



**Executive Board of the
United Nations Development
Programme and of the
United Nations Population Fund**

Distr.: General
21 March 2007

Original: English

Annual session 2007
11 to 22 June 2007, New York
Item 7 of the provisional agenda
Country programmes and related matters

**Draft country programme document for Bhutan
(2008-2012)**

Contents

<i>Chapter</i>		<i>Paragraphs</i>	<i>Page</i>
I.	Situation analysis.....	1-5	2
II.	Past cooperation and lessons learned.....	6-10	2
III.	Proposed programme	11-19	3
IV.	Programme management, monitoring and evaluation.....	20-25	4
Annex	Results and resources framework for Bhutan (2008-2012).....		6

I. Situation analysis

1. The present country programme document is derived from the 2006 common country assessment (CCA) the United Nations Development Assistance Framework (UNDAF) and the UNDP Multi-Year Funding Framework (MYFF). It is in keeping with the 10th five-year plan now being developed and reflects the development strategy of Bhutan, the major priorities of which are poverty reduction and pursuit of the Millennium Development Goals (MDGs). The country programme document was prepared in collaboration with the Government, civil society, United Nations organizations and other development partners.
2. Rapid economic growth and sustained levels of development assistance have enabled the Government to continually increase investments in the social sector, resulting in a steady increase in the Human Development Index ranking of Bhutan to 0.583 in 2003. Despite the progress at the national level, as of 2003 nearly one-third of the population, mainly rural, remained below the poverty line, and the Gini coefficient was 0.42 This underlines the importance of economic diversification and targeted interventions to reduce rural poverty, such as improving productivity in the agriculture sector and developing the private sector, in particular the small and medium-sized enterprise sector.
3. The second MDG progress report shows that Bhutan is on track to meet most targets by 2015, though monitoring and evaluation at the disaggregated level remains a challenge; it is being addressed in the 10th plan with a results-based national system. At present UNDP is supporting the Planning Commission in a MDG needs-assessment and costing exercise, which will identify financing requirements for priority MDG-related interventions in the 10th plan.
4. Significant political developments are taking place in Bhutan preparatory to the establishment of parliamentary democracy by 2008. These are expected to result in fundamental changes in the governance system – and to pose numerous challenges.
5. While Bhutan is recognized for balancing development with environmental conservation, the increasing urbanization and economic activity, infrastructure development and natural disasters place increasing pressure on environmental sustainability. Therefore, reconciling development with environmental sustainability is a major challenge.

II. Past cooperation and lessons learned

6. The directions for the new country programme were influenced by an analysis of past and ongoing cooperation, including MDG reports, the CCA and the Assessment of Development Results (ADR).
7. Under the second Common Country Framework (2002-2007), UNDP focused its strategic support on (a) governance; (b) MDGs and poverty reduction; and (c) sustainable environment and energy, with cross cutting initiatives such as gender mainstreaming and disaster management. Thematic outcome evaluations and programme reviews confirmed that UNDP had played a significant role in areas such as: advancing decentralization through provision of block grants and operationalization of local government legislation; supporting national development planning aligned with the MDGs; developing a poverty monitoring system; and formulating national biodiversity action plans and a national disaster risk reduction strategy framework.
8. According to an independent ADR conducted by the Evaluation Office in 2006, UNDP already has an established partnership with the Government of Bhutan. Under the new country programme the challenge is to increase partnerships with civil society organizations (CSOs) and the private sector. Taking advantage of its linkages with regional and global networks, UNDP should further develop into a knowledge centre. Other areas

recommended for UNDP focus are introducing a culture of results-based management; capacity enhancement in democratic governance; disaster management; gender mainstreaming; sustainable use of natural resources; and advocating a rights-based approach to development.

9. The national execution modality has worked well in Bhutan, as it enhances national ownership and capacity to manage development plans and programmes. However, as financial decentralization deepens and the new medium-term funding framework is introduced, it is important to strengthen public financial management at both central and local levels

10. It is also important to use the limited resources available to UNDP as catalysts to mobilize additional technical, human and financial resources, which will augment the efforts of the Government and other development partners. In the interests of enhanced effectiveness and efficiency, the ADR recommends consolidation of UNDP interventions in a few selected areas.

