



ASSESSMENT OF DEVELOPMENT RESULTS
EVALUATION OF UNDP'S CONTRIBUTION **BHUTAN**

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FOREWORD

The *Assessment of Development Results (ADR)* Bhutan report presents the findings of the evaluation of UNDP's contributions in Bhutan, carried out by the Evaluation Office (EO) of the United Nations Development Programme (UNDP) in 2006. It is one of seven ADRs completed in 2006. An ADR is conducted in response to the requirements of the evaluation policy of UNDP endorsed by the UNDP Executive Board in June 2006, which calls for an independent country-level evaluation of UNDP's attainment of its intended and achieved results as well as its contributions to the development results of the countries where it works. The aim of the ADR is to generate lessons for strengthening country-level programming and contribute to the organization's effectiveness and substantive accountability.

Bhutan, a small and beautiful mountainous kingdom high up in the Himalayan foothills, is undergoing a historic transition from monarchy to democracy. In December 2006, after ruling for 3 decades, His Majesty King Jigme Singye Wangchuck handed over his responsibilities as the Monarch and head of state of Bhutan to his son, the Crown Prince, Jigme Khesar Namgyel Wangchuck, who became the fifth king of Bhutan. Preparations are being made for a democratically elected government to assume power in 2008 under a new constitution. Bhutan has recorded significant gains in human development after ending its self-imposed isolation in 1961. It is on track to meet several MDGs and has already met the targets of reducing the proportion of underweight children and ensuring access to clean water and proper sanitation. The country's human development index (HDI) has risen steadily placing Bhutan in the category of medium human development countries. Policy-making and programming in Bhutan are uniquely guided by the concept of gross national happiness (GNH), which emphasizes sustainable and equitable socioeconomic development, conservation of environment, preservation and promotion of culture and promotion of good governance.

UNDP has had a long association with the Royal Government of Bhutan. Since the early 1970's it has been providing support – from material and technical support to tertiary, technical and vocational training institutes; fellowships for training and graduate and post-graduate studies overseas, support to civil aviation, telecommunications, private sector, energy, tourism and media sectors to its current support for the attainment of the MDGs and for integrating the goals effectively within the national development planning and policy framework.

The evaluation found that UNDP has remained relevant in the changing context of development in Bhutan. A number of factors have contributed to this, including UNDP's responsiveness, flexibility and use of flexible funding modalities. Its alignment with national priorities and trusted relationship with the government have further enabled UNDP to evolve with and respond to national needs. Ensuring government and national ownership is another way that UNDP strives to ensure sustainable results. Further, its cross-sectoral mandate, coordination role among UN partners, global access to high-level technical expertise, and ability to identify and help respond to emerging issues by keeping a finger on the international and national development pulse, have contributed to UNDP's positive image in Bhutan. On the whole, the assessment reveals that UNDP's contributions are in line with intended outcomes.

However the evaluation found that there are a number of internal and external factors - that have affected UNDP's capacity to maximize its contributions. Despite positive developments in its human development, there are ongoing challenges posed by the country's small and widely scattered population, its geography and mountainous terrain, and despite the fact that physical infrastructure has expanded considerably over the years, it is still inadequate to ensure universal reach and effective delivery of basic social services and to establish effective systems of local governance and connectivity to markets. At the same time, CBOs and

NGOs are few in number, and their capacities are also insufficiently developed. Similarly, very few independent research and consulting institutions, policy groups or agencies in the private sector serve the critical function of independent evaluation and public reporting.

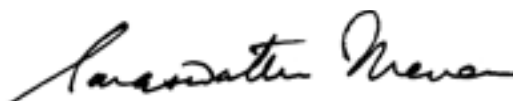
Three significant lessons learned from UNDP's experience in Bhutan include: first, nurturing its relations with government, displaying sensitivity, astuteness and respect. It has partnered with the government to think through several interventions and implement them at a pace set by the government; second, UNDP Bhutan, by and large, scores well in terms of its upstream policy contributions to Bhutan's development. Much less visible, however, is the contribution to downstream effectiveness and impact at the local level; and third, the government has been drawing upon UNDP Bhutan's support for tapping information and knowledge in many areas where local expertise has been insufficient. This feature, and not the amount of funds, has been the basis for the relationship of trust that has been built between UNDP Bhutan and the government over the years. The development of the draft country programme document for Bhutan (2008-2012) has benefited from the findings and the recommendations of the evaluation.

A number of people contributed to this evaluation, particularly the evaluation team composed of A.K. Shiva Kumar, team leader, Zenda Munro Ofir and Kunzang Dechen Dorji, team members, Elizabeth K. Lang, Research Assistant and Ruth Abraham, the Evaluation Office team member

and task manager. We would also like to thank Kutisha Ebron and Anish Pradhan for their administrative support. We would also like to express our appreciation to Margo Alderton, editor of this report.

The preparation of the evaluation was also thanks to the excellent collaboration and openness of the UNDP Country Office in Bhutan, led by the Resident Representative Nicholas Rosellini, the Deputy Resident Representative, Toshihiro Tanaka, and the support of staff members Tenzin Thinley and Wangdi Tshering, and to all the UNDP Bhutan staff. I would also like to thank, Jean-Claude Rogivue, Razina Bilgrami and Maria Suokko of the Regional Bureau for Asia and the Pacific, for their cooperation. Lastly this report would not be possible without the strong interest and support of the Royal Government of Bhutan at the central and local levels. The ADR is indebted to representatives of civil society, the private sector, donors, and from representatives of the United Nations Country Team for their cooperation. The stakeholder workshop to discuss the report's findings and recommendations has greatly enriched the final report.

UNDP has been a partner of the Royal Government of Bhutan since 1973. I hope that the findings and recommendations of this report will assist UNDP in continuing and improving the effectiveness of its assistance in Bhutan in responding to the new challenges that its people will face as a democracy, and in providing broader lessons that may be of relevance to UNDP and its partners internationally.



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ACRONYMS AND ABBREVIATIONS

| | |
|-----------------|--|
| ADB | Asian Development Bank |
| ADR | Assessment of Development Results |
| CBOs | Community Based Organizations |
| CCA | Common Country Assessment |
| CCF | Country Cooperation Framework |
| CEDAW | Convention on the Elimination of All Forms of Discrimination Against Women |
| CO | Country Office |
| DADM | Department of Aid and Debt Management |
| DBS | Direct Budget Support |
| DLG | Department of Local Governance |
| DSP | Decentralization Support Programme |
| DT | Dzongkhag Tshogdue |
| DYT | Dzongkhag Yarge Tshogchung |
| EC | European Commission |
| FYP | Five Year Plan |
| GDP | Gross Domestic Product |
| GEF | Global Environment Facility |
| GNH | Gross National Happiness |
| GTZ | Technical arm of the German Development Agency |
| GYT | Gewog Yargye Tshogchung |
| HDI | Human Development Index |
| Helvetas | Swiss Association for International Cooperation |
| ICDP | Integrated Conservation Development Programme |
| IHDP | Integrated Horticulture Development Programme |
| LEAP | Local Environmental Action Plan |
| M&E | Monitoring and Evaluation |
| MDG | Millennium Development Goal |
| MEAP | Micro-Environmental Action Plan |
| MYFF | Multi-Year Funding Framework |
| NCWC | National Commission for Women and Children |
| NEX | National Execution |
| NGO | Non-Governmental Organization |

| | |
|---------------|--|
| ODA | Official Development Assistance |
| REDP | Rural Enterprise Development Programme |
| RENEW | Respect Educate Nurture and Empower Women |
| RGoB | Royal Government of Bhutan |
| RMA | Royal Monetary Authority |
| RNR | Renewable Natural Resources |
| RSPN | Royal Society for the Protection of Nature |
| RTM | Round Table Meeting |
| SNV | Netherlands-based international development organization |
| SQCA | Standards and Quality Control Authority |
| SRF | Strategic Results Framework |
| UNCDF | United Nations Capital Development Fund |
| UNDAF | United Nations Development Assistance Framework |
| UNDMT | United Nations Disaster Management Team |
| UNIFEM | United Nations Development Fund for Women |
| UNV | United Nations Volunteer |
| WFP | World Food Programme |
| WWF | World Wildlife Fund |

EXECUTIVE SUMMARY

Bhutan is in the midst of a historic transition from monarchy to a full-fledged democracy after having established peace, stability and impressive gains in human development. High expectations to successfully manage the transition make it even more important for Bhutan's development partners—national and international—to reflect upon future support in order to further accelerate and sustain progress in the coming years. This is an opportune moment for UNDP to assess, and if needed, reposition and restructure its assistance to Bhutan in order to enhance development effectiveness. The Assessment of Development Results (ADR) exercise is timely in that it is an independent evaluation of UNDP's contribution to Bhutan's development, the results of which will be used as an input to UNDP's next country programme (2008-2012) in Bhutan.

Policymaking and programming in Bhutan are uniquely guided by the concept of gross national happiness (GNH), which emphasizes sustainable and equitable socioeconomic development, conservation of the environment, preservation and promotion of culture, and promotion of good governance.

UNDP Bhutan has, over the years, established an extremely positive relationship with the Royal Government of Bhutan (RGoB)—a relationship that is characterized by mutual trust, respect and constructive engagement. UNDP assistance, starting in 1973, has covered a number of fields from telecommunications and civil aviation to horticulture and promotion of cultural heritage.

During the period under review, January 2000 to December 2005, UNDP Bhutan has contributed mainly to five programmatic areas: governance, poverty reduction, energy and environment, gender equity, and natural disaster reduction. UNDP (in partnership with United Nations Capital Development Fund [UNCDF] and United Nations Volunteer [UNV]) is currently the largest UN

system development partner in Bhutan. Between 1997-2001, UNDP's programme budget in Bhutan totaled USD 18.2 million. In 2004, UNDP's total expenditure for Bhutan was USD 3.34 million. For the period 2002-2006, the amount budgeted was USD 13.2 million.

Currently, the staff in charge of managing the affairs of UNDP Bhutan include two international staff members, seven national officers, 23 general staff members, one Junior Programme Officer and five UNVs.

Several new opportunities for UNDP to enhance its contribution are expected to emerge with the transition to democracy in 2008, when a democratically elected government will begin to function under a new constitution.

Development context: Bhutan is a small country 672,425¹ people located in South Asia at the foot of the Himalayas. With a per capita gross national income of USD 1,005 in 2005—40 percent higher than that of India and more than 70 percent higher than the average income of low income countries—Bhutan has recorded impressive gains in human development after ending its self-imposed isolation in 1961. The country's human development index (HDI) has grown steadily from 0.325 in 1984 to 0.583 in 2003, placing Bhutan in the category of medium human development countries.

A sensible macroeconomic policy has ensured high growth, positive balance of payments, and manageable levels of inflation and public debt. Annual gross domestic product (GDP) growth since 1980 has averaged 7 percent. This has been sustained principally by hydropower development, export of surplus power to India, and creation of extensive infrastructure including road networks, feeder roads to improve rural connectivity, electricity and telecommunication facilities. Nevertheless, Bhutan faces several development challenges. Among

1. Office of Census Commissioner, Population and Housing Census of Bhutan, Thimphu, Bhutan, 2005

the priority issues identified by RGoB and other partners are the need to eliminate poverty, reduce inequalities, generate employment (especially for young people), enhance reach and quality of basic social services, transition smoothly to parliamentary democracy, better manage the environment, develop civil society organizations and the private sector, and promote leadership, especially in local governments. Critical to Bhutan's future development will also be a peaceful resolution of the issue of the people in the camps in Eastern Nepal.

Role of official development assistance (ODA):

ODA has played an important role in financing and promoting human development in Bhutan. According to UNDP's Human Development Report 2006, Bhutan received USD 88 per capita as ODA in 2003, accounting for 11.1 percent of the GDP—the highest proportion in South Asia. ODA to Bhutan has more than doubled, from USD 71 million in 1990 to USD 147 million in 2004. The UN system has emerged as the largest contributor to Bhutan's development. ODA has been mostly used to fund investments in and expansion of much needed physical and social infrastructure, housing and urban development, and the Renewable Natural Resources (RNR) sector.

The success of development outcomes in Bhutan, rising per capita incomes and the increasing ability of the country to meet its own development outlays have paradoxically created a situation wherein some of the development partners are now considering either reducing levels of ODA or a gradual phasing out of their assistance. This is a serious concern. A premature withdrawal or reduction of ODA resources could potentially jeopardize the development gains attained so far and adversely affect Bhutan's long-term sustainable development at this critical juncture when Bhutan has embarked on a transition to democracy. Even as revenue and GDP are expected to grow substantially with the commissioning of the 1,020MW Tala hydroelectric project (the biggest joint undertaking between India and Bhutan so far, which is expected to generate 4,865 million kWh/yr), social sector expenditures are projected to rise steeply as the state gears itself to meet the needs of a large young population and fulfill its commitment to assure citizens a decent quality of life. At the same time, the government

has to meet rising debt and interest obligations in addition to starting repayments for the hydro-power project almost immediately. Costs of governance are also expected to increase as many new institutions essential under democracy (such as the Parliament) are being set up for the first time and institutions of local governance are further strengthened.

In the immediate term, Bhutan may increasingly depend on ODA. In the long term, however, the country has the potential to reduce its dependence on foreign aid, especially as standards of living improve, incomes expand, and human capabilities are enhanced.

UNDP's contribution as a development partner:

RGoB provides a comprehensive development framework, articulated in the Five Year Plans and other policy documents, that set out national priorities and goals for the country.² In this sense, RGoB retains full ownership of policy and strategy development as well as field execution. Within this context, UNDP is called upon by RGoB to explore new approaches and new areas, mobilize technical assistance, conduct studies that can inform policy and programming, and bring lessons learned from the field to inform policy makers. In extending support, UNDP often works 'behind the scenes' in close partnership with RGoB. UNDP has acquired a high profile for its contribution in all the five programming areas (governance, poverty reduction, energy and environment, gender equity and natural disaster reduction). Contributing to UNDP's positive image are its alignment with and responsiveness to national development priorities, flexible funding modalities, cross-sectoral mandate, coordination role among UN partners, global access to high-level technical expertise, and ability to identify and help respond to emerging issues by keeping a finger on the international and national development pulse.

Some of UNDP's important contributions have been to raise awareness through effective advocacy, create an enabling policy environment through preparatory work, extend direct support for policy and strategy development, and enhance institutional capacity in the public sector. RGoB also recognizes the contribution of UNDP's 'soft assistance', such as donor coordination, assisting RGoB in international conventions, preparing Millennium

2. See, for example, two reports brought out by RGoB: 'Bhutan 2020: A Vision for Peace, Prosperity and Happiness, 2000', and 'Good Governance Plus: In Pursuit of Gross National Happiness 2005'.

Development Goal (MDG) Reports and National Human Development Reports, advocating and supporting the development of the GNH concept, mobilizing ad hoc technical assistance, and supporting institutional strengthening in the public sector, such as the National Commission for Women and Children (NCWC).

On the whole, the assessment reveals that UNDP's contributions are in line with intended outcomes. Evidence for this comes from examining the systematic documentation of milestones and generation of reports following UNDP's move to adopt a results-based approach. In cases where results did not occur according to plan, this appears to be largely attributable to insufficient implementation capacities among institutions at the local level, exacerbated by the accelerating pace of reform and growing demands on central planning. Other constraining factors are perceived deficiencies in some UNDP institutional systems (for example, in financial and reporting systems), and processes that limit institutional learning.

Comparative advantages: UNDP is, by and large, seen as a catalyst that continues to undergo changes in order to keep pace with changing national and local needs. Compared to other development agencies operating in Bhutan, UNDP enjoys many advantages. These include a close partnership with RGoB, support to multisectoral interventions, the capacity to coordinate and mobilize support within the UN system, access to impartial global expertise, the capacity to extend funding support that is flexible and responsive, and the ability to take risks and to globally showcase Bhutan's achievements.

External factors contributing to UNDP's effectiveness: Public policy in Bhutan is guided by the concept of GNH which, in many ways, complements UNDP's idea of human development. Recent shifts in political priorities towards greater empowerment and engagement of people, for instance, are consistent with UNDP's human development approach. The move towards decentralization assists ground-level implementation by providing opportunities for better mobilizing and involving non-governmental organizations (NGOs), community-based organizations (CBOs) and civil society. UNDP has also benefited from RGoB's strong sense of ownership of UNDP's interventions and by a series of reforms in Bhutan spearheaded by RGoB. At the same time,

RGoB has been open to new ideas and has shown an eagerness to learn from local and international experiences. Equally important has been the acceptance of UNDP's leadership role by development partners in Bhutan.

Internal factors contributing to UNDP's effectiveness: Many internal factors have contributed to UNDP's effectiveness. As discussed earlier, UNDP has capitalized on its long association with RGoB, extended support to a wide range of activities, and remained flexible and responsive to the country's needs. It has tapped a broad range of expertise available in UNDP Headquarters, regional centres and across UN agencies. UNDP has also displayed a good ability to plan in a rapidly changing environment. It has encouraged participatory approaches to planning and focused on generating evidence to inform policy and decision making. Today, it is well placed to work on both upstream and downstream issues of development and has also capitalized on opportunities to establish strong policy-practice linkages in different sectors.

External factors detracting from UNDP's performance: Many external factors have prevented UNDP from being more effective. Bhutan's topography, rough weather, mountainous terrain and landlocked status pose serious challenges for accelerating human development. The country's small and widely scattered population compounds the challenges. As a result, while physical infrastructure has expanded considerably over the years, it is still inadequate to ensure universal reach and effective delivery of basic social services and to establish effective systems of local governance and connectivity to markets. Speedy political reforms towards democracy and decentralization have greatly increased the need for administrative and managerial capacity as well as leadership at many levels of government. A constraining factor has been RGoB's capacities for planning and implementation, especially in local governments. This is also a reason why inter-sectoral convergence and coordination remain weak. At the same time, CBOs and NGOs are few in number, and their capacities are also insufficiently developed. Similarly, very few independent research and consulting institutions, policy groups or agencies in the private sector serve the critical function of independent evaluation and public reporting.

Internal factors detracting from UNDP’s performance: A number of internal factors have limited the capacity of UNDP Bhutan to maximize its contributions. While UNDP has dovetailed its operations with government priorities, this has not necessarily ensured adequate coherence and programme focus. Being flexible, agile and capable of taking risks has enabled UNDP to be responsive and to function as a catalyst. However, it has also given rise to a feeling that UNDP’s interventions are small, scattered and unfocused. In addition, while UNDP has established strong ties with the central government, this is not the case with local governments. UNDP Bhutan’s relatively small staff seems over worked—burdened both by UNDP programming work and the coordination role emanating from the dual roles of the UNDP Resident Representative serving as the UN Resident Coordinator as well. Finally, there is room for improving monitoring and evaluation systems by focusing, to start with, on the changes that UNDP is aiming to bring about, rather than on what is being done.

Partnerships: UNDP Bhutan has built successful partnerships with UN agencies and bilateral and multilateral donors. Stakeholders applaud UNDP’s role as a partner and describe UNDP as being an honest broker, independent, with no associated agenda, and a transparent and effective coordinator. Most partners see a useful synergy between UNDP’s operations and their own. Partners regard UNDP as being most effective in providing international expertise, extending support for policy advice to the government, catalyzing development action, mobilizing resources, promoting collaboration and networks, strengthening capacity, and coordinating (not directing or dictating) development assistance among UN agencies and other partners. However, UNDP has been less successful in building partnerships with the private sector, NGOs and civil society organizations.

UN resident system coordination role: The Resident Coordinator is credited with taking a lead role in promoting and coordinating actions around the MDGs. The Common Country Assessment (CCA) and United Nations Development Assistance Framework (UNDAF) provide the unified overall planning structure for the United Nation’s development assistance in Bhutan. The Round

Table Meetings (RTMs), co-chaired by RGoB and UNDP, have served as a useful forum for promoting consultations between developing countries and assistance partners on issues of common interest and development themes. Stakeholders appreciate UNDP’s role in improving coordination through the Theme Groups, promoting policy dialogue with RGoB, and harmonizing programming efforts. At some level, however, many in government and civil society are unable to distinguish between UNDP and the United Nations. This has sometimes resulted in incorrectly or inadvertently crediting UNDP with achievements that the organization is not entirely responsible for. Also, there is little evidence to suggest that the UN country team is engaged in actively promoting joint programming, monitoring and evaluations, although the intention to do so is often expressed.

Lessons learned: Some general lessons are obvious. It is important for the UNDP country office (CO), for instance, to avoid normal development pitfalls such as top-down planning, superficial consultation and insufficient emphasis on empowerment when building capacity and executing projects. However, there are three specific lessons from the UNDP Bhutan’s experience that are worth noting.

