for Media and Democracy (BCMD), agro communities and many others in the rural areas.

Then there are the quasi-government and quasi-commercial associations like Bhutan Chamber for Commerce and Industries (BCCI), Construction Association of Bhutan (CAB), Association of Bhutanese Tour Operators (ABTO), Taxi Associations, Truck Association, IT Associations and Hotel and Restaurant Association of Bhutan.

DTT met with most CSOs, NGOs and associations. It shall recognize their invaluable contributions in being an equal partner in furthering the development of the nation and its economy. Having defined our philosophy of Sunomics, we are confident about creating more space and responsibility for these organizations and associations to be more proactive in the process of the economic transformation.



a. DTT Pledges

1. Provide independence in resource mobilization.
2. Provide government support in their resource mobilization initiatives.
3. Consider CSOs, NGOs and business associations as partners in development.

b. Cost Estimate and Financing

- No Direct cost to the government.



4. Epilogue

4.1 Economic Stimulus Plan (Nu 10B)

With the country's economy at the rock bottom today, DTT shall launch an economic stimulus plan (ESP) of Nu. 10B. Most of these costs shall be met from the overall budget estimate and indicate a front loading of the planned budget instead of additional budget. These also represent part of the urgent works that will be executed within the first 108 days.

	Project	Amount (Nu) Billion	Activities
1.	Build Bhutan Better (BBB)	2B	Jumpstart or continue ongoing infrastructure projects engaging as many participants and stakeholders as possible.
2.	Capital Now and Work Always	2B	Seed capital for existing banks for CSI development Revive and continue ongoing failing past CSI and NSCI projects and put them back on track.
3.	Nation First, Youth Foremost	0.50B	Facilitate Education Loans for Work and Earn Abroad. Engaging youth in private sector homes. Thuendrel Red Carpet Scheme for investments from overseas Bhutanese.
4.	Your Host Your Choice	0.50B	Boost tourism and hotel industry in the first 108 days.
5.	You Grow We Buy	0.50B	Logistics and Market access for farm products.



Conclusion

Sunomics, essentially Thuendrel's manifesto, though comprehensive, is not a document etched on stone.

Just as it was drawn on numerous rounds of མི་སེའུ་བཞུགས་ལོས་ (consultations) with the people, soliciting feedback, inputs and suggestions to lay down the plans and programmes detailed in this manifesto, we will continue, in the same spirit, to assimilate emerging needs and pressing issues that arise with time.

Druk Thuendrel Tshogpa is committed to steering the nation on its journey towards economic progress and prosperity for its people. This is the one heartfelt wish of a King visionary for his country and its people. This is the one true prayer of a monarch wise for a kingdom he nurtured with utmost care.

By breathing life into Sunomics, Thuendrel shall herald the dawn of a new economic era for Bhutan, in realization of His Majesty the King's royal vision as shared during the 114th National Day Address that underpinned economic progress, while anchored on the timeless philosophy of Gross National Happiness.

Bearing the King, country and people in our mind at all times, Druk Thuendrel Tshogpa and its ensemble of candidates, coordinators and supporters across the country pledge our sustained loyalty to the Tsa-Wa-Sum.



Annexure I: Cost Estimate and Financing

DTT Sunomics Estimated Cost							
Grouping	Sector	Activity	Cost Estimate (Nu)	RGOB (Nu)	Development Partner (Nu)	Private Sector	Remarks
3.1 Economic Development	3.1.1 Mining and Minerals	Geological Mapping of Bhutan	100,000,000.00	50,000,000.00	50,000,000.00	-	Cost sharing between RGOB and grant financing through multilateral development banks such as ADB and World Bank
		Fellowships in engineering geology and mining engineering	150,000,000.00	-	150,000,000.00	-	Plan and project tied HRD components from sources such as AusAid, NUFFIC, DANIDA, ADB, World Bank, etc.
	3.1.5 Hydropower						Cost outside the plan programmes
	3.1.6 Infrastructure and Transport	All weather farm roads	5,000,000,000.00	5,000,000,000.00	-	-	



		Southern East-West Highway	2,000,000,000.00	-	2,000,000,000.00	-	GOI grant proposal to improve internal connectivity and border security.
		Cargo Ropeway from Phuentsholing to Damchhu	800,000,000.00	20,000,000.00	380,000,000.00	400,000,000.00	PPP with 50% grant as a climate mitigation and adaptation project sourced from GCF/GEF/LD CF and Adaptation Fund
		Cargo ropeway from Sarpang to Changchey (Tsirang)	400,000,000.00	20,000,000.00	190,000,000.00	190,000,000.00	PPP with 50% grant as a climate mitigation and adaptation project sourced from GCF/GEF/LD CF and Adaptation Fund
	3.1.7 Production and Manufacturing	Development of two industrial parks	5,000,000,000.00	2,000,000,000.00	2,000,000,000.00	1,000,000,000.00	PPP model with concessional loan from multilateral banks such as EIB, ADB,



							World Bank, IFC
		Development of a clean tech industrial park	1,000,000,000.00	-	500,000,000.00	500,000,000.00	PPP Model with concessional loan from bilateral or multilateral sources and private investment
		Seed fund for a Cleaner Production Fund	20,000,000.00		20,000,000.00	-	Climate friendly technology fund from climate finance windows
		Establishment of 3 regional startup centers as done in Thimphu	30,000,000.00	-	30,000,000.00	-	Bilateral assistance
3.2 Social Progress	3.2.1 Education and skills development	School Block grant	500,000,000.00	500,000,000.00	-	-	RGOB
		STEM Education	100,000,000.00	100,000,000.00			RGOB
		TVET Education	100,000,000.00	100,000,000.00			RGOB
		Digital School	500,000,000.00	250,000,000.00	250,000,000.00	-	Cost Sharing: Bilateral and multilateral partners