III. Proposed programme

11. This second UNDAF has identified five areas of cooperation based on national priorities: (a) poverty reduction; (b) health; (c) education; (d) good governance; and (e) environment and disaster management. UNDP will focus on three of these areas: promoting good governance, reducing poverty, and environment and disaster management. It has a comparative advantage in these areas due to past experience, particularly in multi-sectoral approaches, and because of its access to policy and technical support through its global and regional networks. The country programme outcomes are in line with the proposed UNDP strategic plan, 2008-2011. A human rights-based approach and gender mainstreaming are integral to UNDP programming, and synergy will be promoted among the three programme areas for greater impact.

A. Poverty reduction

12. Lack of access to income generation opportunities and appropriate technologies, low farm productivity and small land-holdings have been identified as major causes of rural poverty. Employment generation, particularly for youth and women in rural areas, is vital to reduce income poverty. A rural impact assessment study and a second living standards survey, both being undertaken in 2007 with UNDP support, will provide more detailed data in terms of poverty analysis and locations. The availability of district-level and gender-disaggregated data will allow more targeted interventions to ensure equitable and balanced development, including among vulnerable and minority groups and hard-to-reach communities.

13. Contribution to UNDAF outcome one will be achieved in collaboration with other United Nations organizations. UNDP, as part of a joint initiative by the United Nations Country Team, will support the operationalization of the national monitoring and evaluation system on poverty, the MDGs and other national goals. Together with other United Nations agencies, UNDP will support the Government in mobilizing resources and following up on the findings of the MDG needs assessment and costing report.

14. UNDP support in the area of employment and income generation will focus on creating an enabling environment for private sector growth, particularly cottage and small rural enterprises. Efforts will be made to enable youth, women and remote disadvantaged communities to access information through community information centres, improved technologies and markets, and through the formation of cooperatives and small rural enterprises. The environment-poverty nexus will be addressed in terms of balancing conservation of bio-diversity with the need of rural people to have access to natural resources for sustainable livelihoods. To realize the benefits of integration into the global

and regional economy, UNDP will support capacity-building for trade negotiations and export promotion.

B. Good governance

15. UNDAF outcome four, which envisages that ‘by 2012, institutional capacity and people’s participation [will be] strengthened to ensure good governance,’ is closely linked with the national priority of democratic governance by 2008. To uphold the rule of law and to ensure democratic governance, UNDP will support capacity-building in relevant institutions. Participation in the electoral processes will be supported through public awareness campaigns and civic education. Involvement of the media will be crucial to including remote, disadvantaged communities and vulnerable groups.

16. Transparency, efficiency, effectiveness, participation and accountability are the key elements of good governance. UNDP will continue to support the ongoing nationwide anti-corruption efforts, and simultaneously support efficient, effective public service delivery with sound financial management practices. UNDP will partner with the media and CSOs in promoting people’s right to information. Promoting e-governance at local and national levels, and narrowing the digital divide between the rural-urban populations and men and women through the establishment of community information centres, will be key components of UNDP support.

17. UNDP will support the decentralization process through capacity development of local governance systems and the provision of block grants, which have proved effective in meeting local development needs. Community participation and people’s empowerment are vital for good and effective governance. UNDP will also assist relevant institutions and systems in formulating, reviewing and implementing national legislation in line with ratified international conventions.

C. Environment and disaster management

18. UNDAF outcome five: ‘By 2012 national capacity for environmental sustainability and disaster management strengthened’. UNDP will focus on supporting cross-sectoral approaches to mainstream environmental concerns into national policies, plans and programmes. It will assist in developing and strengthening institutional capacities to implement, monitor and evaluate rules and regulations for environmental mainstreaming to meet reporting requirements for the multilateral environmental agreements, focusing particularly on harmonization of those reporting processes. UNDP will partner with the government and the private sector to help unreached communities gain access to affordable, renewable energy technologies. UNDP will continue to support the conservation efforts of the Government, as well as sustainable utilization of biodiversity and ecosystems for enhanced sustainable livelihoods of rural communities.

19. To help reduce vulnerability to climate induced and other natural disasters such as earthquakes, UNDP will strengthen the capacity of key stakeholders to operationalize the national disaster risk management framework, and mainstream disaster and climate risk reduction, preparedness and response into national and local plans and policies.