Cultivating partnerships: UNDP Bhutan has lessons to offer in cultivating relationships with governments. The trust that the CO enjoys reflects the sensitivity, astuteness and respect with which UNDP has cultivated its relationships with RGoB. The CO has chosen not to ‘impose’ or even ‘appear to impose’ its own prescriptions. It has partnered with RGoB to think through several interventions and implement them at a pace set by RGoB. Three issues are important while nurturing government relations. One, close proximity to and dovetailing of UNDP’s programmes with that of government, while necessary, make it difficult for UNDP to clearly identify what its specific contributions are to the country’s development. Often, the tendency is for UNDP to take credit for national achievements and absolve itself of responsibility for any shortcomings by pointing to deficiencies in government. It is therefore important to develop within UNDP a stronger culture of results-based management where continuous monitoring and evaluation become integral to performance assessment and reporting. Two, there is need to strike a balance

between developing relationships with the government on the one hand and with the private sector and civil society on the other. This may not always be easy and needs to be consciously and proactively pursued. Three, given the rapidly changing external environment, it is necessary for UNDP to constantly review the underlying pathways of change that guide its programming efforts by reviewing what actions with what people and in what settings will produce the desired outcomes. This will make the organization more alert, more responsive and more capable of making mid-course corrections to its programmes.

Balancing upstream and downstream work:

Ensuring development effectiveness requires both appropriate upstream and downstream interventions. UNDP Bhutan, by and large, scores well in terms of its upstream policy contributions to Bhutan's development. Much less visible, however, is the contribution to downstream effectiveness and impact at the local level. Three factors need to be better understood. First, at the project design stage, UNDP and the central government must discuss and develop a decentralized system of programme implementation that can ensure effective flow and use of funds by local bodies. The flow of resources must be adequate to deliver the expected outputs and outcomes. Second, the CO must work towards developing scaling up strategies, especially where interventions start as pilot projects and need to be expanded. Third, the CO needs to put in place effective quality evaluation mechanisms that can highlight lessons for replication as scaling up occurs.

Becoming a knowledge organization: RGoB has been drawing upon UNDP Bhutan's support for tapping information and knowledge in many areas where local expertise has been insufficient. This feature, and not the amount of funds, has been the basis for the relationship of trust that has been built between UNDP Bhutan and RGoB. The CO has drawn upon expertise from UNDP's regional centres, Regional Bureau for Asia and the Pacific, and corporate divisions of UNDP, especially in areas where UNDP Bhutan has not had the necessary

skills to respond to requests from RGoB. This function needs considerable strengthening. In the years to come, UNDP's contribution will be determined increasingly by the extent to which it informs public decision making by drawing on its global knowledge of what works and what doesn't. To better do this, UNDP will need to rapidly transform itself into an effective knowledge organization.

Recommendations: Improvements in the functioning of UNDP Bhutan as well as enhanced support from the UNDP Regional Bureau for Asia and the Pacific, regional centres and other UNDP headquarter units can further strengthen UNDP's development effectiveness in Bhutan. Listed below are specific recommendations for the consideration of different stakeholders within UNDP.

RECOMMENDATIONS TO UNDP BHUTAN

POSITIONING

- **Improve responsiveness:** There is considerable room for UNDP Bhutan to improve its ability to assist RGoB in identifying and articulating policy choices to more proactively address many of the challenges facing Bhutan. These would include, for instance, examining and finding appropriate solutions to concerns of poverty and inequality, youth unemployment, rural-urban migration, limited capacities at the local level, a weak private sector and capacity building of civil society organizations.
- **Rearticulate a theory of change:** A 'theory of change' is the product of 'a series of critical-thinking exercises that provides a comprehensive picture of the early-and intermediate-term changes in a given community that are needed to reach a long-term goal articulated by the community.'³ Re-examining four variables—actions, people, setting and outcomes—is a useful way for any organization to further improve its development effectiveness. Strategic thinking and a common understanding of the development path will enable UNDP Bhutan to tap better into

3. Articulating a Theory of Change helps to (i) identify the issue(s) that an intervention will address, (ii) spell out the roles and responsibilities of different stakeholders, (iii) set benchmarks for groups that will benefit from the programme, (iv) analyse the policy environment in which the programme will be implemented, and (v) outline strategies that will help achieve specific outcomes. For details, see discussions, such as www.evaluationtools.org/plan_theory.asp and www.gse.harvard.edu/hfrp/eval/issue30/expert3.html

global knowledge and enable Bhutan to create an appropriate environment for policy reforms and programmatic interventions. Doing so will also enable UNDP Bhutan to strike a better balance between upstream and downstream interventions, and address the issues of scatter of projects, focus, policy and field linkages.

- **Develop into a knowledge centre:** There is a real opportunity for UNDP Bhutan to position itself as a knowledge centre. Doing so will greatly strengthen the supporting role that it plays vis-à-vis RGoB and will also fulfill the expectations of other development partners. There is, however, a need to formalize and improve knowledge creation, management and dissemination. This will require paying more attention to concurrent project (and even programme) monitoring and evaluation, synthesis of action research and evaluation lessons. In addition, UNDP Bhutan could play a constructive role in encouraging knowledge networks within the country. Effective use of information and communications technology can help make the generation and sharing of knowledge more inclusive and participatory. UNDP can also play a useful role in ensuring that knowledge dissemination results in further enriching the quality of public discourse.

PROGRAMMING

- **Consolidate interventions:** There is still much ground to cover in terms of advancing human development, eliminating human poverty and reducing inequalities. While continuing its activities in the current programming areas, UNDP Bhutan should pay special attention to national development challenges that are likely to assume importance in the coming decade. This would include focusing on RGoB-articulated priority areas including anti-corruption, good governance, leadership, culture and ethics.
- **Sharpen focus:** UNDP has been particularly effective in evolving with the needs of RGoB. Although a majority of UNDP's resources are concentrated in only two large projects—Rural Enterprise Development Programme (REDP) and Decentralization Support—its efforts appear scattered due to the ambitious design of the two projects and the slow progress towards results because of insufficient institutional and individual capacities. The results-based approach and Multi-Year Funding Framework have helped to sharpen UNDP's work towards outcomes, but they still need to be better internalized in order to become more outcome and less process orientated.
- **Strengthen downstream delivery:** UNDP Bhutan has been successful in supporting RGoB in a number of upstream policy initiatives. Its support and impact downstream need to be made more effective and obvious. Work at the field level requires more effort, resources and monitoring capacity. The potential contribution of NGOs and CBOs can be substantial, but this requires both nurturing and investments in capacity building. Assessing downstream contribution should be improved by better monitoring at the project level, specifying clear methodologies in project evaluation and resolving conflicting views on the effectiveness of partnerships.
- **Capacity building:** UNDP Bhutan should work towards improving efficiency as well as government capacity at central and local levels to deal with the demands of implementation. It should focus on further developing public sector capacity, particularly in the areas of disaster management, gender analysis and mainstreaming, sustainable use and management of natural resources, and in fulfilling human rights treaty obligations. The CO should generate adequate synergies and linkages between executing agencies and work to ease rigid and ineffective institutional systems. The UN country team should assess whether it has sufficient policy and analytical capacity to help the RGoB use direct budget support. At the same time, it will be important for UNDP Bhutan to find ways and means of enhancing the capacity and resources of the private sector and NGOs as well.
- **Monitoring and evaluation:** Better monitoring, evaluation and knowledge management systems are needed to maximize UNDP's impact and that of its partners in advancing the development agenda. UNDP, together with the UN system in Bhutan, should assist in building national capacity for monitoring and evaluation.
- **Aid mobilization and coordination:** Given the resource pressures on RGoB, UNDP Bhutan can assist by better leveraging its resources to mobilize additional external funds and help with

priority setting. UNDP Bhutan can act as a filter for RGoB, initiate a dialogue with potential partners, and help identify and articulate better the resource needs of different sectors. More attention will also need to be paid to managing aid by introducing greater transparency and emphasizing the importance of mutual accountability.

- **Round Table Meetings (RTMs):** A unique feature of development cooperation in Bhutan is the extremely useful role that the RTMs have played in advancing the development agenda. As co-chair of the RTMs, UNDP Bhutan has supported RGoB in this initiative that has had several beneficial outcomes. The RTM is not a ‘pledging’ meeting where different international agencies commit financial resources. Over the years, it has emerged as a platform for development dialogue and discussions on issues of interest and concern to all participants. UNDP should continue to support the RTMs and make them an even more effective forum for promoting development dialogue and for follow-up with RGoB on issues discussed at the RTMs.
- **Harmonization:** UNDP’s substantive upstream as well as downstream work places it in a good position to better link policy and practice effectively. There is scope for developing more effective mechanisms to build bridges and promote harmonization between UNDP and its development partners. This will require more actively promoting management practices that are results oriented and harmonized.
- **Advocacy:** Bhutan is likely to experience rapid political, social and economic transformations occurring with varying time lags and varying intensities. In this context, it is important for the Resident Coordinator—and for UNDP—to advocate for the set of universal values enshrined in the Millennium Declaration: freedom, equality, solidarity, tolerance, respect for nature and shared responsibility. The Millennium Declaration also identifies several key objectives in order to translate these shared values into actions: peace, security and disarmament; development and poverty eradication; protecting our common environment; human rights, democracy and good governance; and protecting the vulnerable. Incorporating these values into its policies will be critical for Bhutan and UNDP can play a

useful role in advocating for their inclusion in policy formulation.

RECOMMENDATION TO REGIONAL CENTRES

UNDP Bhutan has received periodic and specialized support from the regional centres in Colombo and Bangkok in its main areas of programming. In the coming years, the potential for UNDP regional centres to contribute to Bhutan’s development is likely to increase substantially. It would help to identify specific areas where UNDP can be more effective in mobilizing external aid and technical support. Creating a knowledge base and a comprehensive resource centre are likely to enhance the contribution of the regional centres.

RECOMMENDATION TO UNDP HEADQUARTERS

There are two areas that require the attention of UNDP’s management. The first is simplification of bureaucratic procedures. Staff members in the CO as well as government counterparts commonly express the view that UNDP’s corporate procedures are unnecessarily cumbersome and time consuming. Indeed, many staff members seem to be over burdened by routine reporting requirements leaving little time for thinking creatively about their programmes. Use of staff time and staff deployment need to be examined and improved upon if more tangible results are to accrue. Second, it is necessary to assess the viability of multiple planning and results frameworks. The Evaluation Team reviewed several key documents such as the Strategic Results Framework, Multi-Year Funding Framework and Results-Orientated Annual Reports. The usefulness of these documents is not apparent. It would be useful for UNDP to undertake a systematic assessment of the extent to which these instruments are effective in actually enabling the CO to plan, implement and deliver better on results.

At the Headquarters, there is also a high potential for the Regional Bureau for Asia and Pacific to enhance its contribution to Bhutan’s development. The Bureau has specialized knowledge of countries in the region and countries that have undergone or are undergoing political transitions. This knowledge base needs to be better tapped and used to inform policy formulation and decision making in Bhutan.

Chapter 1

Introduction

Bhutan is a small country of 672,425 people. It is located in South Asia at the foot of the Himalayas and is landlocked between two of the world's most populous nations: India and China. With a per capita gross national income of USD 1,005 in 2005—40 percent higher than India and more than 70 percent higher than the average income of low income countries—Bhutan has recorded impressive gains in human development after ending its self-imposed isolation in 1961. Life expectancy at birth has increased from 42 years during 1970-1975 to 66 years in 2004, and the infant mortality rate has been more than halved from 156 deaths per 1,000 live births in 1970 to 40 deaths per 1,000 live births in 2005.⁴ The country's human development index (HDI) has grown steadily from 0.325 in 1984 to 0.583 in 2003, placing Bhutan in the category of medium human development countries. Policy-making and programming in Bhutan are uniquely guided by the concept of gross national happiness (GNH), which emphasizes sustainable and equitable socioeconomic development, conservation of environment, preservation and promotion of culture and promotion of good governance.

UNDP Bhutan has, since 1973, supported a variety of activities within the country and has, over the years, established its reputation as a trusted partner

of the Royal Government of Bhutan (RGoB). Assessing UNDP's contributions and exploring future opportunities assume a special significance as Bhutan is currently in the midst of a historic transition from monarchy to democracy. In December 2006, His Majesty King Jigme Singye Wangchuck handed over his responsibilities as the Monarch and head of state of Bhutan to the Crown Prince, Jigme Khesar Namgyel Wangchuck. The Crown Prince became the fifth King and has assumed full responsibilities of the head of state. In 2008, there will be a democratically elected government under a new constitution. The constitution pledges to create an enlightened society to promote happiness and well-being of all by providing a framework to ensure accountability of the government, responsible management of state resources, independence of constitutional offices, the rule of law and legal protection of human rights.

The ADR for Bhutan assesses the UNDP programme portfolio between January 2000 and December 2005. It includes all UNDP activities within the country, including structured programmes and projects as well as 'soft' ad hoc forms of support. UNDP assistance is considered irrespective of the sources of funding.

Box 1. Objectives of the ADR

1. To provide an independent assessment of development results at the country level, with an emphasis on the strategic relevance and effectiveness of UNDP Bhutan's country programme.
2. To assess how UNDP has positioned itself strategically to add value in response to national needs and changes in the national development context.
3. To contribute to accountability and learning from experience, taking into account self evaluations at the project and programme level and the role of development partners.
4. To provide a set of clear and forward-looking lessons and options for current and future programming at country and organizational levels by UNDP and its partners.

4. Data for this section have been largely obtained from the Population and Housing Census 2005, Human Development Report 2006, National Human Development Reports 2000 and 2005, and Bhutan MDG Progress Report 2005.

1.1 PURPOSE

The objectives and uses of the Assessment of Development Results (ADRs) are detailed in Boxes 1 and 2. The ADR is not a comprehensive programme or implementation evaluation, but instead focuses on two core components of performance:

Contribution to national development results—The ADR assesses UNDP's contributions to national development results in terms of outcomes in five areas of programming: governance, environment and energy, poverty reduction, natural disaster reduction and gender equity. It includes an analysis of the extent to which perceived contributions match intentions and assesses progress towards desired results. The ADR also identifies internal and external factors that have influenced UNDP's contributions as well as the sustainability of results.

Strategic positioning issues—The ADR assesses the extent to which UNDP has capitalized on its comparative advantages in response to the development context, needs and priorities of stakeholders. It examines UNDP's contributions to advancing human development, the attainment of the Millennium Development Goals (MDGs) and United Nations Development Assistance Framework (UNDAF) objectives in Bhutan. It analyzes the relevance of support to national priorities and examines alignment and coordination with other partners, anticipation of and response to contextual changes, responsiveness and the

leveraging of resources towards desired results. The ADR also assesses the role in ensuring coordination of the UN system through the Office of the Resident Coordinator and the cohosting with RGoB of the Round Table Meetings (RTMs).

Several factors led to the selection of Bhutan by UNDP as one of nine countries in which to undertake an ADR in 2006.

First, many new institutions of governance are expected to emerge within government and civil society as Bhutan adopts a democratic system of government in 2008. This change is likely to necessitate a rethinking by UNDP of its role and contribution to Bhutan's development as the transition will create new opportunities for strengthening the practice of democracy and also change the policy environment in which UNDP Bhutan operates in significant ways.

Second, inputs from the ADR can help UNDP Bhutan position its support and improve its effectiveness in the coming years, especially since Bhutan is in the midst of drafting its 10th Five Year Plan (FYP) 2008-2012. The new plan is expected to provide the development framework once the new constitution is adopted and the parliament is in place in 2008.

Third, UNDP's country programme and the UNDAF were extended to the end of 2007 to coincide with the 10th FYP. The completion of the 2002-2007 Country Cooperation Framework

Box 2. Uses of the ADR

The ADR should provide opportunities for stakeholders to reflect upon and learn from development approaches and practices. It should help to improve understanding of UNDP's comparative strengths, practices and performance. For UNDP in Bhutan, the ADR should help:

- Facilitate dialogue with RGoB
- Inform and facilitate strategic decision making and validate country self assessments and evaluations
- Ensure national and corporate accountability
- Identify opportunities for future programming and positioning that can inform the next UNDP cycle and its role in UNDAF
- Improve its strategic position in Bhutan
- Encourage harmonization with development partners
- Guide regional and corporate strategies and practices
- Inform UNDP participation in global debates on development effectiveness

(CCF) presents an opportunity to evaluate the achievements and results over the past programme cycle. The United Nations has also completed the Common Country Assessment (CCA) and has finalized the UNDAF. The findings of the ADR can provide lessons to inform the next country programme cycle and its integration with the 10th FYP and can also be useful in operationalizing the 2008-2012 country programme in the context of the new UNDAF.

Fourth, UNDP is committed to continuing its support to Bhutan, which has a history of more than three decades. The appointment of a new Resident Representative of UNDP and Resident Coordinator of the UN in December 2005 offers a fresh opportunity to review both past and current arrangements and reformulate strategies to further enhance partnerships with RGoB.

In short, the ADR is structured to be forward looking. It examines whether UNDP is on the right track to help accelerate human development, meet its own objectives, and achieve desired results. It assesses the extent to which UNDP is positioned to make contributions in line with its strengths and intent. Lessons and proposed adjustments to strengthen future programming are critical outputs of the ADR process.

1.2. METHODOLOGY

The ADR team consisted of two international consultants, a national consultant/adviser, and the Task Manager from the UNDP Evaluation Office. The Team was assisted by research support in New York for the desk review and by a second national consultant in Bhutan for both primary and secondary data collection.

The preparation phase of the ADR involved an extensive and critical desk review of background documents and a series of consultations with UNDP's headquarters units and the Regional Bureau for Asia and Pacific in New York. This was followed by a one-week scoping mission by two team members to clarify the objectives and scope of the evaluation with the country office (CO) and its development partners; gather secondary material from UNDP, the United Nations and non-UN sources; finalize the evaluation approach

and methodology; commission supplementary studies in strategic and programmatic areas where little or poor information existed; and put in place a mechanism for managing supplementary studies and conducting the assessment. Detailed terms of reference were drawn up (see Annex 1). An entry workshop with the CO and national stakeholders and extensive consultations with experts, CO staff and RGoB representatives during the mission were held to validate preliminary findings. The international consultants subsequently met with key UNDP, United Nations Capital Development Fund (UNCDF) and United Nations Development Fund for Women (UNIFEM) officials in New York to further refine the scope of the assessment.

Following the scoping mission, two national consultants were commissioned to undertake supplementary studies and research to fill information gaps. An expert opinion survey with open-ended and closed questions was conducted in person or via telephone by one of the national consultants (contracted from Tshar Gyam Consultants) among 21 key representatives from government departments or agencies, donor agencies, non-governmental organizations (NGOs) and civil society. The national consultant was tasked with conducting semi-structured interviews with dzongkhag (district) chiefs to obtain their input on development priorities, UNDP contributions and practices. The consultant also undertook an extensive nine-day field visit to conduct informal meetings with 68 national officials, leaders, youth, men and women of Wangdue, Trongsa and Bumthang in order to get their perspectives on development achievements and challenges, including UNDP's contributions and potential areas for future engagement.

The two-week main mission to Bhutan was undertaken after detailed background work had been completed by national consultants. The main mission to Bhutan included two field visits to Bumthang, Mongar, Punakha and Trongsa for discussions with Dzongkhag Yarge Tshogchung (DYTs) or district development committees, Gewog Yargye Tshogchung (GYTs) or block development committees, Gups or village council heads, and project participants. The field visit sites were selected to expose the ADR team members to key projects in three thematic areas (governance, poverty reduction, and energy and environment) that could illustrate criti-

cal features of UNDP activities at the sub-national level. Six thematic focus group discussions were held in Thimphu to obtain input from and stimulate debate between a diverse range of stakeholders. Aiming to ensure stakeholder input into the ADR design, validation of findings, refinement of recommendations and stimulating interest in ADR, the team conducted debriefing sessions with the CO and key government officials at the end of the main mission. This was supplemented by extensive interviews with more than 90 individuals from RGoB, civil society, the private sector, donor agencies and other stakeholders (see Annex 3). The Team Leader visited Dhaka, Bangladesh for an interview with the former Resident Representative of UNDP Bhutan, the UNDP Regional Centre in Bangkok, and UNIFEM's Regional Centre in New Delhi. Telephone interviews were also conducted with staff at United Nations Volunteer (UNV) headquarters in Bonn and the World Bank in Washington, DC.

Prior to the publication of the report, a half day workshop was organized in Thimphu by EO and the CO with all the key stakeholders, to review and discuss the report's findings and recommendations.