		Empowering the educators: Professional development of teachers	500,000,000.00	500,000,000.00	-	-	RGOB
		Enhancing well being and competence of students	500,000,000.00	500,000,000.00			RGOB
		School curriculum	50,000,000.00	50,000,000.00			RGOB
		ECCD: No child is left behind	100,000,000.00	100,000,000.00			RGOB
		NFE and CE	50,000,000.00	50,000,000.00			RGOB
		SEN Education	100,000,000.00	100,000,000.00			RGOB
		Private Schools	50,000,000.00	50,000,000.00			RGOB
		Tertiary Education	50,000,000.00	50,000,000.00			RGOB
	3.2.2 Health and Wellbeing	Aggregate cost-Health	11,000,000,000.00	6,600,000,000.00	4,400,000,000.00		Cost sharing between RGOB and development partners on 60:40 basis
	3.2.3 Social Protection: Women and Children 3.2.4: Social Protection Youth	Aggregate Cost-Women, Children and Youth	10,000,000,000.00	6,000,000,000.00	4,000,000,000.00		Cost sharing between RGOB and development partners on 60:40 basis



	3.2.5 Children in conflict with the law	Aggregate cost-Children conflict with law	50,000,000.00	50,000,000.00			RGBOB
	3.2.6 Disabilities and LGBTQ groups	Aggregate cost-disabilities and LGBTQ	500,000,000.00	500,000,000.00			RGBOB
	3.2.7 Ex-juveniles and recovery groups	Aggregate cost-juveniles and recovery groups	10,000,000.00	10,000,000.00			RGBOB
	3.2.8 Old age care	Aggregate cost-old age care	100,000,000.00	100,000,000.00			RGBOB
3.3 Security	3.3.1 Food Security, 3.3.1.1 Increase food production	Chainlink fencing	2,820,000,000.00	2,820,000,000.00			RGBOB
		Farm Mechanization	910,000,000.00	910,000,000.00			RGBOB
		Commercial Green Houses	1,000,000,000.00	1,000,000,000.00			RGBOB
		Irrigation System including Solar Irrigation	1,000,000,000.00	1,000,000,000.00			RGBOB
	3.3.1.2 Double Farmers Income	High value crops	100,000,000.00	100,000,000.00			RGBOB
		Incentivizing prime chhuzhing protection	1,200,000,000.00	1,200,000,000.00			RGBOB
		Subsidized green houses	100,000,000.00	100,000,000.00			RGBOB
	3.3.1.3	All weather farm roads	10,000,000,000.00	10,000,000,000.00			Additional to 3.1.6



	3.3.1.4 RNR Eco hubs	4 RNR regional eco hubs	1,000,000,000.00	500,000,000.00	500,000,000.00		CARLEP Project and RGOB
	3.3.2 Cyber Security	BtCIRT projects	100,000,000.00	100,000,000.00			
3.4 Governance	3.4.2. Monetary policy reform	Seed fund for crop and livestock insurance and compensation schemes	1,000,000,000.00	500,000,000.00	500,000,000.00		RGOB for crop and livestock insurance and GEF/ World Bank, BTFEC, BFL and WWF for compensation revolving fund
	3.4.4 Civil Service	Professional development and housing	3,000,000,000.00	2,000,000,000.00	1,000,000,000.00		RGOB funds for affordable housing, and performance incentives, Donor fund for scholarships and professional development programmes
	3.4.8 ECB	E-voting and facilitation booths for elections	50,000,000.00	40,000,000.00	10,000,000.00		Cost sharing between Bhutan and UNDP



3.5 Cost cutting issues	3.5.2 Poverty and Migration	Skilling programmes and modular housing for low income households	1,005,000,000.00	600,000,000.00	405,000,000.00		RGOB and Climate Financing - Adaptation Fund, as a climate adaptation programme
	3.5.3 Youth and Sports	Regional Sports centers and decentralized local grants to promote national sporting activities	260,000,000.00	100,000,000.00	160,000,000.00		RGOB for grants and international sports federations for regional sports centers.
	3.5.4 Environment and waste management	Training and pilot projects	50,000,000.00		50,000,000.00		GEF/GCF
	3.5.5 Climate Change	Establishment of Bhutan Climate Fund, systematic observation, adaptation and mitigation	84,000,000,000.00		84,000,000,000.00		GEF/GCF/LD CF/Adaptation Fund/ World Bank/ ADB, etc. 50 Million USD for Bhutan Climate Fund and others for climate activities
	3.5.7 Infocom and Media	Digital Parks, enhanced service delivery, access to technology	6,500,000,000.00	6,500,000,000.00			RGOB



	3.5.8 CSI Development and promotion	Aggregate cost CSI	200,000,000.00	200,000,000.00			RGOB
		Sub-total	153,105,000,000.00	50,420,000,000.00	100,595,000,000.00	2,090,000,000.00	
		Current Cost	68,897,250,000.00				
		Total Cost of Manifesto	222,002,250,000.00				



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