IV. Programme management, monitoring and evaluation

20. Through the resident coordinator system and United Nations theme groups, UNDP will continue to harmonize and coordinate United Nations aid with other development partners and among the United Nations organizations themselves, in close alignment with the national planning and budgeting processes. Areas of collaboration include the country programme action plan, data analysis, joint monitoring and evaluation based on UNDAF outcomes, and joint programme activities where there is demonstrated value added.

21. National execution will be the main modality of UNDP programme management. Under the new UNDAF, a harmonized approach to cash transfer will be adopted by UNDP, UNFPA, UNICEF and WFP. The capacity of national counterpart institutions to benefit fully from national execution and operationalize the harmonized approach will be built using assessments, institutional and legislative reforms, training, and upgrading staff skills.

22. In the context of knowledge management, UNDP will make increasing use of regional and global networks to provide good practice and expertise in outcome areas, and facilitate knowledge sharing at the national level. The national human development report, together with other MDG-related knowledge products, will continue to serve as an important tool for strategic analysis and policy dialogue.

23. With the emergence of the new democratic governance system, UNDP will enhance partnerships with CSOs, the media, parliaments and the private sector. Within a national coordination framework, different partnership modalities will be explored, such as programme implementation by non-government organizations and local governments, South-South cooperation, public-private partnerships and partnerships with non-traditional donors for resource mobilization. Partnerships with the United Nations Volunteers (UNV) and the United Nations Capital Development Fund (UNCDF) will be strengthened to support decentralization and poverty-reduction programmes using participatory approaches and promoting community-based self-help and voluntary organizations.

24. The UNDAF framework will serve as the overall monitoring and evaluation framework for the country programme. As the main United Nations organization for the UNDAF outcome areas relating to poverty reduction, good governance, and environment and disaster management, UNDP will play a leading role in conducting joint reviews and evaluations in those areas, in collaboration with the Government and development partners. To enhance results-based management, UNDP will support development of the national system to monitor and evaluate poverty and MDGs, with data disaggregated by gender and geographic area where possible. National-scale poverty surveys will be conducted before and after implementation of the 10th plan to provide data for measuring the impact of development interventions at the sub-district level.

25. The Government is set to adopt results-based planning and budgeting through the introduction of a multi-year rolling budget system under the 10th plan. Adoption of outputs-based budgeting, with a sharp focus on achieving results while permitting more flexible approaches on the ground, will be promoted throughout the programme, contributing to greater harmonization and national ownership.

Annex. Results and resources framework for Bhutan (2008-2012)