This ADR adopts an inductive approach and is guided by an evaluation matrix (see Annex 4) that outlines the key questions and issues being examined. The Norms and Standards for Evaluation in the UN System, the Handbook of Monitoring and Evaluation of Results, and the ADR Framework Paper⁵ helped inform the evaluation approach. While the evaluation questions help to sharpen the focus of the ADR, the team has remained flexible and open to incorporating additional issues as the evaluation unfolded. This ADR has adopted a validation strategy that focuses on: sound evaluation methodology, extensive triangulation using a variety of data sources (within the constraints of limited time and resources), engagement of national expertise as an integral part of the evaluation team, and testing of preliminary findings with stakeholders in workshops as well as circulation of the draft report for comments.

Bhutan's progress and national development achievements since 2000 were identified, triangulating between the desk study and informants' perceptions. UNDP's contributions to these achievements were determined in a goal-free manner based on informant perceptions and recent outcome evaluations conducted in each of UNDP's thematic areas. This strategy helped to identify unintended results as well as the positive and negative consequences of UNDP's work. A similar approach has been used to assess UNDP's organizational positioning in relation to the development situation in Bhutan, RGoB's strategies and people's priorities, and the CO's positioning strategies vis-a-vis other development partners. Development priorities, events and processes that illustrate UNDP's role have informed the evaluation. UNDP's performance was finally assessed with cognizance of the iterative relationship between its results and position in Bhutan.

1.3. LIMITATIONS

This ADR has used evaluation reports of projects and thematic area outcomes with some caution. This is particularly so when statements about UNDP contributions are not sufficiently backed with evidence and the evaluation methodology has not been well defined. Triangulation has been used to partially mitigate these effects. However, it may not have been done adequately in some areas such as capacity development or action in the field, where the findings may be under or overestimated.

Changes in programming approaches introduced by UNDP Headquarters after 2000 have affected a clear articulation of outcomes. The two Bhutan CCF cycles covered during this period, CCF 1 (1997-2001) and CCF 2 (2002-2007), are not in harmony with the corporate Strategic Results Framework (SRF) 2000-2002 and Multi-Year Funding Framework (MYFF) 2004-2007. The corporate switch to results-based management and from SRF to MYFF has resulted in some inevitable retrofitting as well as lack of sufficient monitoring information for 2003. While the implementation of the MYFF framework has helped to sharpen the focus of the CO, the loss of continuity in adopting the results framework has complicated some of the analyses.

5. UNDP, 'The Norms and Standards for Evaluation in the UN System', 2005; 'Handbook of Monitoring and Evaluation of Results'; 'ADR Framework Paper'; UNDP Evaluation Office, New York, NY

No unintended results or consequences were found from the work of UNDP during this period. This seems highly unlikely. Yet outcome evaluations did not refer to this aspect and the team's discussions have not yielded any insights in this regard.

Attribution of development results can be a challenge and this is even more so in the case of Bhutan. RGoB is a strong driving force for much

of the action by development partners, who often facilitate or fund rather than shape a result. At the same time, contributions of development partners tend to be intertwined. The analyses in this report are, therefore, based as far as possible on widely held perceptions of UNDP's main contributions among key Bhutanese stakeholders, supported by documented evidence wherever possible.

Chapter 2

Development Context

In 1961, Bhutan ended its self-imposed isolation when the late King Jigme Dorji Wangchuck, the third monarch, launched the country on a path to modern development. Until then, Bhutan was a self-contained traditional rural society. People cultivated as much as they needed and had a sustainable relationship with nature. They bred animals, wove their own clothes and made pottery. There were practically no motorable roads; yaks, mules and horses were the principal modes of transport.

Today, conditions are very different. In a relatively short period of time, Bhutan has recorded significant gains in human development. Bhutan is on track to meet several MDGs and has already met some MDG targets such as reducing the proportion of underweight children and ensuring access to clean water and proper sanitation (see Table 1).

| Table 1. MDG status | | | | | |
|--|-------------------------------------|-------------|-------------|-------------|--------------------------|
| Goals, targets and indicators | Previous measurements (year) | 2000 | 2004 | 2015 | State of progress |
| GOAL 1: ERADICATE EXTREME POVERTY AND HUNGER | | | | | |
| Target 1: Halve by 2015 the proportion of people living below poverty line | | | | | |
| • Proportion of population living below national poverty line (%) | | 36.3% | 31.7% | 20% | On track |
| • Human poverty index (HPI-1) | | 33.34 | 33 | | Insufficient data |
| Target 2 : Halve by 2015 the proportion of people who suffer from hunger | | | | | |
| • Population below minimum level of dietary energy consumption (2,124 Kcal) (%) | | | 3.8% | 1.9% | Insufficient data |
| • Underweight under-five children (%) | 38% (1989) | 19% | | 19% | Achieved |
| • Under-height under-five children (%) | 56% (1989) | 40% | | 28% | On track |
| GOAL 2: ACHIEVE UNIVERSAL PRIMARY EDUCATION | | | | | |
| Target 3 : Ensure by 2015 children everywhere, boys and girls alike, will be able to complete a full course of primary schooling | | | | | |
| • Gross primary enrollment ratio (%) | 55% (1990) | 72% | 84% | 100% | On track |
| • Proportion of pupils starting grade 1 who reach grade 5 (%) | 73% (1990) | 91% | 94% | 100% | On track |
| • Proportion of pupils starting grade 1 who reach grade 7 (%) | 35% (1990) | 81% | 86% | 100% | On track |
| GOAL 3: PROMOTE GENDER EQUALITY AND EMPOWER WOMEN | | | | | |
| Target 4 : Eliminate gender disparity in primary and secondary education preferably by 2005, and to all levels of education by 2015 | | | | | |
| • Ratio of girls to boys in primary schools (%) | 69% (1991) | 82% | 95% | 100% | On track |
| • Proportion of Pupils starting grade 1 who reach grade 5 (%) | 43% (1991) | 78% | 96% | 100% | On track |
| • Proportion of pupils starting grade 1 who reach grade 7 (%) | 12% (1991) | 41% | 53% | 100% | Needs attention |

| GOAL 4: REDUCE CHILD MORTALITY | | | | | |
|--|-------------------|-------------|----------------------|-----------------------|-------------------|
| Target 5 : Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate | | | | | |
| • Under-five mortality rates (per 1,000 live births) | 123 (1990) | 84 | | 41 | On track |
| • Infant mortality rates (per 1,000 live births) | 90 (1990) | 60.5 | | 30 | On track |
| • Proportion of children covered under immunization programme (%) | 84 % (1990) | 85% | 90% (with card) | >95% | On track |
| GOAL 5: IMPROVE MATERNAL HEALTH | | | | | |
| Target 6 : Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio | | | | | |
| • Maternal mortality rate (per 100,000 live births) | 560 (1990) | 255 | | 140 | On track |
| • Births that need attention by skilled health personnel | 15 % (1990) | 24% | 32% | 100% | On track |
| GOAL 6: COMBAT HIV/AIDS, MALARIA AND OTHER DISEASES | | | | | |
| Target 7: Halt and begin to reverse the spread of HIV/AIDS | | | | | |
| • HIV cases detected | 0 (1990) | 38 | 74 | | On track |
| • Contraception prevalence rate (%) | 18.8% (1994) | 30.7% | | 60% (national target) | On track |
| Target 8: Halt and begin to reverse the spread of Malaria and Other Major Diseases | | | | | |
| • Number of malaria cases and incidences (cases per 100,000) | 22,126 (1991) | 5,935 | 2,760 | | On track |
| • Number of tuberculosis cases and incidences (cases per 100,000) | 4,232 (1990) | 1,140 | 1,002 | | On track |
| GOAL 7: ENSURE ENVIRONMENTAL SUSTAINABILITY | | | | | |
| Target 9 : Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources | | | | | |
| • Proportion of land area covered by forest | 72.5% (1990) | 72.5% | 72.5% | | On track |
| • Ratio of protected area to surface area for maintaining biological diversity | 23% | 26% | 29% | | On track |
| • CO2 (per capita) emissions | -5.89 tons (1994) | | | | On track |
| • Proportion of population using solid fuels (i.e., wood, charcoal, dung) | | 75% | 70% | | Insufficient data |
| Target 10 : Halve by 2015 the proportion of people without sustainable access to safe drinking water and sanitation | | | | | |
| • Proportion of population without sustainable access to an improved water source (%) | 55% (1990) | 22% | 16% | 27.5% | Achieved |
| • Proportion of population without access to improved sanitation (%) | 33% (1990) | 12 % | 7.4% (of households) | 17.5% | Achieved |
| GOAL 8: DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT | | | | | |
| Target 14 : In cooperation with developing countries, develop and implement strategies for decent and productive work for youth | | | | | |
| • Youth unemployment rate | | 2.6% (1998) | 5.5% | | Insufficient data |
| Target 18 : In cooperation with the private sector make available the benefits of new technologies, especially information and communication technology | | | | | |
| • Fixed telephone lines in service | 4,0520 (1990) | 16,580 | 30,420 | | On track |
| • Telephone density (per 100 persons) | 0.68 (1990) | 2.4 | 4 | | On track |
| • Computers in use (per 100 persons) | | 0.58 (2001) | 1.0 | | Insufficient data |
| • Internet users (per 100 persons) | | 0.43 (2001) | | | On track |

Note: Some of the data reported in this table by RGoB may not match the figures given in the global Human Development Report.

Source: Bhutan MDG Report 2005

2.1. STATE OF HUMAN DEVELOPMENT

According to Bhutan's Human Development Report 2005, the country's HDI has grown steadily from 0.325 in 1984 to 0.583 in 2003, placing Bhutan in the category of medium human development countries.

In 2005, Bhutan reported a per capita gross national income of USD 1005, which is 47 percent higher than the average for South Asia. Life expectancy at birth is 66 years, and Bhutan's infant mortality rate—40 per 1,000 live births in 2005—is almost 50 percent lower than the average for South Asia. More than 90 percent of households have sanitation facilities and 84 percent of households have access to piped water within the house (22.7 percent) or outside (61.5 percent).⁶ In 1999, 17 percent of children under the age of five were underweight, compared to an average of almost 50 percent for South Asia. Bhutan's Maternal Mortality Ratio,

255 per 100,000 live births in 2004, was nearly half the levels reported by India and South Asia. Though adult literacy rates are low at 47 percent, the gross enrolment rate at the primary level was 84 percent in 2004.

According to the Population and Housing Census of Bhutan 2005, Bhutan's total population consists of a stable population of 634,982 people and a floating population of 37,443. Population is dispersed over 20 Dzongkhags (districts) with Gasa being the least populous (population of 3,116). Thimphu, the capital city and main district, is the most populous with a population of 98,676 (accounting for 15 percent of total population). A third of the country's population is below the age of 14 years, and 69 percent reside in rural areas. With a female-to-male ratio of 900 women per 1,000 men, men outnumber women in Bhutan's population. Some of the implications of Bhutan's small population are examined in Box 3.

Box 3. Implications of small population size

Demographic and health indicators assume a unique significance for countries with small populations. For Bhutan, which has a stable population of 634,982, the demographic and health indicators shown in Table 1 translate into the following annual events:

Population size

| | |
|------------------------|---------|
| Children 0-14 years | 209,959 |
| Population 15-64 years | 395,278 |
| Population 65+ | 29,745 |

Vital events

| | |
|----------------------------------|--------|
| Number of live births in 2004 | 12,538 |
| Number of deaths in 2004 | 4,498 |
| Annual number of infant deaths | 500 |
| Annual number of maternal deaths | 32 |

Approximately 12,000-13,000 children are born every year, and approximately 5,000 people die annually. In 2004, there were 500 infant deaths and 32 maternal deaths. The small numbers reflect not only small population size but also the challenge of ensuring universal coverage of good quality services in a country where population is scattered over difficult mountainous terrain and road connectivity and provisioning of physical infrastructure is limited.

Source: Population and Housing Census of Bhutan 2005

6. Population and Housing Census of Bhutan 2005

In pursuance of the concept of GNH, the Population and Housing Census of Bhutan 2005 asked respondents whether they were 'very happy', 'happy' or 'not very happy'. While recognizing the limitations of such a survey and problems with the interpretation of results, it is nevertheless interesting to note that 97 percent of Bhutanese said they were either very happy (45 percent) or happy (52 percent). Levels of happiness did not vary much across rural areas and urban areas. Whereas 96.4 percent of the rural population was either very happy or happy, the corresponding proportion in urban areas was 97.3 percent.

Contributing significantly to the positive trends in human development has been a series of governance reforms initiated by Bhutan. The process towards democratization was initiated by the Third King who, during his reign, separated the powers of the various branches of government, established the National Assembly in 1952, appointed the Royal Advisory Council in 1963, and set up the High Court in 1968. The Fourth King, His Majesty Jigme Singye Wangchuck, who was enthroned in 1974, continued the reform and democratization process. Supportive legislation, development structures and procedures for decentralization enabled the setting up of 20 DYT^s in 1981 and 201 GYT^s in 1991 with approximately 4,245 elected representatives.

In June 1998, His Majesty Jigme Singye Wangchuck voluntarily devolved full executive powers to a Council of Ministers consisting of six ministers elected through secret ballot by the National Assembly. In 1999, the Municipal Act devolved greater administrative and financial powers to municipal councils that were elected for the first time by registered urban residents. In 2002, revised DYT and GYT Acts were passed that devolved greater administrative, financial and regulatory powers to local bodies. Bhutan's draft constitution was released in March 2005. Extensive public discussions and consultations have been held on the constitution in Bhutan's 20 districts. The draft constitution mandates the establishment of local governments in all 20 dzongkhags comprising of Dzongkhag Tshogdu, Gewog Tshogde and Thromde Tshogde in order to provide democratic and accountable governments to local communities.

Bhutan's peaceful progress has been affected by two developments. Human security in Bhutan was threatened since the early 1990s by the presence

of foreign militants who had established camps in Bhutan. However, in December 2003, Bhutan successfully dealt with this problem and was able to restore peace in the region. Conversely, for a variety of reasons not entirely in Bhutan's control, progress has been slow in settling the issue of the people in the camps in Eastern Nepal. Despite ongoing efforts by RGoB, this issue has remained unresolved for more than 15 years.

Significant dimensions of Bhutan's human development are presented below.

2.1.1. INCOME

In 2005, Bhutan reported a total gross domestic product (GDP) of USD 840 million according to the World Bank. GDP growth in Bhutan since 1980 has been impressive at an average of 7 percent per annum. These high rates of growth have been sustained principally by hydropower development and export of surplus power to India and extensive infrastructure development—road networks, feeder roads to improve rural connectivity, electricity and telecommunication facilities.

Between 1980 and 2004, agriculture grew by 3.6 percent, services by 6.5 percent and industry by 13.5 percent—contributing to more than half the growth in GDP. These differential rates of growth have resulted in significant structural shifts in the economy. In 1980, agriculture accounted for 52 percent of Bhutan's GDP. By 2004, its share had fallen to 24 percent. Conversely, the contribution of industry to GDP increased from 14 percent in 1980 to 45 percent in 2004. The services sector has more or less maintained its share of GDP; it was 33 percent in 1980 and 31 percent in 2004. Though industry contributes to 45 percent of Bhutan's GDP, the country does not have a large manufacturing base, nor is it industrialized. Much of this growth has been accounted for by progress in the energy sub-sector.

From being virtually a closed economy in 1960, Bhutan has transformed itself into a small, open economy with a trade ratio of nearly 74 percent in the second half of the 1990s. India is Bhutan's most important trading partner. In the early 1990s, 88 percent of all exports went to India. That number is now close to 95 percent, and India's share in imports increased from 74 percent to 81 percent.

Bhutan has pursued a sensible macroeconomic policy that has ensured high growth, a positive balance of payments position, and manageable levels of inflation and public debt. The fiscal regime displays distinctive pro-poor features including a large size of fiscal operations consisting of a large government budget sustained to a considerable degree by foreign assistance (of which the major part is received from India). Despite high levels of public spending (with social sectors absorbing more than a quarter of total expenditures), budget deficits have been kept within a non-inflationary range. Moreover, further efforts to promote rural development and fiscal decentralization will enable locally elected bodies to spend a third of national budgetary resources in accordance with locally determined priorities starting from the 10th Five Year Plan.

2.1.2. POVERTY

Although there is no widespread hunger, homelessness or destitution in Bhutan, a sizeable proportion of the population is income poor. The Bhutan Poverty Analysis Report 2004 reveals that almost one third (31.7 percent) of the population, primarily peasants in rural areas, live below the income poverty line. Income poverty is much more widespread and severe in rural than in urban areas. Almost 38 percent of the rural population lives in poverty compared to 4 percent of the urban population. Poverty is highest in the Eastern zone (48.8 percent), less so in the Central zone (29.5 percent) and least in the Western zone (18.7 percent). Poor households, on average, comprise 6.6 persons as opposed to 4.6 persons in non-poor households. Female-headed households report marginally higher levels of poverty than male-headed households. Some of the primary causes of poverty are limited road connectivity, which results in restricted access to markets and social services; a high degree of fragmentation and shortage of arable farmland combined with low productivity; lack of sufficient resources and assets; vulnerability to food shortages; and poor educational attainments.

Approximately 4 percent of the population, comprising mostly of landless farmers, wage labourers and women-headed households, suffer from chronic hunger. Contributing to the food insecurity of such households are very small landholdings, labour shortages in rural areas due to out-migration, and

natural calamities such as landslides, floods and hailstorms that adversely affect farm output.

Though poverty remains largely a rural phenomenon, Bhutan faces conditions of growing urban poverty as well. Such poverty manifests itself in the absence of affordable and decent housing, inadequate access to clean drinking water and proper sanitation, joblessness, and higher incidental costs of education.

The unequal distribution of incomes in Bhutan is also an issue of concern. The richest 20 percent consume eight times more than the poorest 20 percent of the population, and income inequalities are reportedly increasing across the country.

2.1.3. EMPLOYMENT AND LIVELIHOODS

Bhutan faces an increasing challenge of job creation, especially in rural areas and among its youth. According to the Labour Force Surveys carried out between 1998 and 2004, employment in agriculture has decreased from 76 percent in 1998 to 63 percent in 2003, and the unemployment rate has increased from 1.4 percent to 2.5 percent. Moreover, according to the 2004 Labour Force Survey, unemployment rates are considerably higher among women than men. Rising unemployment, especially among the youth, is the result of a growing number of school graduates searching for modern-sector jobs and the relative inability of the country to generate corresponding employment. The slow growth in jobs is a result of the capital-intensive nature of growth (largely hydropower projects), limited absorption in the public sector, and the under-developed private sector. The unemployment challenge is further compounded by a growing number of job-seeking migrants from the rural to urban areas.

2.1.4. HEALTH AND EDUCATION

Bhutan has established an impressive network of health services. As a result, primary health care coverage expanded from 65 percent in 1990 to 90 percent in 2002. Life expectancy at birth, which was 48 years in 1984, has increased to 66 years. The infant mortality rate has decreased from 142 per 1,000 live births in 1984 to 40 in 2005, and the maternal mortality ratio fell from 770 per 100,000 live births in 1984 to 255 in 2005.

According to the Population and Housing Census of Bhutan 2005, the country reports a birth rate of 20 per 1,000 people and a death rate of 7 per 1,000 people. Approximately 49 percent of deliveries were attended to by health professionals in 2004. Only 10.1 percent of households across the country did not have access to toilet facilities.

Bhutan has also put in place a network of schools and educational institutions. However, the absence of motorable roads and the scattered population in mountainous areas have constrained both expansion and reach of services. According to the 2005 Census, 49 percent of girls and women aged 6 years and above and 69 percent of boys and men were illiterate. Urban literacy rates (76 percent) far exceeded the literacy rates among rural residents (52 percent). Bhutan has recorded a rapid growth in school enrollment at all levels. Gross enrollment rates at the primary level rose from 55 percent in 1990 to 84 percent in 2004 and there is virtual parity between boys and girls. The proportion of girls to boys rose sharply from 69 girls for every 100 boys in 1990 to 95 girls for every 100 boys by 2004. Bhutan, nevertheless, needs to improve reach and access as well as the quality of basic education. School participation varies across incomes in all regions of the country—even where physical provisioning is relatively better. For example, 77 percent of children 6 to 12 years among the non-poor attended school compared to 58 percent from poor households.

2.1.5. GENDER EQUALITY

Conscious policy efforts by RGoB to promote women's empowerment and gender equality are quite recent. Five Year Plan documents, starting with the 5th FYP, contain a chapter on women that outlines measures for involving women in development. In 1981, the National Women's Association of Bhutan (NWAB) was established as an NGO responsible for empowering women, especially in rural areas. This was supported by a Royal Decree in 1998 that emphasized women's participation at all levels of government and society. The 10th FYP is further expected to incorporate gender and women's participation more concretely into sectoral development programmes.