National priority: To halve poverty by 2011. UNDAF outcome 1: By 2012, opportunities for generation of income/ employment increased in targeted poor areas (MDGs 1 and 8)					
Programme component	Programme outcomes	Programme outputs	Output indicators, baselines and targets <i>(Baseline in italics)</i>	Role of partners	Resources by goal (\$'000)
MYFF goal: Achieving the MDGs and reducing human poverty	1. Access to socio-economic services, new technologies, markets and information improved, and food security enhanced for smallholder and marginal farmers in targeted rural areas.	1.1 Access to information/extension services improved, particularly for women/youth by establishment of community information centres. 1.2 Capacity of relevant agencies/ communities enhanced to address environment-poverty nexus. 1.3 Capacity of small farmers enhanced through self help groups/cooperatives and targeted extension services.	1.1 No. of new community information centres with marketing information and multi-media services. 1.2 Enabling policy/legal framework to combat crop damage by wildlife Developed. 1.3 No. of new/functioning self help groups/operatives in targeted geogs (blocks).	<i>Government:</i> BDFC, MOA, MOHCA, MOIC, NEC, GYT/DYT <i>Partners:</i> FAO, IFAD, UNESCO, UNV, CSOs, Bilateral agencies, Multilateral agencies	Regular 0.90 Other 1.00
	2. Strengthened capacity of Government to formulate policy framework for private sector development, with focus on employment generation and pro-poor growth through promoting micro and small/medium-sized enterprises (SMEs).	2.1 Enhanced capacity of Government for pro-poor/gender/culture sensitive policies. 2.2 Access to international markets enhanced through increased quality branded niche products. Improved trade negotiation capacity. 2.3 Labour market analysis strengthened for employment and human resource development policies. 2.4 Community-based SMEs supported through improved access to microfinance, business development services, assistance with production/marketing/cooperatives.	2.1 Pro-poor, gender/culture sensitive private sector development and SME policies formulated. 2.2 No. of branded products established and exported. 2.3 National employment and human resource development strategies for private sector in place and implemented. 2.4 Number of cooperatives, micro, small and medium enterprises availing of micro-finance and business development services (by gender and age).	<i>Government:</i> BDFC, MOA, MOF, MOHCA, MOIC, MOLHR, MTI, NCWC, PCS <i>Partners:</i> UNCTAD, UNESCAP, UNESCO, BCCI, CSOs, Bilateral agencies, Multilateral agencies	Regular 1.90 Other 2.00
	3. Enhanced capacity of public sector to implement results-based policy, plan and programme development, especially for MDGs and poverty reduction.	3.1 MDGs integrated into the national monitoring and evaluation system through MDG needs assessment and planning. 3.2 National capacity at central and local levels enhanced for results-based management and collection, analysis and production of timely, reliable and disaggregated statistical data on MDG-related indicators and poverty.	3.1 Integration of MDG indicators into the national monitoring and evaluation system. 3.2 Poverty analysis based on disaggregated data by rural, urban, gender and districts. <i>(Regional level disaggregation by poverty profile analysis.)</i>	<i>Government:</i> NSB, PCS, relevant ministries, agencies and local governments <i>Partners:</i> UNESCAP, UNFPA, UNICEF, UNIFEM, WFP, Multilateral agencies	Regular 1.00 Other 1.00
National priority: Foster good governance as core value for development. UNDAF outcome 4: By 2012, institutional capacity and people's participation strengthened for good governance (MDGs 1, 3 and 8)					
MYFF goal: Fostering democratic governance	1. Transparency, efficiency, effectiveness, participation and accountability strengthened at all levels.	1.1 Better service delivery/access to information through e-governance and e-literacy, narrowing digital divide (rural-urban, men-women). 1.2 Transparency strengthened via role/capacity of media. 1.3 Enhanced accountability by supporting anti-corruption measures and sound public financial management practices.	1.1 No. of users availing of community information centre services (by gender and age). <i>(1900 CIC logbooks, MOIC 2006).</i> 1.2 No. of media personnel trained. 1.3 (a) No. of people from civil service and private sector trained in anti-corruption values, ethics and moral standards. 1.3 (b) Reduced audit qualified reporting cases.	<i>Government:</i> ACC, BICMA, MOF, MOHCA, MOIC, Office of Attorney General, RAA, local governments <i>Partners:</i> UNESCO, UNICEF, UNV, CSOs, media, bilateral agencies, multilateral agencies	Regular 0.90 Other 1.00

	2. Capacity of key institutions to support parliamentary democracy strengthened.	2.1 Enhanced capacity of government/media in coordination and advocacy for parliamentary democracy. 2.2 Enhanced capacity of key organizations in conducting free and fair elections at national and local levels, and in promoting public awareness on gender inclusive democratic governance, rights and duties. 2.3 Enhanced institutional capacity of the judiciary in ensuring democratic governance and the rule of law. 2.4 National capacity strengthened to draft, review and implement policies and legislations in line with ratified international conventions.	2.1 No. of stakeholders trained and sensitized on election laws and procedures. 2.2 (a) Report by international/national election observers. 2.2 (b) Voter turnout in parliamentary and district elections, particularly women. 2.3 No. of judges/lawyers/prosecutors sensitized/trained in international best practices in constitutional law. 2.4 No. of officials from key national organizations trained in drafting and reviewing national legislations in line with ratified conventions.	<i>Government:</i> BICMA, MOF, MOFA, MOHCA, MOIC, NCWC, PCS, Judiciary, Election Commission, Cabinet Secretariat, Office of Attorney General, Parliament <i>Partners:</i> UNICEF, CSOs, media, bilateral agencies, multilateral agencies	Regular 1.80 Other 2.00
	3. Local governance systems and capacity strengthened with increased participation of women.	3.1 Strengthened capacity of local governments to plan, implement and monitor their development progress in pursuit of poverty reduction and MDGs. 3.2 Increased, effective participation of women in decision-making and development activities. 3.3 Local capacity for development/financial management enhanced through block grants/integrated approach.	2.1 No. of geog plans formulated and implemented focusing on vulnerable and poor population. 2.2 Percentage of women in decision making in the local administrations. 2.3 No. of integrated geog centres established providing multi-sectoral administrative, social and economic services to community members.	<i>Government:</i> MOF, MOHCA, NCWC, PCS, RCSC, local governments <i>Partners:</i> UNCDF, UNESCO, UNICEF, UNV, CSOs, media, bilateral agencies, multilateral agencies	Regular 0.90 Other 1.50
National priority: Enhance environmental sustainability/disaster management. UNDAF outcome 5: By 2012, national capacity for environmental sustainability/disaster management strengthened (MDG-7)					
MYFF goal: Managing energy and environment for sustainable development	1. National capacity enhanced to mainstream environmental concerns into policies, plans and programmes, and to promote biodiversity conservation and access to renewable energy at community level.	1.1 Capacity of national and local organizations to mainstream environmental concerns into their policies and plans strengthened. 1.2 National and local institutional capacities for development, implementation, monitoring and evaluation of guidelines, rules and regulations for environmental mainstreaming enhanced. 1.3 Access to sustainable energy and livelihoods for remote geogs improved. 1.4 Conservation of bio-diversity and ecosystems enhanced through development and implementation of biodiversity action plan.	1.1 No. of sectoral plans incorporating environmental concerns in mid-term 10 th and 11 th plans. (<i>10th five-year plan guideline and sectoral plans</i>). 1.2 (a) 'One Environmental Information Management System' operational. 1.2 (b) Local government environmental plans supported. 1.3. No. of male/female-headed households in remote geogs using renewable energy and with increased income generation opportunities. 1.4. No. of new protected areas/biological corridors supported. (<i>Six protected areas;two biological corridors</i>).	<i>Government:</i> BPC, MOA, MTI, NEC, PCS, line ministries District Environment Committee, local governments <i>Partners:</i> UNEP, Bilateral agencies, Multilateral agencies, RSPN, Private sector, remote communities, CSOs	Regular 0.50 Other 5.80
	2. National capacity for disaster risk management strengthened.	2.1 Capacity of national and local focal agencies and other stakeholders strengthened to implement disaster management framework including prevention, mitigation, relief and reconstruction. 2.2 Disaster/climate risk reduction mainstreamed into national policies and plans.	2.1 Thirty most vulnerable communities identified and women/men trained in disaster/climate risk management. (<i>One in Phuntsholing</i>). 2.2 Disaster/climate risk reduction mainstreamed into 11 th five-year sectoral plans of MOWHS, MTI, MOE, and MOH.	<i>Government:</i> National DM Committee and member agencies, local governments <i>Partners:</i> UNDMT, CSOs, vulnerable communities, bilateral agencies	Regular 0.50 Other 5.20 Total regular: 8.40 Total other: 19.50

Acronyms and abbreviations

ACC	Anti-Corruption Commission
BCCI	Bhutan Chamber of Commerce and Industry
BDFC	Bhutan Development Finance Corporation
BICMA	Bhutan Information Communication and Media
BPC	Bhutan Power Corporation
DM Committee	Disaster Management Committee
DYT	Dzongkhag Yargye Tshogdue (District Development Committee)
FAO	Food and Agricultural Organization
GYT	Geog Yargye Tshogdue (Block Development Committee)
IFAD	International Fund for Agricultural Development
MOA	Ministry of Agriculture
MOE	Ministry of Education
MOF	Ministry of Finance
MOFA	Ministry of Foreign Affairs
MOH	Ministry of Health
MOHCA	Ministry of Home and Cultural Affairs
MOIC	Ministry of Information and Communications
MOLHR	Ministry of Labour and Human Resources
MOWHS	Ministry of Works and Human Settlements
MTI	Ministry of Trade and Industry
NCWC	National Commission for Women and Children
NEC	National Environment Commission
NSB	National Statistical Bureau
PCS	Planning Commission Secretariat
RAA	Royal Audit Authority
RCSC	Royal Civil Service Commission
RSPN	Royal Society for the Protection of Nature
UNESCAP	United Nations Economic Social Commission for Asia and Pacific
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNEP	United Nations Environment Programme
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UNDMT	United Nations Disaster Management Team
UNCTAD	United Nations Conference on Trade and Development
WFP	World Food Programme