Gender parity has been achieved in primary schooling, and at the secondary level, there are 92 girls for every 100 boys. Women own 60 percent of land in rural areas and 45 percent of all assets (shares, prop-

erty and business establishments) in urban areas. Yet, work participation rates among women are lower than among men, and women report a higher unemployment rate compared to men.

The establishment of the National Commission for Women and Children (NCWC) in 2004 reflects a serious attempt by RGoB and Bhutanese society to address issues affecting women (including domestic violence) and to advance gender equality. Seven critical areas for action have been identified under the Draft National Plan of Action for Gender: good governance; education and training; health, economic development, with a focus on employment; violence against women; prejudices and stereotypes; and ageing, disabilities and mental health. A recent analysis by the UNDP Bureau of Development Policy suggests that Bhutan should continue to do more in order to ensure gender-sensitivity across all its MDG strategies. A 2001 pilot gender baseline study found that women are not necessarily perceived as capable and equal partners in new economic opportunities. They are also perceived as less capable and confident in matters of governance. Men continue to dominate investment decisions. Domestic violence has been recognized as a social problem. Despite improvements in adult literacy among women, it remains low at 39 percent. Girls drop out of school in large numbers after secondary level, diminishing opportunities to serve in professional and leadership positions. Women are engaged in lower productivity and less remunerative jobs. However, the proportion of women in the civil service has increased from 12 percent in 1990 to 28 percent in 2006. In 2006, women's representation was only 3 percent in the National Assembly and was reported to be similarly negligible at the dzongkhag and geog levels.

2.1.6. ENVIRONMENT

With 72.5 percent of the country's total area under forest cover, Bhutan has the largest forest cover in proportion to land mass in Asia. In 1995, the National Assembly mandated that the country should maintain at least 60 percent of its land area under forest cover for perpetuity.

A distinctive and recurring feature of Bhutan's development plans has been the high priority of and strong commitment to the preservation of the environment. Environmental sustainability is one of the four pillars of GNH and figures prominently as a

key development objective in the country's long-term development vision, Bhutan 2020: Vision for Peace, Prosperity and Happiness. As part of this national commitment RGoB has endorsed and signed numerous international environmental conventions, including the UN Convention on Biological Diversity, UN Convention to Combat Desertification and the UN Framework Convention for Climate Change.

Numerous legal, policy and regulatory activities are being undertaken to protect Bhutan's valuable forest resources and watershed areas, improve water and air quality, and instill a greater awareness and understanding of environmental issues. Efforts are being made to integrate environmental concerns into national policies and programmes across sectors, and more recently, in line with the ongoing decentralization process, into dzongkhag and geog level plans. Environmental Impact Assessments are now mandatory for all development and industrial projects in the country. However, all these rapid developments have been placing a major strain on institutional capacities for implementation of policies and strategies. The challenge is to move beyond conservation to the proper use of natural resources for enhancing human development.

2.1.7. DISASTER PREVENTION AND MANAGEMENT

Disaster prevention and management is a new area of concern. Bhutan lies in a highly seismic active zone. Its fragile geological conditions and extreme climate make it extremely vulnerable to national disasters such as flash floods, fires, earthquakes, glacial outbursts and landslides. Until now, the country has responded effectively to such disasters, but coordination between sectors has been weak, national preparedness low and capacities at district levels inadequate to deal with large-scale catastrophes.

2.1.8. SUMMARY

Bhutan has followed a distinctly unique development path. The philosophy of promoting GNH underscores all national development efforts. While noting the instrumental significance of income

for improving the quality of life, GNH calls for ensuring a harmonious balance and synergy across four important constituents: sustainable and equitable socioeconomic development, conservation of the environment, preservation and promotion of culture, and enhancement of good governance. Fully consistent with, and complementing the pursuit of GNH, is the human development approach embraced by Bhutan, which seeks to place people, their rights and well-being at the centre of all development efforts.

2.2. FINANCING BHUTAN'S HUMAN DEVELOPMENT ⁷

Official development assistance (ODA) has played an important role in financing and promoting human development in Bhutan. According to UNDP's Human Development Report 2006, Bhutan received USD 88 per capita as ODA in 2003, accounting for 11.1 percent of GDP—the highest in South Asia. ODA to Bhutan has more than doubled, from USD 71 million in 1990 to USD 147 million in 2004. Between 1997 and 2004, the UN system contributed to approximately 12 percent of the ODA and has emerged as the largest contributor to Bhutan's development. ODA has been mostly used to fund investments in and expansion of much-needed infrastructure largely in the social sectors, housing and urban development, the Renewable Natural Resources (RNR) sector as well as for improving connectivity via telecommunications and roads.

Nearly all of Bhutan's development expenditures under the country's first two FYPs (1961-1972) were funded by the Government of India. However, by the 7th FYP (1985-1992), Bhutan was able to fund approximately 30 percent of its development budget. The proportion of self-financing rose to approximately 40 percent during the 8th FYP (1997-2002) and is expected to reach 50 percent during the 9th FYP (2002-2007). The sustained increase in domestic resources, principally through the growth of hydro-power export revenues, has made this possible. The commissioning of the Tala Hydro-electric Power Project in 2006 is expected to further reduce dependence on ODA.

7. Financial data for this section have been gathered from Development Cooperation Reports and individual agencies, and therefore may not entirely match figures of the RGoB.

Bhutan receives ODA on a regular basis from approximately 14 countries, eight multilateral agencies, a few international NGOs and four international development financial institutions.

ODA to Bhutan has traditionally been in grant form. During the last five years, grants have constituted approximately 85 percent of the total ODA and highly concessional loans account for the balance. Dependence on ODA, though still high, has been declining. ODA as a percentage of GDP (see Table 2) decreased from more than 50 percent in the 1980s to approximately 25 percent on average during the last 10 years. Bilateral sources have been and remain the major source of ODA. For the 9th FYP period (1997-2002), bilateral assistance constituted approximately 75 percent of the total ODA package, while multilateral and NGO sources accounted for the remaining 25 percent. Trends indicate a declining share of bilateral assistance and a growth of multilateral assistance.

The Government of India has traditionally been the largest provider of ODA to Bhutan. India's contribution has, on average, accounted for more than half of ODA over all plan periods since 1961, and Indian assistance to Bhutan has grown substantially in absolute terms. For instance, between the 7th and 9th FYP periods, Government of India assistance is estimated to have increased from an average of

USD 46 million a year to USD 65 million a year, virtually doubling in terms of Ngultrum (BTN) value from BTN 7,500 million for the 7th FYP to an estimated BTN 14,430 million for the 9th FYP. Nevertheless, India's share as a percentage of ODA to Bhutan has steadily declined from more than 80 percent in the mid 1980s to approximately 40 percent during the 9th FYP. ODA from India takes on several forms including development subsidy, project aid (turn-key basis), technical assistance and hydro-power development. The latter, financed through a mix of grants and loans and on a turn-key basis, is not usually treated within the FYP framework. While Indian assistance touches virtually every development activity in the country, the assistance has largely focused on supporting Bhutan's infrastructure development in the energy, communications and social sectors.

After India, the UN system is the largest donor in Bhutan. Between 1997 and 2004, it contributed to approximately 12 percent of the ODA. Denmark, Japan and the Asian Development Bank were among the other five largest development partners contributing between 8 and 11 percent of the total ODA. These five major donors collective contributed approximately three fourths of the total ODA. Partner contributions and broad areas of focus are shown in Table 3.

| | 1985 | 1990 | 1995 | 1997 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---------------------------------|------|------|------|------|------|------|------|------|------|------|
| Grant assistance | 97.5 | 54.7 | 76 | 81.3 | 85.5 | 89.6 | 77.3 | 98.4 | 130 | * |
| Loan assistance | 7.5 | 7 | 5 | 3.5 | 13 | 16.2 | 25.8 | 13.9 | 16.9 | * |
| Total ODA | 105 | 71 | 76 | 90 | 99 | 106 | 103 | 112 | 147 | 155+ |
| ODA as percentage of GDP | 50% | 20% | 25% | 22% | 21% | 22% | 24% | 23% | 27% | <25% |

Sources: Development Cooperation Reports, UNDP; DADM, RGoB; RMA, RGoB.

| Table 3. ODA by major development partner and areas of focus | | |
|--|---------------------------------|--|
| Development partner | ODA in USD millions (1997-2004) | Focus areas |
| India | 272 | Social (health, education and urban) and communication (civil aviation and transport) infrastructure, hydro-power, human resource development, RNR |
| UN system | 104 | Poverty alleviation, private sector, decentralization, environment, education, health and food |
| Denmark | 97 | Health, environment, urban development, judiciary (governance) |
| Japan | 70 | RNR, telecommunications, bridges, culture. |
| ADB | 70 | Private sector (financial sub-sector), social and road infrastructure, skills development and employment |
| World Bank | 30 | Forestry, education, urban development, transport, private sector (pipeline) |
| Austria | 29 | Hydro-power development, tourism and culture |
| Netherlands | 27 | RNR, energy, rural development, education/HRD |
| Switzerland | 27 | RNR, rural development, bridge infrastructure, education, culture |
| NGOs | 26 | SNV: Decentralization and democratization, rural access and development, community-based tourism Helvetas: Education and culture, RNR, rural access (bridges) |
| EC | 14 | Private sector (trade), rural development, health |

Source: Development Cooperation Reports (various issues), UNDP.
Note: RNR = renewable natural resources.

The RGoB has maintained a cautious policy of restricting loan financing but has had to increasingly resort to soft-term borrowing from Development Finance Institutions (DFIs) in order to fully finance its capital development expenditures. The growth in concessional borrowing from DFIs has increased the country's total convertible currency debts to USD 226.5 million as of June 2005. Along with the growing rupee debts on account of the large hydro-power projects (USD 372.2 million), the total debt stock (USD 607.8 million) has been rising rapidly and is currently 87 percent of GDP. Bhutan is regarded under the World Bank's debt sustainability analysis as 'debt distressed'. Debt servicing, however, has been maintained at less than 7 percent for the last several years due to the sustained growth in exports.

Development funding modalities used in Bhutan include direct budget support mainly by the Government of India and Danida, grants, and highly concessional loans. At the corporate level, UNDP's support for 'Programme Approach' in the early 1990s laid the groundwork for giving primacy to national policy and programme instruments as

the framework and guide for development cooperation. UNDP Bhutan used the national execution (NEX) modality to execute all programmes under the first CCF. This helped to increase ownership by RGoB and develop national project implementation and management capacities.

In view of the anticipated growth in domestic revenues, it appears that some development partners will readjust their assistance levels or phase out their assistance. There are indications, though, that any significant changes in development assistance will probably be evident only after the 10th FYP, that is, after 2012. It is also very likely that Bhutan will have to increasingly resort to concessional loans from DFIs or avail mixed-credit schemes to fund its capital expenditures for development. The loan portfolio is thus likely to progressively account for a larger share of the ODA package.

The success of development outcomes in Bhutan, rising per capita incomes and the increasing ability of the country to meet its own development outlays have paradoxically created a situation wherein some of the development partners are now considering either reducing levels of ODA or a gradual phasing

out of their assistance. This is a serious concern. A premature withdrawal or reduction of ODA resources could potentially jeopardize the development gains attained so far and affect the country's long-term sustainable development and growth especially at this critical juncture when Bhutan has embarked on a transition to democracy. Even as revenue and GDP are expected to grow substantially with the commissioning of the Tala hydroelectric project, social-sector expenditures are projected to rise steeply in the future, given the country's youthful demographic profile and the firm commitment of the state to assure citizens the constitutional right to free basic education and health. Additionally, the government has to meet rising debt and interest obligations besides starting repayments for the hydro-power project almost immediately. Costs of governance are also expected to increase as many new institutions essential under democracy, such as the Parliament, are being set up for the first time.

In the long run, however, Bhutan has the potential of reducing its dependence on foreign aid especially as standards of living improve, incomes expand, and human capabilities are enhanced. However, in the immediate run, Bhutan may have an increased need to continue to rely on ODA, especially to support infrastructure expansion, parliamentary democracy and institutionalization of local level governance.

2.3. NATIONAL DEVELOPMENT CHALLENGES

Bhutan is in a critical stage of economic and political transition. Recent assessments by RGoB as well as extensive discussions with stakeholders have identified the following critical development challenges. These will require special attention even as several new opportunities for accelerating human development emerge in Bhutan over the next five to 10 years.

2.3.1. ELIMINATING POVERTY

Eliminating human poverty poses the biggest challenge to Bhutan. Despite impressive economic growth, income poverty remains high, particularly in rural areas. Rapid growth has failed to infuse dynamism into both the agricultural and manufacturing sectors. Growth has also not generated sufficient employment nor has it been inclusive. Benefits

of growth have bypassed many groups and communities. The challenge is to make growth more inclusive if the MDG of poverty reduction is to be achieved.

2.3.2. REDUCING INEQUALITIES

The benefits of growth and development have not been equitably distributed across Bhutan. People living in urban areas have benefited more, especially through better access to social services, than residents of rural remote and hilly areas. Similarly, men by and large have benefited more than women. Addressing these imbalances and inequalities in the distribution of opportunities—economic, social and political—ought to become a central development concern in the coming years. This will require that the state makes special efforts to address issues of regional disparities and economic inequality (of incomes and assets) in Bhutan.

2.3.3. GENERATING EMPLOYMENT

Growth in Bhutan has not led to the creation of sufficient employment opportunities, especially for young people. The challenge facing Bhutan is to improve physical infrastructure in order to ensure better connectivity to markets and simultaneously create new markets for Bhutan's goods and services. Growing hardships in rural areas and perceptions of better job opportunities in urban areas are leading to rural-urban migration. Therefore, there is an urgent need to address the stagnation in agriculture as well as to invest in employment-creating initiatives. Several niche markets have already been identified, including herbal medicines, essential oils, organic food products, textiles, arts and crafts, and other eco-friendly products. These will need to be developed.

The unemployment question is tied to the diversification of Bhutan's economy. The country's economic base remains fragile due to several factors including small size, landlocked status and excessive dependence on hydroelectric power that is not a major employment generator. Bhutan needs to generate employment and ensure that growth is inclusive by pushing for a rapid diversification of economic activities. The challenge facing Bhutan is to develop an outward-oriented approach that capitalizes on technological modernization for creating low-

volume high-value export products, based on the country's natural and cultural resources. Creating an appropriate employment strategy that develops skilled and productive manpower and matches it with sectors is important if the high potential for job creation is to be meaningfully tapped

2.3.4. ENHANCING BASIC SOCIAL SERVICES

Bhutan will need to accelerate provisioning of basic social services across many parts of the country and improve reach, coverage, access and quality. A major constraint so far has been the absence of adequate road connectivity. For instance, according to the Population and Housing Census of Bhutan 2005, almost 21 percent of rural households were four hours or more walking distance from the nearest road and another 21 percent of households were between one and four hours walking distance. This has limited the reach of health services to the rural population and to women and children, in particular, who find physical distance to be a serious constraint in accessing services.

Promotion of public health and greater public awareness will become important in the coming years as Bhutan could face new generation problems. A high percentage of Bhutan's population is made up of adolescents and youth, which adds to the HIV/AIDS risk. Though not a serious issue now, Bhutan will need to put in place effective measures to prevent the spread of HIV/AIDS.

2.3.5. PREPARING FOR THE TRANSITION TO PARLIAMENTARY DEMOCRACY

Bhutan will be faced with several new challenges as the country prepares itself to become a Parliamentary democracy. This will include, for instance, strengthening the institutional capacity of newly established constitutional bodies and the National Assembly; deepening the rule of law; preparing for the first national elections; deepening the freedom of the press; scaling-up anti-corruption efforts; and encouraging active and engaged citizenry on the part of the people through civic and voter education. Efforts will also be needed to set up new institutions as well as strengthen the capacity of existing institutions to implement the reforms underway.

2.3.6. ENSURING BETTER MANAGEMENT OF THE ENVIRONMENT

People's livelihoods are intricately linked to natural resources in Bhutan. The country has adopted a judicious approach to protecting and nurturing its environment in a sustainable manner. Managing these resources better in the coming years will be central to the generation of employment opportunities and creation of more sustainable livelihoods for the poor. Recent reports and analyses point to the critical need for Bhutan to move from preservation and conservation of the environment to better management of natural resources. Bhutan plans to rely on hydropower for generating additional revenues to finance human development. In doing so, it is important to minimize loss to biodiversity and the costs of displacement from such capital-intensive projects with long gestation and payback periods.

2.3.7. DEVELOPING CIVIL SOCIETY ORGANIZATIONS AND THE PRIVATE SECTOR

Only a few NGOs and civil society organizations work on development issues in Bhutan. However, even as new legislation is being worked out, some NGOs have become more active in recent years, and their numbers and contribution can be expected to grow in the coming years. Nevertheless, there are serious capacity issues within NGOs. Similarly, even though the private sector is often projected as an engine of growth, there is little evidence to suggest that the real potential of this sector to contribute to Bhutan's development has been tapped. This sector has the capacity to contribute significantly to Bhutan's economic vibrancy in the next five years. Developing capacities of both these stakeholders—NGOs and the private sector—will become increasingly important as Bhutan adopts a more decentralized system of governance.

2.3.8. RESOLVING CONFLICT

Critical to Bhutan's future development will be a practical and amicable resolution of the issue of the people in the camps in Eastern Nepal. Several measures have been initiated in the recent past by RGoB to resolve the pending issues, but many could not be followed through, given the political changes that were underway in Nepal. However, possibilities of finding an amicable solution have improved considerably with the recent political developments in Nepal.

2.3.9. PROMOTING LEADERSHIP

Until now, much of the leadership has been provided by His Majesty the King himself and by committed officials in the central government. With greater decentralization and the transition to parliamentary democracy, Bhutan will need to expand its high calibre of leadership at all levels of governance and public administration.

These challenges offer new opportunities to UNDP for future partnerships with RGoB and other development partners. They also offer an opportunity to revisit the issue of strategic positioning by UNDP in Bhutan to further enhance development effectiveness. At the same time as RGoB gears up for the future, it is important to keep in mind

that Bhutan—like Afghanistan, Nepal and Lao PDR—is one of four landlocked least developed countries that face very distinct development challenges.⁸ Being landlocked, it is dependent upon India for movement of goods and access to global markets. At the same time, both BIMSTEC (Bay of Bengal Initiative for Multi-sectoral Technical and Economic Cooperation) and SAARC (South Asian Association for Regional Cooperation along with Bangladesh, India, Maldives, Nepal, Pakistan and Sri Lanka) offer avenues for furthering regional cooperation within and beyond South Asia to include Thailand and Myanmar. These forums can potentially be used by Bhutan to further accelerate human development in the country through more pro-active pursuit of South-South cooperation

8. Although Bhutan's income has surpassed the limit for least developed countries, it is still in the category.

Chapter 3

UNDP's Contributions to Development Results

Starting with an initial allocation of USD 2.5 million for the first country programme (1973-1976), UNDP has since provided approximately USD 115 million in assistance to Bhutan across a number of fields from telecommunications and civil aviation to horticulture and promotion of cultural heritage.

Managing the affairs of UNDP Bhutan today are two international staff members and seven national officers, supported by 23 general staff members, one Junior Programme Officer and five UNVs.

3.1. UNDP IN BHUTAN

UNDP assistance to Bhutan in the 1970s and 1980s (coinciding with the 5th, 6th and 7th FYP periods) focused primarily on capacity building and upgrading the human resource base in all sectors. Until 1995, roughly one third of all UNDP assistance was allocated for in-country training programmes; material and technical support to tertiary, technical and vocational training institutes; and fellowships for training and graduate and post-graduate studies overseas. Other notable areas of UNDP assistance prior to 1996 were in civil aviation, telecommunications, private sector, energy, tourism and media sectors. For instance, UNDP, in collaboration with the International Civil Aviation Organization, helped launch the national airline, Druk Air, by providing partial funding for the purchase of the first aircraft, developing the technical and professional service capabilities of the airline and civil aviation staff, and ensuring air safety standards. In partnership with the International Telecommunication Union, UNDP assisted RGoB in preparing its Telecommunications Master Plan and in upgrading the necessary technical skills and capacity to support the plan. Similarly, UNDP provided assistance for the drafting of the Tourism Master Plan and the Power System Master Plan.

In 1986, UNDP helped establish Kuensel, the first national newspaper, and supported the strengthening of Bhutan Broadcasting Service (national radio broadcast) through training and the procurement of essential equipment (see Box 4).

An important element in UNDP's programme is the support for the attainment of the MDGs. In addition to the various thematic programmes that contribute to the realization of the MDGs, UNDP has provided extensive policy support for integrating the goals effectively within the national development planning and policy framework.

UNDP (in partnership with UNCDF and UNV) is currently the largest UN system development partner in Bhutan, followed closely by the WFP and UNICEF. In 2004, UNDP's total expenditure for Bhutan was USD 3.34 million, equivalent of 2.3 percent of ODA. At its height, UNDP assistance amounted to USD 9.86 million in 1990 and has averaged approximately USD 4.56 million annually during the last 15 years.

Since 2000, UNDP funding has declined to an average of USD 3.6 million a year, accounting for a little more than 3 percent of ODA and for approximately 0.5 percent of the country's GDP. Additionally, UNDP core funding has declined in absolute terms by approximately 40 percent and in the relative share of the total UNDP budget from 75 percent of the total funding over the first CCF period (1997-2001) to 63 percent in the second CCF (2002-2006). Between the two CCFs, the budget share of poverty-related programmes has increased from 33 percent of the total to 44 percent while that of governance programmes has shrunk from roughly half of all expenditures to approximately one third. The environment portfolio share has increased from 17 percent to 22 percent during the two CCFs. The funding for policy support, gender and IT related activities within the thematic focus

areas have all increased substantially during the two CCFs. Reflecting UNDP's conscious decision to move upstream, the share of UNDP resources devoted to policy support went up from approximately 6 percent of the first CCF total budget to approximately 15 percent in the second CCF period, and virtually doubled in absolute terms. Support for UNDP's gender-based development activities also increased from less than 0.25 percent

of the first CCF budget to 5 percent in the current CCF period.

IT activities within UNDP budgeted resources saw a similar expansion rising from less than 1 percent to 3 percent of the total budget over that time.

Annex 5, which will be available online at www.undp.org/eo, presents the map of intended results in each of UNDP's programming areas.

Box 4. UNDP in Bhutan—At a Glance

Between 1997-2001, UNDP's programme budget in Bhutan totaled USD 18.2 million. For the period 2002-2006, the amount budgeted was USD 13.2 million.

Areas of support have expanded from sustainable livelihoods and governance between 1997-2001 to the following during 2002-2006:

Governance:

1. Local governance—decentralization policies
 - Developed effective legal and policy framework for decentralized authority and management
2. Public sector—civil service accountability
 - Improved efficiency, accountability and transparency in the civil service

Poverty:

1. National poverty frameworks—monitoring poverty
 - Improved national capacity to monitor (human and income) poverty and inequality in accordance with the MDGs
2. Access to assets—productive resources and assets
 - Improved capacity for the rural poor to sustain their livelihoods
3. Access to technologies
 - Reformed the policy, legal and regulatory framework to substantially expand connectivity to information and technologies (ICT)

Environment:

1. Environment and energy for livelihoods—institutional framework
 - Improved capacity of local authorities and community-based groups in environmental management and sustainable energy development
2. Instruments for environmental sustainability—Global conventions and funding mechanisms
 - Integrated global environment concerns and commitments into national development planning and policy

3.2. UNDP PARTNERSHIPS

UNDP maintains strong partnerships with RGoB and other development agencies in Bhutan. Since 2000, the types and number of UNDP partnerships have been increasing and are widening in diversity. After 2004, more NGOs, the private sector and international agencies have been drawn into UNDP supported projects. With the focus on decentralization, UNDP has also expanded its contacts at dzongkhag and geog levels. Different types of partnerships have helped to enhance UNDP's effectiveness in the areas of its support. Nearly all UNDP assisted programmes are being implemented under the NEX modality on the basis of the NEX framework introduced a decade ago. This has contributed to strengthening and promoting national ownership.

UNDP in Bhutan has also established collaborative arrangements with associated funds and programmes of the United Nations as well as with bilateral agencies. Within the UN system, UNDP has collaborated actively with the FAO, UNICEF, WHO and WFP in the areas of natural disaster management, poverty and MDG monitoring, HIV/AIDS and adult literacy. UNDP enjoys a close and fruitful partnership with UNV. Assistance from UNV has continued and positive results have been reported from the contribution of the volunteers. UNV, through UNDP Bhutan, has also promoted volunteerism through various activities, including celebration of International Volunteer Day.

These arrangements take the form of strategic partnerships and co-financing of activities. The co-financing of activities carried out by UNDP with development partners has increased over the years. For example, UNCDF and SNV are principal partners in the areas of rural enterprise development and decentralization. SNV's technical advisory and capacity building services complement UNDP's inputs through the localized knowledge of and field presence of SNV in parts of the country. UNDP has also been implementing many environment and sustainable energy programmes for the Global Environment Facility (GEF) in areas such as climate change, protected area management and small and micro-hydel energy schemes. The growth in co-financing partnerships, however, could be limited by the fact that RGoB has very clear areas identified for different development partners to avoid duplication of activities.

The Asian Development Bank (ADB) and UNDP have both been active in poverty reduction. These separately funded activities are carefully coordinated to avoid unnecessary overlap. ADB supports activities that require substantive resource investments that UNDP cannot provide but that are crucial and complementary to the various rural enterprise and private-sector initiatives undertaken by UNDP. With the World Bank, UNDP has collaborated on affecting pro-poor fiscal management and in conducting a seminal survey study on the private sector, the Bhutan Private Sector Survey 2002, which the World Bank has used to prepare several critical programme assistance packages to stimulate private-sector development in the country.

UNDP has had joint partnerships with GTZ in the area of entrepreneurship and job skills training, the World Wildlife Fund (WWF) in protected area management and advocacy on environmental issues in the area of essential oil development.

UNDP plays an important facilitation, coordination and information-sharing role among development partners in Bhutan. For instance, at the periodic Round Table Meetings (RTMs), on the basis of a request from RGoB in 2004, UNDP assumed the role of partner focal point in Bhutan to help prepare 'donor' coordination meetings in thematic and sectoral areas: poverty reduction, decentralization, information communications technology (ICT), education, health, urban development, roads, RNR, human resource development and private-sector development.

UNDP has had a growing but limited partnership with civil society organizations, as there are very few such institutions in the country. For many years, UNDP provided periodic support to the National Women's Association of Bhutan to promote textiles and handicrafts produced by rural women. Meaningful collaborative efforts were also initiated with the WWF and the Royal Society for the Protection of Nature (RSPN) in the areas of nature conservation and national park and biological corridor management. More recently, UNDP has initiated partnerships with the National Commission for Women and Children, the Tarayana Foundation and RENEW (Respect Educate Nurture and Empower Women) organization that assists poor and vulnerable groups. With the onset of democratization and the enactment of the NGO Act, it is likely that civil society organizations will grow in

numbers and become more active, thus potentially leading to many more partnerships with UNDP.

3.3. ROUND TABLE MEETINGS (RTMS)

Since 1983, RTMs for Bhutan have been organized jointly and co-chaired by RGoB and UNDP. UNDP, in its role as co-chair, has successfully managed consultations with RGoB and with Bhutan's development partners on issues of common interest and development themes; facilitated the use of the RTM mechanism to provide an international forum for Bhutan to define and present its development objectives, policies, programmes and resource requirements; helped to promote a mutual understanding of the economic and social circumstances affecting the country's development; and assisted in establishing follow-up arrangements.

RTMs have facilitated in-depth and detailed discussions and exchange of views between the RGoB and its development partners on a wide range of developmental and other issues. UNDP's support in preparing the meetings is valued highly and acknowledged by the government and development partners. Much preparatory work is involved in terms of getting agreement on issues for discussion, the timely preparation of documents presented by the government, follow-up with in-country consultations and the implementation of policy agreements, periodic monitoring of the implementation of RTM policy and programme agreements and resource commitments, and successive RTM meetings with follow-up. A large number of representatives from development partners participate. The UN system prepares joint statements on key issues adopting an iterative manner in close consultation with a large number (18 UN agencies for the last RTM) aimed at projecting a united UN system.

Two RTMs were held during the period of the ADR review—the seventh in November 2000 and the eighth in February 2003. At the end of 2005, preparations were made for the ninth RTM held in February 2006. Poverty reduction has been a consistent theme throughout the three RTMs.

The ninth RTM, held in February 2006, had 'Good Governance for Development' as its theme. Taking

place at an important juncture in Bhutan's history, UNDP as co-chair called upon the international community to underwrite the democratic transition. The RTM provided an opportunity for partners to discuss with RGoB once again the issue of the people in camps in eastern Nepal. The need for the constitution to enforce Conventions such as the one on the Rights of the Child was also raised. The issue of enhanced 'donor' coordination and a harmonized system to improve the effectiveness of development assistance was raised again by development partners. The government felt that though it continued to make efforts to improve aid coordination through sector coordination meetings, difficulties had been experienced in terms of various systems adopted by different agencies. Following this RTM, the RGoB decided to hold 'donor' coordination meetings in specific areas.

It would take a separate evaluation to establish that the RTM has been an effective instrument for assisting Bhutan in achieving its development goals. It is noted that that UNDP, in its role as co-chair, has managed successfully the process of consultations with RGoB and with Bhutan's development partners on issues of common interest and development themes. Some measures have been initiated to improve coordination and follow-up to RTMs. For instance, RGoB has acted on a RTM recommendation to organize donor coordination meetings by requesting line ministries to hold thematic coordination meetings. So far, three meetings in the areas of Infrastructure Development, ICT for Development, and Private Sector Development have been held. Also, for improving aid effectiveness, coordination is being enhanced between the World Bank, UN system and other donors in terms of national system capacity assessment and development in areas such as audit, financial rules and regulations and procurement. However, the Evaluation Team did not come across tangible evidence that the RTM process has succeeded in significantly improving institutional arrangements for aid coordination and better harmonization and coordination of efforts on the part of development partners. RGoB considers the RTMs an important and useful mechanism for regular policy dialogue and coordination with all its development partners.

3.4. UNDP'S CONTRIBUTION AS A DEVELOPMENT PARTNER

UNDP Bhutan is recognized as an important contributor to the country's development. The RGoB regards UNDP to be 'an extremely trusted and valued partner' (see Box 5).

This section traces the major developments since 2000 in five critical areas of human development

that are the focus of UNDP's support to RGoB: governance, poverty reduction, environment and energy, natural disaster reduction and gender equity. This section also presents an evaluation of UNDP's role and contribution to development results. An attempt has been made to identify significant development contributions for which UNDP is recognized, to outline mechanisms and modalities adopted by UNDP to achieve these outcomes, and to comment on match with intended results.

Box 5. Perceptions regarding UNDP's contributions to development results

As part of the ADR, an expert opinion survey with open- and closed-ended questions was conducted in person or via telephone by a national consultant. Twenty-one carefully selected informants belonging to government departments or agencies, donor agencies, NGOs and research institutions were surveyed. Of these, only two were not familiar with UNDP's work. The rest were either very familiar (10) or quite familiar (9) with UNDP's work in Bhutan.

According to the expert opinion survey:

- 81 percent of respondents consider UNDP's contributions to be very significant (57 percent) or significant (24 percent)
- 86 percent regard UNDP as a 'very effective' role player in development
- 14 percent regard UNDP's effectiveness as being 'average'

This is consistent with the 2004 UNDP Partners Survey in which 90 percent of respondents agreed or strongly agreed that UNDP's image in Bhutan is favourable.

UNDP's positive reputation is largely derived from its effective partnership with RGoB, flexibility and responsiveness to national needs. For instance, 96 percent of respondents in the Expert Opinion Survey consider UNDP's programmes to be 'consistent' or 'very consistent' with national priorities; 71 percent of informants view UNDP's programmes to be 'very consistent' with the principle of GNH and 29 percent regard it as being 'reasonably consistent', and 90 percent of informants regard UNDP to be 'very responsive' (43 percent) or 'responsive' (47 percent) to development needs in Bhutan. Only 5 percent believe that it is not.

3.4.1. GOVERNANCE

Since 2000, RGoB has introduced far reaching legislative, judicial and administrative reforms. A draft constitution, developed in 2005, has been widely circulated and discussed. Numerous reforms are underway to improve public administration, strengthen anti-corruption measures, ensure effective enforcement, extend decentralization, deepen governance in the corporate and private sectors, amend the judicial system and further strengthen the rule of law. In early 2005, RGoB established the Department of Local Governance (DLG) within the Ministry of Home and Cultural Affairs to further strengthen the decentralization process and to coordinate, empower and facilitate local governance. Three new constitutional bodies—the Election Commission, the Anti-Corruption Commission and the office of the Attorney General—have been established to facilitate a smooth transition to democracy.

Comprehensive governance reforms have been proposed in the recently released ‘Good Governance Plus: In Pursuit of Gross National Happiness 2005 Report’ (the GG Plus Report) by RGoB. This report contains numerous pragmatic recommendations to further enhance government efficiency, transparency and accountability. Proposals include a new two-to-three year rolling annual plan framework, design of a new fiscal formula to guide budgetary transfers, development of national planning and information systems, the introduction of annual block grants, and strengthening of dzongkhag and geog staff capacity. All agencies within the government have been required to develop action plans and establish appropriate management structures to monitor the execution of the GG Plus solutions. Additionally, a GG Plus monitoring and evaluation mechanism is to be set up within the Cabinet Secretariat and Prime Minister’s Office to oversee the implementation of these initiatives.

Since the 8th FYP (1997-2002), UNDP has advocated for performance-based public administration and civil service, and engaged in dialogue with RGoB on governance issues and independent oversight mechanisms, such as the judiciary and audit institutions, and on establishing an enabling framework for civil society institutions. Two major programmes were implemented in support of

the 8th FYP priorities of balanced and equitable development: decentralization and community participation, and institutional strengthening and human resource development. Through these programmes, development funds were, for the first time, directly programmed and managed by local representatives. Main activities included support for capacity building in the Ministry of Home and Cultural Affairs and the Planning Commission, strengthening dzongkhag offices to become more effective conduits for communication between local communities and the government, and conducting training for local officials and communities to enhance their awareness of decentralization policies and regulations. An important component was the awarding of grants to 10 geogs to fund development activities of their own choice. This Geog Development Facilitating Activity represented the first attempt to make financial disbursements at geog level and is said to have strengthened the government’s own capacity to plan, implement and monitor development activities at micro-level. The 9th FYP introduced, for the first time in the country, block-specific micro level plans. The approach piloted under this programme is also credited with providing crucial lessons for the decentralization process. UNDP also supported dissemination of GYT/DYT Chathrim 2002 and the 2004 Manual on GYT/DYT Chathrim 2002.

UNDP, together with UNCDF, has taken the lead in formulating the first framework linking the collective efforts of several partners in an integrated programme on decentralization. The Decentralization Support Programme (DSP) 2002-2007 is funded in partnership with the UNCDF and SNV. It has a number of objectives and continues to support all three levels of government—mainstreaming several initiatives that were tested in the earlier programme. As with the earlier programme, special grant funds have been made available to 32 geogs directly from the Department of Budget and Accounts to enable them to develop more direct experience in planning for and implementing their own development activities. In addition, 20 Micro-Environmental Action Plans (MEAPs) are being implemented in 40 geogs. This is coupled to capacity building initiatives and a training manual for local officials to operationalize the DYT and GYT Chathrim.

Box 6. Perceptions of UNDP's contributions towards governance

According to the Expert Opinion Survey conducted for this ADR, 81 percent of the experts interviewed indicated that UNDP's contribution since 2000 has been significant (52 percent) or very significant (29 percent) in improving good governance in Bhutan.

UNDP is rated even higher in strengthening decentralization and local governance, with 91 percent of informants agreeing that it has made significant (58 percent) or very significant (33 percent) contributions.

UNDP's profile in this area is confirmed by the finding in the 2004 Partners Survey wherein 86 percent of respondents regarded it as active to a great extent (72 percent) and to a very great extent (14 percent).

According to both these surveys, UNDP's contribution is reportedly better in governance than in any of the other thematic areas.

UNDP has acquired a high profile (see Box 6) for its contribution in the governance area by mainly supporting RGoB's efforts to create an enabling framework and build capacities for decentralized, people-centred governance. Stakeholders recognize UNDP's contribution towards supporting decentralization through planning grants at the geog level and for its donor coordination in building capacities in this regard. UNDP's engagement in this field started in the late 1990s with the implementation of the pilot Strengthening Capacities for Development Management and Decentralization Programme (1997-2002). A 2000 evaluation of the initial phase indicated that UNDP had at that time helped shape "an increasingly clear and sophisticated national dialogue regarding the practical pursuit of a decentralization vision." Accordingly, the 10th FYP proposes to adopt the block grant modality in all 201 geogs based on the success of this model.

The 2005 Mid-Term Evaluation of the DSP observes that the decentralization efforts supported by UNDP and others seem to be gradually translating into enhanced GYT and DYT planning and financial management capacities. This, in turn, is leading to enhanced local prioritization and decision making. However, the evaluation also points out that representation has widened but not deepened and does not necessarily encourage gender equity. Challenges to effectiveness and sustainability are the lack of baseline information on development trends in dzongkhags and geogs, weak geog capacities to utilize funds, weak DLG capacities to guide implementation, and lack of a performance-based system to follow up on the efficiency of geogs in implementing block grant projects.

Stakeholders also recognize UNDP's contribution towards supporting critical oversight functions for enhancing transparency and accountability. This includes support to the Royal Court of Justice and to the Royal Audit Authority for drafting Performance Auditing Guidelines and undertaking initial performance audits, study visits of key officials in managing local level elections, and assisting the Anti-Corruption Commission with institutional capacity building.

Another area noted by stakeholders is UNDP's role in the development of an enabling framework for ICT in Bhutan, although these contributions have recently been somewhat eclipsed by other larger initiatives (among others, by the Government of India). UNDP's early advocacy on ICT has influenced the establishment of a Planning Information Network for the Planning Commission. Its support to the first Internet Service Providers and Internet cafes has reportedly provided information for the ICT master plan of the Ministry of Education. UNDP's regional expertise was used to carry out a review of the status of ongoing ICT projects and directions for the future. UNDP also assisted the Ministry of Communications in developing an ICT Act for Bhutan and initiated, with partners, e-commerce initiatives targeted at women entrepreneurs. UNDP, along with other partners, has supported Bhutan's ICT Policy and Strategy that was approved by the Council of Ministers in 2004, and is now assisting RGoB in standardizing and reducing the digital divide between rural and urban areas and between women and men. Moreover UNV fielded 14 UNVs in support of ICT capacity building in Bhutan, including at district level for the decentralization process.

Work in this thematic area seems to be on track towards the intended results,⁹ with some minor constraints. The IT efforts have been somewhat stymied due to a lack of infrastructure, but this is being addressed through other funding sources. The intended outputs were achieved except for a few that were formulated as outcomes and in a manner that makes an assessment difficult without a more rigorous and resource-intensive methodology.¹⁰

3.4.2. POVERTY REDUCTION

Following the publication of the 2000 Poverty Assessment and Analysis Report and the 2004 Poverty Analysis Report, RGoB has officially recognized that poverty in Bhutan is widespread and entrenched. Today, there is strong political commitment to address eradicating poverty more systematically. A major focus of the 10th FYP (2008-2012) is expected to be poverty reduction and the attainment of the MDGs.

From 1997 to 2001, UNDP had virtually no policy related activity or explicitly stated intended outcomes in this practice area. In the last five years, however, UNDP has established a high-profile presence in the field of poverty reduction and is recognized as an important contributor to Bhutan's poverty reduction efforts (see Box 7).

Evidence shows that UNDP's most valuable interventions have been in providing direct policy support, advocacy and institution building. It has played a significant role in raising awareness of

poverty, improving institutional capacity to develop policies for poverty elimination and monitoring progress towards the MDGs. The main instruments have been the various reports promoted or produced in conjunction with the Planning Commission, the National Statistical Bureau and a variety of UN partners: the National Human Development Reports, Poverty Analysis Reports and Millennium Development Goals Progress Reports. All these documents unambiguously highlight Bhutan's poverty situation and context. Although not yet available at district and local level, socio-economic data and analysis are starting to be produced in a manner that will enable effective targeting of vulnerable groups. The 2004 Poverty Analysis Report, produced by UNDP using ADB Bhutan Living Standards Survey data, contains, for example, the first poverty profile with urban-rural and regional disaggregation. The poverty monitoring paper is reportedly being used as a basis for RGoB's position on indicators for the South Asian Association for Regional Cooperation poverty mapping exercise. These reports, as well as UNDP support and advocacy of the MDG processes, are acknowledged as having helped to generate a better understanding of the situation among policy makers and among Bhutanese society in general.

UNDP is recognized for its direct support to the development of Bhutan's FYPs, including the 9th and 10th FYPs as well as the country's long-term strategic perspective on development encapsulated in Vision 2020. Placing the MDG framework

Box 7. Perceptions regarding UNDP's contributions towards poverty

UNDP is acknowledged for both its project-based support as well as 'soft assistance' (non-project based) in the area of poverty reduction.

According to the Expert Opinion Survey, 81 percent of informants considered UNDP's contributions to be either very significant (57 percent) or significant (24 percent).

The 2004 UNDP Partners Survey revealed that 72 percent of partners regarded UNDP as being active in poverty eradication to a great or very great extent; and 79 percent considered UNDP to be similarly engaged in efforts to address the MDGs.

These positive perceptions were confirmed by the focus group discussions that also identified UNDP as one of the major role players in Bhutan in poverty reduction.

9. As formulated by the CO in the SRF and MYFF. Refer to Annex 5.

10. For instance, 'performance of the civil service improved.'

within various development processes is also helping in tracking a diverse range of poverty indicators and linking these to advocacy campaigns related to the MDGs. According to the November 2005 Poverty Outcome Evaluation, UNDP has also helped the Department of Budget and Accounts develop its expertise through training and the development of Rolling Budget and Mid-Term Expenditure Framework modules for more effective financial decentralization.

The 2005 Poverty Outcome Evaluation commissioned by the CO judges UNDP's 'soft assistance' as having made significant contributions in sensitizing the public and facilitating in-country donor coordination in the area of poverty reduction; raising awareness through the organization of special events such as the International Day for the Eradication of Poverty; coordinating and supporting the exposure of relevant national officials at relevant regional UNDP training programmes, workshops and seminars; assisting RGoB in the preparation of MDG reports; highlighting the importance of monitoring progress and using the reports for advocacy and informed policy making; and mobilizing technical assistance from the Regional UNDP Project on Macroeconomics of Poverty Reduction for developing a pro-poor development strategy for Bhutan. These recent achievements help to justify UNDP's decision to move into more upstream policy areas and double resources devoted to policy reform and MDG and poverty reporting support service lines.

Improving the capacity of small and micro-enterprises and evolving an employment-intensive business promotion strategy are important constituents of poverty reduction. In line with the 'high value, low volume' approach, a national framework for organic production has been formulated and efforts are under way to improve and promote local handicrafts and capitalize on natural resources, such as medicinal plants in a sustainable manner. Although micro, small and medium enterprise development efforts are a focus, much progress needs to be made. These initiatives are weakened by an inadequate enabling environment and inadequate national institutions and capacities. Private-sector capacities remain limited. Lack of road and information

technology infrastructure remains a major obstacle. Emphasis is being placed on improving farm road access, marketing outlets and services, and information services in order to facilitate access to and understanding of markets.

Since the 1990s, UNDP has committed much larger amounts to the development of rural enterprises (including supporting the creation of an enabling environment) in order to promote sustainable livelihoods, raise incomes and stimulate the rural private sector. Focus group discussions noted UNDP's interventions in horticulture, micro enterprise development, e-business and the promotion of Bhutanese handicrafts. However, opinions differed on their effectiveness and the more recent contributions were generally not as highly rated. This could be due to the nature of downstream work, where results are less visible than upstream activities. Also, inadequate project monitoring and evaluation systems make proper monitoring of outcomes difficult to record and evaluate.

The main achievements noted have been in the Integrated Horticulture Development Programme (IHDP—1997-2002).¹¹ Together with the Rural Enterprise Development Programme (RED—2002-2006), these flagship programmes account for more than 60 percent of UNDP's poverty reduction disbursements between 2000 and 2006. Both the mid-term and final evaluations report that the IHDP is effective in building the key elements of horticulture in Bhutan related to marketing, research, extension and post-harvest. The Lemon Grass Oil rural industry, in which UNDP had been involved since 1992, is deemed to be a major success in this regard.

Built on the experiences of the IHDP, but wider in scope, the UNDP-SNV funded RED is the largest ongoing UNDP programme. UNDP is working with the Ministries of Agriculture and of Trade and Industry to initiate promotional and marketing activities to stimulate rural enterprises and enhance rural incomes. The mid-term review takes a critical view of RED implementation and outputs to date. It is too early to assess its achievements, especially in the absence of a monitoring and evaluation system, but according to the 2005 Poverty Outcome Evalu-

11. See in particular assessments from the mid-term and final evaluations of the IHDP

ation, its main contribution to date appears to be its support of organic farming and, in particular, the development of the organic policy framework.

Institutional capacity in Bhutan to obtain and manage poverty-related data has been improving. The Planning Commission has formulated a Framework Document for Bhutan's Poverty Monitoring and Assessment System to strengthen monitoring for development planning, but implementation has been stymied by limited institutional capacities. Business promotion functions including advice and support have been integrated into Regional Trade and Industry Offices to assist rural enterprises. Decentralization is transferring many responsibilities to the dzongkhag and geog level, but human resource capacities at the national level to meet new challenges and implement poverty reduction strategies are limited. Budget allocation and control remain centralized due to lack of expertise at sub-national levels. Inter-institutional coordination among agencies remains weak and sector-based. Efforts to promote e-business for entrepreneurs have been stymied by the difficulties in connectivity over the rough terrain in Bhutan. Proceeding with this initiative was deemed not feasible given the challenges, and the required resources and skills to make a real difference. This may change as RGoB and the Government of India partner to advance ICT initiatives.

UNDP's contributions in this practice area have been in line with the intended development results. This seems to be, in large part, due to the planning approach of working hand in hand with RGoB to agree upon and work towards milestones, with the government's full ownership of interventions. The Medium Term Expenditure Framework (MTEF) has officially been adopted and will be operationalized starting from the 10th FYP. Most success has been achieved in the two service lines related to policy reform and poverty monitoring and reporting. Milestones have been achieved, but progress in operationalizing Bhutan Poverty Monitoring and

Assessment System has been slow, apparently due to inadequate institutional capacities.

Somewhat more difficult to determine is the extent to which the capacities of the rural poor have been improved towards more sustainable livelihoods. The intended results in terms of stated 'outputs' are harder to measure and assess, especially in the absence of good project monitoring and evaluation systems. The results of the IHDP seem to have contributed well to the intended outcome. Progress towards replicable national poverty initiatives has been slow, although the rather modest outputs for 2004-2005 indicate the preparatory nature of the work at this stage. The RED mid-term review appears positive that progress is on track, despite design flaws and a recommendation to terminate the grant scheme, which was not encouraging entrepreneurial activity. Improvements such as the ones based on the RED mid-term review will have to be made, including documenting experiences and lessons, if it is to make a significant contribution to this important outcome.

3.4.3. ENERGY AND ENVIRONMENT ¹²

Nurturing of the environment has always been a top priority for Bhutan. Since the mid 1980s, the country's FYPs have integrated environmental and biodiversity concerns into development plans at all levels. The authority for environmental management is devolved to DYT and GYT—a crucial step towards a more participatory and community-based approach to sustainable development. MEAPs and later Local Environmental Action Plans (LEAPs) have fed into the planning process and are reflected in the 9th FYP.

Since 2000, the Royal Government has further strengthened the policy and regulatory framework for the protection and management of the environment. Key policy developments include integrating the principle of environmentally sustainable development into the national environment strategy and Bhutan's long-term vision. Conscious efforts

12. This section draws on several background materials, assessments and evaluation studies including Guidelines for Preparation of the Tenth Plan (2007-2012), Planning Commission, Royal Government of Bhutan, March 2006; The Middle Path, a National Environment Strategy for Bhutan, 1999; Bhutan 2020: A Vision for Peace, Prosperity and Happiness, 2000; Environmental Assessment Act 2000; Electricity Act 2000; Regulation for the Environmental Clearance of Projects 2002; Regulation on Strategic Environmental Assessment 2002; Forest and Nature Conservation Rules of Bhutan, 2000; Biodiversity Action Plan (BAP II), 2002 Biodiversity Act, 2003; Rules and Regulations for the Implementation of the Biodiversity Act, 2005; Vision and Strategy for the Nature Conservation Division, 2003; and 2001 Bhutan Ecotourism Strategy.

have been made to promote clean and renewable energy resources and technological practices. Measures have been taken to conserve habitat and species as well as natural and domestic biodiversity, recognizing the cross-cutting nature of biodiversity and the importance of protecting traditional resources. RGoB has introduced the Integrated Conservation Development Programmes (ICDPs) in the protected areas of Bhutan that forge inter-sectoral linkages to attain national environmental goals and meet community development priorities. The protection of biodiversity received a further boost with the creation of two new protected areas and a biological corridor between the national parks. A regulatory framework for the new Thrumshingla National Park and corridor was initiated. This period also heralded in a policy focus on climate change and the use of renewable resources.

Another significant development since 2000 has been the development of national institutions and capacities towards sustainable livelihoods through environmental stewardship. For instance, a National Plan of Action for Global Environmental Management has been designed to build capacities and help institutionalize linkages between the conservation activities of related agencies. The Greenhouse Gas Initiative and the Biodiversity Action Plan are in place. Dzongkhag environmental committees have been established to implement, enforce and monitor the 2000 Environment Assessment Act at the dzongkhag level. The strengthening of environmental education and awareness at the local level, institutional twinning and spin-offs from projects such as the Capacity 21 and the Jigme Dorji National Park are reported to have contributed to capacity development among park staff, local leaders and communities. National facilities have also been extended through the establishment of the National Biodiversity Centre, the Royal Bhutan Gene Bank and the upgrading of the National Herbarium.

The 2004 Energy and Environment Outcome Evaluation, project evaluations and focus group discussions highlight the following UNDP and GEF contributions. UNDP generally supports the thematic area of the environment by directly supporting policy and strategy initiatives, introducing pilot and demonstration activities, encouraging data analysis, research and advocacy, and assisting RGoB with donor coordination and resource

mobilization. Currently, UNDP's own resources account for 13 percent of the funding support for environment. The balance of 87 percent comes from GEF, of which UNDP in Bhutan is the implementing agency. Several projects have strengthened the strategic framework for biodiversity conservation, informed national strategies and highlighted experiences towards an inclusive conservation approach. The 2004 Energy and Environment Outcome Evaluation notes UNDP/GEF support for action planning as the most significant contribution to biodiversity conservation, not in shaping the agenda but enabling RGoB to develop its own frameworks in an efficient manner. The support provided over an extended period enabled the development of two Biodiversity Action Plans with considerable improvements to the second, and will facilitate implementation through support to development of the Rules and Regulations for the Implementation of the Biodiversity Act. In partnership with WWF, UNDP also supported the formulation of the ICDP Guidelines as well as studies to inform a regulatory framework for biological corridors that link more than 30 percent of the country's protected areas. The implementation of the project, under the Integrated Livestock and Crop Conservation Programme submitted through UNDP and recently endorsed by the GEF, is expected to further promote mainstreaming of agrobiodiversity conservation into livestock and crop development policy and practices in Bhutan.

UNDP has supported the establishment of Bhutan's first Greenhouse Gas Inventory and the First National Communication, prepared for the 2000 Conference of Parties, which helped trigger awareness about climate change and set the stage for the country's participation in the UN Framework Convention for Climate Change. A vulnerability study led by the National Environment Commission resulted in the development of the National Adaptation Strategy and Action Plan for Climate Change. The 2004 Energy and Environment Outcome evaluation indicated that the Sustainable Solar Energy Programme Review of existing and potential solar energy options may have helped to identify the potential for alternative energies. The RGoB refers to the Review as a strategic planning tool. UNDP is assisting the Department of Energy in formulating a National Renewable Energy

Policy towards facilitating electricity access to off-grid rural households and thereby facilitating the achievement of the vision of 'Electricity for All by 2020'. The National Renewable Energy Policy is expected to exclusively focus on mini-micro hydels, solar photo voltaic, wind power, biogas, and other community and district level interventions.

UNDP contributions have helped to integrate environmental concerns into national and local development plans. Many UNDP outputs are aligned with the environmental thrust in the 9th FYP, but the extent to which this may have influenced the content of the FYP is unclear. Much more significant are the contributions UNDP/GEF have made to the integration of environmental concerns into geog plans at local level. Evaluations report that UNDP/GEF helped to foster capacities at the national and local level. They have supported, through the Capacity 21 planning processes, the move towards decentralization by building GYT and DYT members' experience in environmental management planning. Capacity 21 also facilitated the efforts of the National Environment Commission to work with a wide range of stakeholders, including local government authorities and community leaders.

Capacity building has been an important part of the WWF, GEF and UNDP programme on the Integrated Management of the Jigme Dorji National Park. It has assisted park management in implementing a park management plan and developing their understanding of protected area management using mechanisms such as short-term training, twinning of parks and study tours. Park staff have also acknowledged the role of the two assigned UNVs in developing hands-on knowledge and skills. Local communities were encouraged to implement sustainable livelihood projects, gaining experience that is said to have assisted them in geog

level development planning. The project evaluation indicates that the project has, on a small scale, helped to promote sustainable livelihoods and improve the quality of life among park communities. Most notable has been the legalized harvesting of *Cordyceps sinensis* a highly valuable fungus, which has helped raise income of the communities in the park area. It has also decreased poaching, helped to reduce the human stress on the park's natural environment, and somewhat ameliorated the tensions between conservation and the livelihoods of local communities.

This approach is being continued in the WWF-GEF-UNDP supported Linking and Enhancing Protected Areas project in the Thrunshingla National Park. It is too early to make any assessment of the results from this project, but local tourism and dairy and cottage industries are being promoted, fodder production and pasture management improved, water sources protected, corrugated galvanized iron sheets used to replace wooden shingle roofs and solar lighting used to reduce fuel-wood consumption. Awareness of conservation is created through rural scholarship programmes and support for school-based nature clubs.

The UNDP/GEF Small Grants Programme has supported more than 30 other community-based energy and conservation initiatives since 2000. Many of these projects aim to reduce deforestation through efficient energy use such as improved stoves, solar heating and lighting, and also assist with reforestation and community awareness on conservation. Information on the contributions that these projects have made has not been available.

In addition to governance and poverty reduction, UNDP partners perceive UNDP as being active in the area of energy and environment. (see Box 8).

Box 8. Perceptions regarding UNDP's contributions towards energy and environment

According to the 2004 UNDP Partners Survey, only 54 percent of respondents judged UNDP to be active in energy and environment to a great or very great extent, compared to 72 percent and 86 percent for poverty eradication and governance respectively.

Only 57 percent rated UNDP as a critical partner in energy and environment to a great or very great extent as opposed to 79 percent and 63 percent for poverty eradication and governance respectively.

Conversely, of the 21 informants in the Expert Opinion Survey, 86 percent considered UNDP (and GEF) contributions to the promotion of conservation and the sustainable use of biodiversity as either significant (62 percent) or very significant (24 percent).

Apart from RGoB, six bilateral agencies and international financial institutions, one other UN agency (UNEP) and one NGO (WWF) are significant players in this field, in most cases with far greater financial assistance than UNDP/GEF.

UNDP, directly and through GEF, has good visibility in the field. Analysis shows that their upstream work on biodiversity and climate change is more valued than their work on the ground, but it has to be taken into account that the results of downstream work often take longer to make a perceptible difference (especially in Bhutan where RGoB is very deliberate and efficient in its policy design).

It is difficult to distinguish UNDP's contribution from that of other partners and role players. For instance, it is not quite clear to what extent projects on the ground have had an influence on policy, although the Jigme Dorji National Park project is acknowledged for its generation of baseline data and information on natural resources and land use, while research and awareness raising have reportedly assisted RGoB in its efforts to gather evidence for lifting the ban on the harvesting of the highly valuable fungus *Cordyceps sinensis*.

The contributions made by UNDP/GEF in this practice area are generally in line with what was expected, although the alignment of the significant contributions during 2000-2002 with what was expected is less clear. In the SRF, the intended outputs or outcomes are less clearly formulated, thus in some cases their achievement has proven difficult to assess without more extensive monitoring and evaluation. Certain smaller project components did not lead to the expected results, for example the work on the development of Environmental Impact Assessment guidelines was terminated due to the work of the National Environment Commission with ADB and DANIDA support. Some contributions during this period were also quite modest, particularly with respect to work with the World Summit on Sustainable Development, the capacity development of local leaders and the impact of interventions on livelihoods, but much of the work continues and builds on the lessons learnt over the years. Conversely, progress for the MYFF period 2004-2005¹³ is on track towards intended results and all milestones have been reached and outputs produced.

3.4.4. NATURAL DISASTER REDUCTION

Though natural disasters are a common occurrence in Bhutan, efforts to focus more systematically on natural disaster reduction and management are quite recent. The need to address this area with a sense of urgency was a consequence of the global attention drawn to the issue in the aftermath of severe flash floods and the Asian tsunami. It was only in 2004 that RGoB prioritized preparation for natural disasters at the central and local levels. A series of initiatives focused on bringing an integrated and holistic approach to natural disaster reduction at the national and district level. The DLG in the Ministry of Home Affairs was appointed as the national disaster management coordinating agency. An integrated National Disaster Management Strategy was devised and an Earthquake Risk Management Plan for the Thimphu Valley was developed by the Ministry of Works and Human Settlement in consultation with private companies and residents. These management plans were to be approved and implemented in 2006. The Phuent-soling City National Disaster Management Plan has been made operational and a National Disaster Risk Management Framework document has been formulated and released.

UNDP is acknowledged by RGoB as one of its key partners in this effort. This is evidenced by UNDP's engagement in critical developments in the field since 2004. Other UN agencies (WFP, UNICEF and WHO) as well as Japan International Cooperation Agency (JICA) provided support, but UNDP has worked closely with the DLG from the beginning to devise and move interventions forward. Stakeholders acknowledge UNDP's role in mobilizing technical expertise and resources, building capacities and supporting RGoB in several areas. It initiated and led a coordinated effort by the UN Disaster Management Team (UNDMT) to highlight the urgent need for a national disaster management mechanism and provide support to subsequent actions. Earlier work on climate change executed by the National Environment Commission and supported by GEF through UNDP had already identified the need for a national disaster management strategy and proposed several pilot projects to counter natural disasters in a more systematic way.

13. Refer to Annex 5.

UNDP Bhutan supported and facilitated the formulation of the National Disaster Management Strategy by supporting a review of government and civil society's disaster preparedness and management (the resulting report was submitted to the 2005 World Conference on Disaster Management in Kobe), five stakeholder consultation workshops at the central and district level, and a study tour for 14 officials. These activities are noted by partners to have helped identify priorities and create a better understanding of disaster management issues among senior government officials.

UNDP Bhutan supported the preparation of the Thimphu Valley Earthquake Risk Management Plan by the Ministry of Works and Human Settlement, in the process strengthening the technical capacity of the responsible Standards and Quality Control Authority in earthquake vulnerability assessment and earthquake resistant reconstruction. Government engineers visited Nepal and completed a 12 week seismic engineering course, while the Ministry's laboratory facility was strengthened to carry out vulnerability assessment of buildings in other parts of the country. Private companies and residents participated in the project. The public-private partnership was evident in training opportunities, hosting of the Construction Expo 2005 and the retrofitting of three buildings as a demonstration project. Additional support was provided by JICA and a UNV, who provided expertise and trained national counterparts.

UNDP has followed up on several of the recommendations of the Energy and Environment Outcome Evaluation, including adopting disaster management as a new focus for UNDP programming. Progress is thus well under way to achieve the MYFF outcome related to this area of work¹⁴. All 2004 and 2005 targets set by UNDP have been achieved. The National Disaster Management Strategy has been adopted and should soon be operationalized. The outcome will be achieved if the strategy is integrated into the 10th FYP, which is currently under development. This is highly likely, as the guidelines for the preparation of the 10th FYP notes that a

direct link exists between disasters and poverty and proposes the inclusion of measures for the prevention and mitigation of disasters in all development plans, wherever possible.

3.4.5. GENDER EQUITY¹⁵

RGoB has taken several steps recently to address women's empowerment and gender equity in Bhutan. Most significant national achievements noted by stakeholders since 2000 point to the recognition by RGoB that gender gaps exist and that priorities related to women and girls should be expanded from health and education to include other areas of socio-economic and political development. Another important step has been the establishment of the National Commission for Women and Children (NCWC) in 2004 with the mandate to monitor the implementation of Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and to ensure adequate integration of gender concerns into development policies and programmes. Lastly, NCWC has drafted a National Plan of Action for Gender as a master plan to make gender mainstreaming more effective across all sectors and encouraging pro-gender policy decisions.

UNDP has played a key role in advancing the women's empowerment agenda (see Box 9).

By supporting the first Gender Pilot Study in 2001, UNDP raised awareness on gender issues. The findings of the pilot study were an important input to the first CEDAW periodic report and stimulated discussions on possible interventions. Disaggregated data analyses and detailed discussions on gender are also incorporated into the 2005 Bhutan MDG Report and National Human Development Report. In 2006, the gender project 'Moving Forward on Gender: Empowerment and Protection' was approved and is being implemented by NCWC with financial support from UNDP. The project aimed at increasing women's participation in national and local decision making and strengthening procedures and mechanisms to address violence

14. Refer to Annex 5.

15. This section draws on various documents relating to gender and women's empowerment including specifically the Gender Pilot Study: Bhutan. Extracted from <http://www.pc.gov.bt/rep/gpsr.htm> on 10 July 2006; CEDAW 30th Session: Replies from Bhutan, Kuwait, 02 Feb 2004; and Convention on the Elimination of All Forms of Discrimination Against Women – An Updated Summary of the Report of the Kingdom of Bhutan (2003)

against women. Under the project, the National Plan of Action for Gender has been drafted. The project played a critical role in the institutional strengthening of the newly established NCWC.

UNDP provided financial and technical support that helped to build institutional capacity. In coordination with the NCWC and the Planning Commission, it supported two training workshops on gender analysis and mainstreaming to build the capacities of policy makers and the Gender Focal Point Network. While we could not confirm the statement in UNDP reports that the training “ensured greater efficiency and effectiveness in policy formulation, service delivery and resource management,” the gender focal point representatives subsequently used their knowledge to conduct gender analyses of their organizations’ policies and programmes in preparation for the development of the National Plan of Action for Gender.

UNDP, in collaboration with NCWC and UNICEF, funded the first ever National Consultation on Women and Child Friendly Police Procedures. UNDP also collaborated with NCWC, UNICEF and the UN Trust Fund for Ending Violence against Women to support the National Consultation on Women and Child Friendly Judicial Procedures with representatives from the Royal Bhutan Police, Royal Court of Justice, Ministry of Health and the gender focal point. The recommendation of the consultations led to the creation of the Women and Child Protection Unit within the Royal Bhutan Police. UNDP Bhutan also supported a workshop by the NCWC and the then Department of Planning where 70 delegates developed and endorsed a framework that served as the basis for further developing a National Plan of Action for Gender, intended to guide all future

gender-related developments in Bhutan. Support for this process is continuing in 2006. Stakeholders emphasized UNDP’s support of Bhutanese handicrafts as having “made a big difference” to women (although this has not been confirmed in evaluations), especially as UNDP is seen to be “the only [donor] role player” in this field.

UNDP resource allocation to gender projects increased during the two periods from less than 0.25 percent during 1997-2001 to 5 percent of the 2002-2006 budget, although the dedicated amount for NCWC remains relatively small at approximately USD 200,000 for 2006. Capacity-building activities have contributed to raising awareness among gender focal points and enhanced their contributions to and collaboration with NCWC for the development of the National Action Plan for Gender. Additional efforts to mainstream gender include the appointment of a gender specialist working with NCWC and part-time in the UNDP Bhutan, the preparation of a gender checklist that the CO uses for project appraisal, a recently established and trained Gender Team in the CO, and gender training for the entire staff of UNDP CO. However, as these initiatives are quite recent, we could not find strong evidence of significant actions towards gender equity in UNDP’s work in the three practice areas and more specifically, towards gender mainstreaming. Gender was not mentioned as a priority area in programme documents prepared during 1997-2001, but was more explicitly though perfunctorily articulated in subsequent programme documents. Most evaluation reports did not address gender as a specific topic for investigation.

UNDP managers, as well as at least one major evaluation report (RED Mid-Term Review), confirmed that gender mainstreaming in UNDP projects has

Box 9. Perceptions regarding UNDP’s contributions towards promoting gender equity

In the Expert Opinion Survey, 95 percent of respondents judged UNDP to have been effective (76 percent) or very effective (19 percent) in promoting gender equity in Bhutan.

Sixty-eight percent of respondents in the 2004 Partners Survey perceived UNDP to a great extent (50 percent) or to a very great extent (18 percent) as a critical partner in efforts to promote gender equity—significantly above average for all countries.

Such a positive contribution by UNDP was confirmed by several key individuals as well as by the focus group on gender. This positive perception is explained by the fact that UNDP has, since 2000, been part of all those developments noted as the most important in promoting gender equity in Bhutan. Its contributions have been widely recognized in several areas.

been inadequate, despite some efforts to incorporate gender dimensions in projects in some of the service lines. As gender equity was never regarded as a major challenge in Bhutan, this aspect tended to be neglected in programme and project design and implementation. Encouraged by the corporate focus on gender mainstreaming, the CO is now putting processes in place and developing in-house expertise to address this issue as part of a recently launched effort to make UNDP Bhutan an exemplary role model for gender mainstreaming in the country and Asia Pacific region.

The results described above are in line with the intended outcomes of UNDP's work on gender for the CCF 2 cycle. The intended results are embodied in the processes to develop the National Plan of Action for Gender. The Guidelines for the preparation of the 10th FYP confirm that gender mainstreaming coupled with disaggregation of all possible data by gender will be required at all planning and executing levels. Indications are that policies will not be enough to ensure that barriers to women's appointment in decision-making positions, especially at sub-national level, are reduced. More deliberate interventions will be needed to ensure this, especially at sub-national level. Opportunities for employment in the private sector for women in rural and urban areas remain inadequate.

3.5. SUSTAINABILITY OF RESULTS

UNDP Bhutan has adopted a variety of mechanisms to ensure and improve sustainability of results. Nevertheless, this is an aspect of programming that requires further attention.

Remaining relevant in the changing context of development in Bhutan has been the most effective way for UNDP to ensure sustainable results. A number of factors have contributed to this, including UNDP's responsiveness, flexibility and use of flexible funding modalities. Its alignment with national priorities and trusted relationship with the government have further enabled UNDP to evolve with and respond to national needs. UNDP therefore tends to commit itself to specific areas of work as they advance from preparatory consultations, developing enabling policies to national strategies, to building institutional capacity and implementing actions at national and local levels. This phased

support strengthens its impact and also increases the chances that its work and results will yield long-term results and benefits.

A second way that UNDP has ensured sustainability is by advocating for and supporting RGoB in scaling-up operations. The results of many UNDP projects provide evidence or experiences that have already influenced, or will eventually influence, national policies and strategies. For instance, data and consultative processes have helped to inform the gender, climate change and disaster management master plans. The MDG Needs Assessment and Costing exercise will support RGoB in making the 10th FYP MDG-based thus informing wider development planning. The 10th FYP is adopting the block grant modality, which was piloted through the DSP. UNDP is also supporting the Centre for Bhutan Studies to develop a GNH indicator framework and Bhutan Development Index that can be used as a basis for target setting and monitoring of the 10th FYP.

Ensuring government and national ownership is another way that UNDP strives to ensure sustainable results. In the case of Bhutan, RGoB generally has 'strong ownership' of UNDP projects, as it often directs such projects and contributes its own resources. Nearly all of UNDP's support aimed at strengthening policies and strategies is provided to government agencies that lead the processes. More than 90 percent of UNDP projects, including field projects, are executed using the NEX modality. Even though insufficient government capacity sometimes delays progress and slows down performance, the benefits of this government-driven approach tend to overshadow the negative aspects. Ownership of development projects by civil society, including communities and their leadership at local (dzongkhag and geog) level is more complicated to achieve and to determine in the absence of appropriate monitoring systems. However, UNDP has been playing a significant role in advocating and testing efforts to decentralize decision-making, planning and budget management, which are all crucial to promoting local ownership. According to information received by the evaluation team, UNDP intends to increase this aspect in its new programming cycle.

Further enhancing sustainable results is UNDP's investment in institutional capacity development.

Despite a decreasing focus on this as a separate project activity, it is a basic component of most of the executed projects such as the IHDP, REDP and the DSP. Using a number of modalities, UNDP has provided, in conjunction with RGoB, funding and technical expertise for the creation and skills development of entities such as the NCWC, the national Anti-corruption Commission, and the Business Promotion and Support Centres through REDP. The support for the national capacity self-assessment for global environmental management and its follow-up project are another example of UNDP's efforts to build capacities within Bhutan.

UNDP has used the creation of national consensus building through instruments such as the MDG Report, the National Human Development Report and the FYPs to create a broad coalition of support for critical interventions. This has legitimized and prioritized several critical challenges facing Bhutan and has ensured that such issues remain at the top of the public policy agenda. UNDP has also used the forum of RTMs to build support among donors for major development challenges.

The sustainability of UNDP's contributions could be impeded by weak institutional capacities and linkages at national and local level, as well as an apparent lack of emphasis on sufficient documentation of information, knowledge transfer and institutional learning. Insufficiencies in exit strategy planning have also been reported in certain instances. Exit planning should be done early and in conjunction with development partners to ensure a timely and systematic withdrawal over time. Another area where UNDP has not made sufficient progress is broad-base ownership. National ownership must not be construed narrowly to mean government ownership or public sector engagement only. There should be a move toward decentralized governments and civil society empowerment, making room for greater engagement of people and communities in setting priorities and undertaking development programmes.

3.6. SUMMARY

Contributing to UNDP's image are alignment with and responsiveness to national develop-

ment priorities, flexible funding modalities, cross-sectoral mandate, coordinating role among UN partners, global access to high-level technical expertise, and ability to identify and promote emerging issues by keeping a finger on the international and national development pulse. RGoB tends to retain full ownership of policy and strategy development as well as field execution. However, UNDP is called upon to help shape agendas and approaches by highlighting new areas, mobilizing technical assistance, conducting studies and bringing lessons from the field—often working behind the scenes. Across all UNDP thematic areas, some of UNDP's most significant contributions have been to raise awareness through effective advocacy around emerging areas of concern, create an enabling policy environment through preparatory work, extend direct support for policy and strategy development, and enhance institutional capacity in the public sector. 'Soft assistance' (such as donor coordination, assisting RGoB in the preparation for international conventions and MDG Reports and National Human Development Reports, advocating and supporting the GNH concept, mobilizing ad hoc technical assistance, and helping establish and advise bodies such as the NCWC, has been recognized as a valuable addition by UNDP. It is a result of, as well as a contributing factor to, the strong relationship with RGoB.

UNDP's contributions are, generally, in line with intended outcomes. This is borne out by the systematic documentation of milestones and reporting as part of UNDP's movement towards a results-based approach. It is further corroborated by the strong linkages with national priorities and execution modalities and the strong ownership by UNDP and government counterparts of agreed upon directions and milestones. Where results were not according to plan this appears to be largely due to insufficient implementation capacities among institutions at local level, exacerbated by the accelerating pace of reform and central planning. Also contributing have been certain perceived inadequacies in UNDP capacities, institutional (for example financial) systems, and processes aimed at institutional learning for improvement¹⁶. Some of these aspects are discussed in Chapter 4.

16. Although the CO has significant monitoring and evaluation systems in place, these are not always equally well applied and used.

UNDP's Strategic Positioning

This chapter examines issues relating to UNDP's strategic positioning and options for the future. It is based on an assessment of UNDP Bhutan's comparative strengths, an identification of factors contributing to and limiting UNDP's effectiveness, and an evaluation of UNDP's relevance and responsiveness. Critical aspects of UNDP's partnership strategy are also analyzed and discussed.

4.1. COMPARATIVE ADVANTAGES

Stakeholders identified two or more of the following as areas of UNDP's advantages compared to other development agencies operating in Bhutan. One, UNDP enjoys the confidence of RGoB. It has a good understanding of government priorities and has dovetailed its operations to match national priorities. RGoB sees UNDP as a trusted and neutral partner and provider of unbiased advice. This allows UNDP to work closely with RGoB in key areas and also apply 'soft pressure' wherever necessary to move the development agenda forward in the best interests of Bhutan. Two, UNDP's mandate allows for supporting cross-sectoral interventions and pursuing holistic approaches to development. This places UNDP in a relatively advantageous position vis-à-vis the specialized agencies whose mandate is more technical and focused. This also puts UNDP in a better position to coordinate with other development partners. Three, UNDP's broad mandate as well as support to the Office of the Resident Coordinator allows for coordination and mobilization within the UN system and access to those UN partners not resident in the country. Most stakeholders see the UNDP Resident Representative's role as the UN Resident Coordinator as being impartial. Most international development partners also credit UNDP with being strategically situated in terms of its working relationships with the government to be able to dialogue, coordinate, and share ideas on Bhutan's development. Four, UNDP has the capacity to tap into and leverage a wide range of development expertise by drawing

on international experiences through knowledge networks, such as COs, technical assistance, and regional centres. UNDP is thus able to provide expertise that is flexible, inclusive, and relevant to Bhutan. Five, UNDP's CO serves as a window for Bhutan to the outside world and has, over the years, highlighted several achievements of the country. UNDP has, for instance, helped to champion the home-grown idea of GNH across the world. At the same time, UNDP's corporate priorities have helped Bhutan gain profile and initiate activities in a number of areas such as gender, disaster management, human development and MDGs. Lastly, UNDP has established its reputation as an agency that supports RGoB by helping it tap into new opportunities and experiment with new ideas. This means that funding support has to be flexible and responsive. At the same time, UNDP should be able to cover the risks of failure especially when the idea being tested is new. UNDP is seen as a catalyst and yet it continues to undergo changes to keep pace with changing national and local needs.

4.2. FACTORS CONTRIBUTING TO UNDP'S EFFECTIVENESS

A variety of external and internal factors have contributed to UNDP's effectiveness in Bhutan.

4.2.1. EXTERNAL FACTORS

Among the external factors is the unique approach that characterizes much of Bhutan's development. This is most strikingly embodied in the principle of GNH and commitment to people-centred human development. UNDP has also benefited from RGoB's strong sense of ownership of UNDP's interventions. At the same time, RGoB itself has been spearheading a series of reforms in Bhutan. Recent shifts in political priorities towards greater empowerment of people are consistent with UNDP's human development approach. The decentralization drive assists implementation on the

ground by providing opportunities to better mobilize and empower NGOs, CBOs and civil society. While this move brings with it new complexities, the emphasis on increased people's participation is in line with UNDP's commitment to people's empowerment. RGoB has also been open to new ideas, has displayed a high degree of ownership of interventions and has shown an eagerness to learn from local and international experiences. Equally important has been the acceptance by the 'donor' community of UNDP's leadership role.

4.2.2. INTERNAL FACTORS

At the same time, many internal factors have contributed to the success of UNDP's effectiveness. UNDP has made good use of its comparative advantages. As discussed earlier, UNDP has capitalized effectively on the long association with RGoB, extended support to a wide range of activities, and remained flexible and responsive to needs. It has tapped into a broad range of expertise available in Headquarters, regional centres and across UN agencies. UNDP has displayed a good ability to plan in a rapidly changing environment. It has facilitated the process by encouraging participatory approaches to planning and focusing on generating evidence to inform policy and decision making. It is well placed to work on both upstream and downstream issues of development. It has the potential to capitalize on opportunities to establish strong policy-practice linkages in different sectors. Relatively few RGoB partners directly engage in upstream work; this gives UNDP an added advantage. There has also been sufficient cohesion and communications within the UNDP CO and across the programme areas leading to both cross-sectoral programming as well as meaningful synergies in operations.

4.3. FACTORS DETRACTING FROM UNDP'S PERFORMANCE

A number of external and internal factors have also constrained the organization's performance and ability to maximize contributions.

4.3.1. EXTERNAL FACTORS

Among the external factors is Bhutan's tough terrain and topography. The country's rough weather,

mountainous terrain and landlocked status pose serious challenges for accelerating human development. While physical infrastructure has expanded considerably over the years, it is still inadequate to ensure effective reach and delivery of basic social services, establishment of effective systems of local governance and connectivity to markets. Compounding these difficulties is the fact that Bhutan's small population is widely scattered across the country.

An equally important feature is RGoB's capacities for planning and implementation. Different departments, agencies and ministries within RGoB implement a majority of UNDP-supported programmes and projects. To that extent, UNDP's impact is a function of RGoB's implementation capacity. Although UNDP and other partners have focused on enhancing RGoB's institutional capacity, with the possible exception of the central government, it remains weak, especially in local governments. Outcomes of programme interventions therefore depend upon how effectively UNDP can motivate government staff and systems to deliver. In the coming years, there are likely to be far greater demands and pressures on the state for effective data collection, monitoring and evaluation systems as pressures for accountability build up in the new democracy.

Inter-sectoral convergence and coordination are critical for the success of most UNDP interventions. This remains weak, especially in the government where inter-departmental and inter-ministerial integration are incomplete. There are overlaps and ambiguities in responsibilities between government agencies and duplication in efforts. For instance, in the rural development projects, there is a need for government departments of industry, trade and agriculture to work together to ensure success of rural enterprises. Effective mechanisms are not fully in place to ensure this at the field level.

Over the years, Bhutan has established a strong centralized system of public administration for meeting people's needs. Most of the well-qualified people have been absorbed by the government and in the public sector. CBOs and NGOs are few in number, and their capacities remain inadequately developed. There are very few independent research and consulting institutions, policy groups or agencies in the private sector that serve the critical function of public vigilance. Limited opportunities and few

institutions have also constrained people's participation in public decision making, particularly at the local levels.

Speedy political reforms towards democracy and active decentralization have greatly increased the need for administrative and managerial capacity as well as leadership at many levels of government. There has been a manifold increase in the pressures on institutional and individual capacities. At the same time, citizens do not yet fully comprehend the implications of electoral politics. Their exposure to the practice of democracy remains extremely limited. While there is a need for management capacity building at the sub-national level, especially to bridge the gaps between implementation at the central, dzongkhag and geog levels, only limited space and opportunities have been created for effective people's participation in public administration. New processes are being put in place but these require time to yield results.

4.3.2. INTERNAL FACTORS

At the same time, a number of internal factors have limited UNDP Bhutan's capacity to maximize its contributions. Prominent among them are the following:

Logic of change. UNDP has managed to effectively dovetail its operations with government priorities. However, this has not necessarily ensured adequate coherence and programme focus. It is important to evolve a well-reasoned strategy that logically delineates the processes through which transformation or results are to be achieved. Integral to such an articulation will be an examination of assumptions and specification of the roles and responsibilities of different stakeholders. There also needs to be an accountability framework underlying the programme strategies that helps to identify gaps and point to corrective actions. The evaluation did not always point to a clear articulation of such a logic of change. The absence of a clearer overall strategy as well as the inability to define more sharply different programme strategies that can better ensure delivering on results has limited UNDP Bhutan's contributions.

Small and scattered projects. Being flexible, agile and capable of taking risks has enabled UNDP to be

responsive and to function as a catalyst. Nevertheless, it has created a feeling that UNDP's interventions are small, scattered and unfocused. Having a range of scattered projects may be UNDP's niche, especially if it wants to act as a catalyst and be responsive to demands. This gives good results through high-value/low-resource input. However, a portfolio consisting of many small, diverse and scattered projects is taxing on CO staff and limits contribution in any particular area. It also makes it difficult for programme staff to effectively backstop projects and ensure that milestones are reached on time.

Scope of partnerships. Being able to cultivate and work effectively with government counterparts has enabled UNDP Bhutan to establish close cooperation with RGoB. Induction of national officers into the middle management has contributed to the process by strengthening UNDP's ability to maintain close working level cooperation with the government. However, UNDP has managed to establish such meaningful operational linkages and strong ties largely at the level of the central government, and much less so with the local governments such as GYT's and DYT's. At the same time, the limited expansion of the private sector and civil society organizations has led UNDP Bhutan's programmes to become predominantly government driven and public-sector oriented though there is now increasing demand and need for UNDP to more actively engage directly with the private sector and civil society organizations in its programming. Many interviewees expressed the view that while UNDP Bhutan had been effective in supporting national goals and objectives, it could play a more active role in advocating for human rights and addressing issues of inequality and discrimination.

UNDP's bureaucratic procedures. By and large, development partners seemed satisfied with their dealings with UNDP Bhutan. However, some officials in RGoB as well as development partners did express the view that UNDP's requirements and procedures are cumbersome and demanding, and that systems are rigid and inflexible. Some within UNDP also felt that too much time was spent in complying with internal reporting requirements. As a result of which, much less time was available for reflecting on-the-ground experiences or being strategic. It is possible that such reactions may be the

result of specific experiences of a few. However, it is worth noting and acting upon to address either the misperception or actual procedural bottlenecks.

Staff time and capacities. UNDP Bhutan's relatively small size staff seems over worked, burdened not only by UNDP programming work but also by the coordination role that falls on them emanating from dual roles of UNDP Resident Representative serving as the UN Resident Coordinator. While facing limited staff capacity in some substantive areas, the CO has been proactive in tapping regional and global expertise, notably those of the regional centers. Staff capacity particularly in analyzing and meeting the emerging needs of the country in democratic governance, disaster management and employment, needs to be further enhanced. Instituting a culture of learning and knowledge sharing among the staff may further help reduce some redundancy and increase the productivity of staff's time.

Monitoring and evaluation. The UNDP CO has been spending considerable time and resources on improving its monitoring and evaluation systems. Several outcomes and project evaluations have been conducted and the MYFF and accompanying ROAR improved. According to reports, Steering Committee meetings are held with the government and stakeholders where progress is discussed. UNDP has also contributed to the development of a national monitoring and evaluation system. But there is room for improvement. The results-based approach promoted among others through the MYFF and ROAR has helped to sharpen UNDP's work towards outcomes, but this still needs to be better internalized in monitoring and reporting by the CO. The focus should be on the changes UNDP is aiming to bring about, rather than on what is being done. The monitoring frameworks and project or outcome evaluations should make this a clear emphasis. Monitoring and evaluation at project or field level are becoming more important and warrant more strategic attention. The MYFF and ROAR also need some improvement. For example, several results statements¹⁷ need formulation to be more clear or measurable. The 2005 Performance Audit report confirmed that 23 percent of outcome statements in these reports could only be partially

verified. There is some evidence of results attributed to UNDP efforts in these reports that can be challenged based on information provided to the evaluation team.

4.4. STRENGTHENING PARTNERSHIPS

UNDP is seen by partners as most effective in providing international expertise, extending support for policy advice to the government, catalyzing development action, mobilizing resources, promoting collaboration and networks, strengthening capacity and coordinating (not directing or dictating) development assistance among UN agencies and other partners. RGoB, in particular, appreciates and acknowledges UNDP's indirect support, whenever called upon, to the ongoing processes of democratic and related institutional reforms. While these perceptions need to be interpreted cautiously, they corroborate findings from our assessment (see Box 10).

Several key stakeholders praised UNDP's role as a partner and described UNDP as being an honest broker, independent, with no associated agenda and an excellent agency for coordinating; it was close to the government and trusted; it played a vital role and was a leader in development; and it was a transparent and effective coordinator. UNDP could garner support for a common cause as it had leverage at the national level that other donors did not have. Appreciation was also expressed about the role of individuals (specifically the former Resident Representative and Deputy Resident Representative), who were said to have made a big difference to Bhutan's past development cooperation efforts. UNDP's role as coordinator was seen as critical, especially in the areas of resource mobilization and sector coordination, and RGoB expressed a preference to use UNDP in this role over other donors who had offered their services.

The Department of Aid and Debt Management (DADM) handles donor coordination sometimes jointly with UNDP. RGoB in many forums has emphasized the need for improved donor coordination and aid management through budgetary support, better harmonization, and

17. Three out of 16 outcome statements and six out of 31 annual targets in the 2004 MYFF.

Box 10. UNDP's role and contribution—Partners' perceptions

According to the UNDP Partners Survey of 2004, 90 percent of respondents agreed (35 percent) or strongly agreed (55 percent) that UNDP is perceived as a valuable partner by RGoB; 70 percent of respondents agreed (52 percent) or strongly agreed (18 percent) that UNDP is flexible in accommodating changing needs during the course of a programme or project, higher than the average for all countries worldwide (66 percent) and in the region (63 percent), and much higher than in 2002 (50 percent).

At the same time, however, UNDP Bhutan's ratings vis-à-vis UNDP in other countries and regions have not been as high: 80 percent of respondents agreed (43 percent) or strongly agreed (37 percent) that UNDP is a valued partner to their organization—somewhat below the average for all countries worldwide (89 percent) and in the region (88 percent), and a significant decrease from 2002 (90 percent); 69 percent of respondents agreed (45 percent) or strongly agreed (24 percent) that UNDP's operational performance is satisfactory—somewhat below the average for all countries worldwide (76 percent) and in the region (71 percent), and about the same as in 2002 (70 percent).

Respondents of the Partners Survey 2004 see UNDP as a critical partner mainly in advocacy (71 percent), promoting gender equity (68 percent), capacity development (66 percent) and aid coordination (64 percent). They are less likely to see UNDP as a critical partner in forging strategic partnerships (57 percent), supporting institutional and policy reform (52 percent) and strengthening participatory processes with civil society (47 percent).

The Partners Survey also reports that UNDP is perceived to be working much less with international NGOs (41 percent), civil society—NGOs and CBOs (54 percent), the World Bank (40 percent), other international financial institutions (42 percent), and the private sector (43 percent), than with UN organizations (78 percent) up from 60 percent in 2002, media (70 percent), and bilateral agencies (58 percent).

reduction of the administrative burden by adopting government reporting systems. The key findings relating to UNDP's partnerships in Bhutan include the following:

First, most partners see a useful synergy between UNDP's operations and their own. UNDP has a comparative advantage in upstream work, such as advocacy and policy dialogue, whereas partners (other than RGoB) see themselves as being more effective in responding to local needs, largely because simpler procedures enable them to access financial and technical resources more quickly. Some development partners seem dissatisfied with UNDP bureaucracy in their interactions. This could be a reflection of the procedures to be followed as a result of the NEX and other modalities.

Second, it is apparent that RGoB is very committed and determined to take the full responsibility of aid coordination in Bhutan. Accordingly, RGoB is very strategic and thoughtful in developing partnerships with international agencies, balancing need and expertise in the process. To that extent, UNDP Bhutan does not have the principal responsibility for aid coordination. Though RGoB defines the areas of cooperation, evolving a more effective partnership strategy can further help UNDP Bhutan to

systematically capitalize on potential synergies and assist more effectively with resource mobilization.

Third, UNDP has built successful partnerships with RGoB, UN agencies, and bilateral and multilateral donors. While these partnerships have expanded during the last few years, partnerships with NGOs and the private sector are still relatively limited. While UNDP receives recognition among partners for its focus on capacity building of NGOs and CBOs since 1999, it is also criticized by others for not doing enough to draw these organizations into its work. The Poverty Outcome Evaluation of 2005 states that the "...potential to work with other Bhutanese NGOs has not been adequately harnessed." UNDP Bhutan has room to further improve mechanisms for nurturing and interacting with NGOs and civil society organizations. Unlike RGoB, which credits UNDP with a flexible and responsive approach, a few NGOs find UNDP to be rigid and inflexible. Inadequate capacity and inability to backstop and monitor NGOs combined with the excessive dependence on RGoB are cited as examples. While there is growing recognition and trend to interact with NGOs and civil society organizations, lack of adequate mechanisms have constrained UNDP's ability to do so.

Fourth, the evaluation team encountered mixed views on the success of aid or donor coordination in Bhutan with some people expressing the view that UNDP should play a bigger role and that donor coordination remained weak because each government sector had its own regulations rendering coordination difficult, particularly across sectors. The team was informed that different viewpoints existed within RGoB on this issue. The overall assessment is that there is considerable room for improving donor participation and that DADM could play an even more constructive role in improved coordination, assisted in the process by the UN Resident Coordinator.

Fifth, from RGoB's point of view, donor coordination requires time, effort and additional resources. For a small country like Bhutan with a small civil service, it becomes difficult to organize frequent donor coordination meetings as expected by some development partners. At the same time, it is RGoB's view that following up on donor coordination within the country has not necessarily always resulted in additional resource mobilization and better harmonization.

Sixth, UNDP Bhutan needs to reconsider its role in terms of resource mobilization, in view of large resources flowing into the country from the banks and ADB. The fact that UNDP's role in donor coordination has been limited so far does not seem reason enough to envisage that this situation would continue this way in the future. In view of the complexities that will be facing Bhutan in the near future, and in view of increased resources that could flow to the country, Bhutan will need a reliable and effective partner to assist it in mobilizing resources. Based on the perspectives of different stakeholders, it is possible for UNDP to play a more active role in supporting RGoB to coordinate better for increased development results.

Finally, playing a more proactive role in helping the government to coordinate better for increased development results and sharing knowledge are likely to improve development results much more in the coming years. It is therefore imperative for UNDP and the United Nations to articulate an overall partnership and resource mobilization strategy.

4.5. UN RESIDENT SYSTEM COORDINATION ROLE

The Resident Coordinator is credited with taking a lead role in promoting and coordinating actions around the MDGs. The CCA and UNDAF provide the unified overall planning structure for the UN development assistance in Bhutan. Stakeholders expressed appreciation for UNDP's role in:

- Initiating coordination through the Theme Groups, especially on gender and also in coordinating donors on poverty reduction issues
- Ensuring close coordination between UN country team members under the leadership of the Resident Coordinator, resulting above all in continuous policy dialogue with RGoB
- Managing to shift the dialogue away from focus on public administration and civil service reform to more emphasis on issues of governance, such as further decentralization and devolution of power, independent oversight mechanisms, and participation of NGOS and the private sector
- Advocating for a rights-based approach to development
- Harmonizing programming instruments

Many in government and civil society could not see the difference between UNDP and the United Nations. This has sometimes resulted in incorrectly crediting UNDP with achievements. Though it was admitted that this was not deliberate, some of the UN agencies, in particular, were sensitive to the mixing up of identities. At the same time, however, there is little evidence that the UN country team engaged in formulation or implementation of joint programmes, monitoring or reviews.

In recent years, various resolutions and declarations have focused increasing attention on the UN reform and harmonization agenda and on a strengthened Resident Coordinator system. The 2004 triennial comprehensive policy review called for better coherence and coordination between UN entities at the country level, and for simplification and harmonization of rules and procedures. Multiple project management methods, programming instruments, and monitoring and evaluating consultant visits placed huge management burdens on developing countries. The Paris Declaration on Aid Effective-

ness focused attention on capacity development and national ownership. The capacity development agenda is fundamental to both UNDP's and the United Nations' value to programme countries. UNDP, because of its cross-sectoral mandate and the platform it offers globally, can be a leader in promoting an integrated approach with others in this function, in particular with its own associated funds and programmes, UNV, UNIFEM and UNCDF. UNDP Bhutan is well placed to promote this agenda and assist Bhutan in achieving greater results during the transition period. However it was felt by some partners that UNDP and the United Nations could play an important role in asserting the significance of the six fundamental values enshrined in the Millennium Declaration: freedom, equality, solidarity, tolerance, respect for nature and shared responsibility. The Millennium Declaration also identifies several key objectives in order to translate these shared values into actions: peace, security and disarmament; development and poverty eradication; protecting our common environment; human rights, democracy and good governance; and protecting the vulnerable.

Beginning in 2000 when it was newly upgraded, DADM, the major government counterpart for all UN agencies located in the Ministry of Finance, became much more assertive about aid coordination than in previous periods. RGoB sees aid coordination as its principal function, not that of UNDP's. Through DADM, the government sets clear priorities for the uses of grant funds and identifies areas for different donors to avoid duplication of donor activities. All donor activities are centralized and DADM ensures that donor activities are consistent with Bhutan's Development Plan.

However, several partners expressed the view that donor coordination remained weak. Donor coordination was not functioning, and there seemed to be reluctance on the part of government for donors to try to improve coordination, despite the UN Resi-

dent Coordinator's efforts to try to do so (in gender, good governance and poverty).

UNDP is mandated to assist the government in building partnerships for aid effectiveness. The RTMs act as a vehicle for achieving consensus on approaches and policies by fostering dialogues between developing countries and assistance partners. Bhutan has been organizing RTMs since 1983. As in many other countries, RTMs in Bhutan are organized jointly and co-chaired by the RGoB and UNDP.

4.6. BHUTAN'S GRADUATION FROM LEAST-DEVELOPED COUNTRY STATUS

The government is committed to graduating Bhutan from least-developed country status and to eventually become self-reliant. What would the implications of this be for Bhutan's development? To-date, Botswana in Southern Africa is the only country to have graduated from least-developed country status, which it did in 1994. Botswana's graduation resulted in decreased foreign assistance. Basically, it was penalized for its success.

With the process of graduation, increasing calls have been made for more focus to be placed on the importance of smooth transitions and the need for measures in terms of loss of benefits in the areas of trade, financial aid and technical assistance. Some of the likely costs include loss of preferential access to markets, decline in foreign aid and foreign direct investments, and an increase in debt burden. UNDP, together with the United Nations in Bhutan, should encourage Bhutan to agree on a smooth transition strategy with its development partners in anticipation of the phasing out of relevant concessions. This could help to prevent any adverse impact of the loss of least-developed country treatment upon Bhutan's graduation, and to sustain its developmental programmes and projects at the level it was prior to graduation.

Chapter 5

Lessons and Recommendations

UNDP Bhutan has played an important supportive role in enhancing human development in Bhutan. Over the years, it has emerged as a trusted partner of RGoB. Moreover, the CO has established its credibility with other development partners as an effective stakeholder in the country's development.

5.1. LESSONS LEARNED

There are three specific lessons that the evaluation underscores from the Bhutan CO experience:

Cultivating partnerships

UNDP Bhutan has lessons to offer for harnessing relationships with government. The trust enjoyed reflects the sensitivity, astuteness and respect with which the CO has cultivated its relationships with RGoB. Cultivating such a relationship with government is crucial, as most of the goals that UNDP supports require concerted state action. A distinguishing feature has been the manner in which UNDP Bhutan has supported RGoB in thinking through and evolving a national development strategy that is unique to Bhutan. The CO has also consciously chosen not to 'impose' or even 'appear to impose' any of its own prescriptions. On the contrary, it has partnered with RGoB to think through several interventions and implement them at a pace that has been set by RGoB. At the same time, however, UNDP Bhutan has helped introduce new ideas and initiated thinking on new issues that are of global importance.

Three issues are important to keep in mind while nurturing government relations. One, close proximity to and dovetailing with RGoB of UNDP's programmes makes it difficult for UNDP Bhutan to clearly identify what its specific contributions are to the country's development. This typically leads to a situation where the CO takes credit for national achievements and absolves itself of responsibility for any shortcomings by pointing to deficiencies in government. Such a 'convenient' arrangement is due partly to the fact that UNDP overall has not

yet fully inculcated and mainstreamed a culture of results-based management where continuous monitoring and evaluation become integral to performance assessment and reporting. Two, the UNDP CO needs to strike a balance between developing relationships with the government on the one hand and with the private sector and civil society on the other. This may not be easy to accomplish. Efforts to cultivate partnerships with NGOs and the private sector have been inadequate. Three, given the rapidly changing external environment, it is necessary for UNDP Bhutan to constantly review the theory of change that guides its programming efforts. Among the many factors contributing to rapid changes in the external environment, for instance, are increasing globalization, deepening of democracy, spread of internet and information technology, advances in media and communications, new legislation, rising awareness and growing pressures for accountability. Undertaking periodic reviews of programme thrusts will help the CO revisit the issue of being proactive and responsive to Bhutan's needs. This will also call for changes in programming that will create the space for more flexibility. At the same time, the CO will need to become increasingly more alert to these changes and respond by making appropriate modifications and mid-course corrections to its structured programmes.

Balancing upstream and downstream work

Ensuring development effectiveness requires both appropriate upstream and downstream interventions. This has not always been easy. By and large, UNDP Bhutan scores well in terms of its upstream policy contributions to development. This is reflected in the number of new policy initiatives introduced by RGoB over the last five years, with which the CO has been closely and constructively associated. Much less visible, however, is the contribution to downstream effectiveness and impact at the local levels. The need to be equally effective with both upstream and downstream interventions is a challenge that the CO faces. Well-written and

well-meaning reports and documents are often not acted upon. The real challenge is to ensure effective implementation—an issue that the CO needs to increasingly grapple with.

UNDP Bhutan's experience suggests that strength in up-stream work does not necessarily translate into strength in downstream work. Three factors need to be better understood. First, UNDP Bhutan and RGoB must discuss and evolve at the project design stage a decentralized system of programme implementation that can ensure effective flow and use of funds by local bodies. This needs to be backed by a proper system of regular reporting and monitoring to ensure the desired impact. In doing so, adequate attention must be paid to addressing capacity constraints within government as well as within the CO that tend to act as bottlenecks. Second, the CO must work towards developing scaling up strategies especially if interventions have started with pilot projects that need to be expanded after establishing 'success'. Third, the CO must put in place effective quality evaluation mechanisms that can throw up lessons for replication as scaling up occurs. Implicit in such an evaluation must be an assessment of the question of sustainability of the intervention once UNDP support ceases.

Becoming a knowledge organization

RGoB has been drawing upon UNDP Bhutan's support for tapping information and knowledge in many areas where local expertise has been insufficient. This feature, and not the amount of funds, has been the basis for the relationship of trust that has been built between UNDP Bhutan and RGoB. The CO has tapped such expertise from UNDP's regional centres, Regional Bureau for Asia and the Pacific, and corporate divisions of UNDP, especially in areas where UNDP Bhutan has not had the necessary skills to respond to requests from RGoB. This function needs considerable strengthening. In the years to come, UNDP's contribution will be determined increasingly by the extent to which it informs public decision making by drawing on its global knowledge of what works and what doesn't. To do this better, UNDP will need to rapidly transform itself into an effective knowledge organization.

5.2. RECOMMENDATIONS

Improvements in the functioning of UNDP Bhutan as well as enhanced support from the UNDP Regional Bureau for Asia and the Pacific, regional centres and other UNDP headquarter units can further strengthen UNDP's development effectiveness in Bhutan. Listed below are specific recommendations for the consideration of different stakeholders within UNDP.

5.2.1. UNDP BHUTAN

Positioning

1. Improve responsiveness

UNDP Bhutan's reputation as a trusted partner is derived partly from the ability of the CO to be responsive to RGoB. There are many areas where UNDP support has been forthcoming and welcomed. At the same time, however, it is also true that many of the contemporary challenges facing Bhutan, such as poverty, inequalities, youth unemployment, rural-urban migration, limited capacities at the local levels, a weak private sector and the limited expansion of civil society organizations should have been anticipated. These are areas where UNDP, in partnership with RGoB, could initiate more timely action. Stepping back, this suggests that there is considerable room for UNDP Bhutan to improve its ability to be more helpful to RGoB by not merely identifying emerging challenges, but supporting the articulation of policy choices.

2. Rearticulate theory of change

A 'theory of change' is the product of 'a series of critical-thinking exercises that provides a comprehensive picture of the early- and intermediate-term changes in a given community that are needed to reach a long-term goal articulated by the community.'¹⁸ Re-examining four variables, namely actions, people, setting and outcomes is a useful way for any organization to further improve its development effectiveness. Strategic thinking and a common understanding of the development path will enable UNDP Bhutan to tap better into global knowledge and enable Bhutan to create an appropriate

18. Articulating a Theory of Change helps to (i) identify the issue(s) that an intervention will address, (ii) spell out the roles and responsibilities of different stakeholders, (iii) set benchmarks for groups that will benefit from the programme, (iv) analyse the policy environment in which the programme will be implemented, and (v) outline strategies that will help achieve specific outcomes. For details, see discussions, for instance, in www.evaluationtools.org/plan_theory.asp and www.gse.harvard.edu/hfrp/eval/issue30/expert3.html.

environment for policy reforms and programmatic interventions. Doing so will also enable UNDP Bhutan to strike a better balance between upstream and downstream interventions, scatter of projects, focus, policy and field linkages.

Revisiting the theory of change underlying UNDP Bhutan's interventions will enable the CO to evolve more effective programme strategies to address development challenges that take note of the rapidly changing external environment and anticipate future changes. The country is set to experience an unusual political transition from a monarchy to parliamentary democracy. Bhutan is also preparing to diversify its economic base and to nurture new institutions of democracy. Many new actors and stakeholders are expected to enter the development field. Roles and responsibilities of the state and religious institutions are likely to get redefined. At the same time, experiences of only a very few countries are relevant to Bhutan given its small size, landlocked status and scattered population. Tapping into that global knowledge and enabling Bhutan to create an appropriate environment for policy reforms and programmatic interventions calls for strategic thinking and a common understanding of the development path. Such an exercise should be based on a better analysis and understanding of the linkages between inputs, activities, outputs and outcomes, as well as a reassessment of the assumptions underpinning programmes and projects. Doing so will enable UNDP Bhutan to strike a better balance between upstream and downstream interventions, and address the issues of scatter of projects, focus, policy and field linkages. It might also help to develop a strategy for private-sector development and capacity building of NGOs. Equally important is to get a consensus within UNDP staff and RGoB on the programme logic so that there is agreement on the rationale as well as responsibilities of different partners.

3. Develop into a knowledge centre

There is a real opportunity for UNDP Bhutan to position itself as a knowledge centre. Doing so will greatly strengthen the supporting role that it plays vis-à-vis RGoB and will also fulfill the expectations of other development partners. There is, however, a need to formalize and improve knowledge creation, management and dissemination. This will require paying more attention to concurrent project (and even programme) monitoring and evaluation,

synthesis of action research and evaluation lessons. In addition, UNDP Bhutan could play a constructive role in encouraging knowledge networks within the country. Effective use of ICT can help make the generation and sharing of knowledge more inclusive and participatory. UNDP can also play a useful role in ensuring that knowledge dissemination results in further enriching the quality of public discourse. The CO will then be able to better exploit the potential to draw lessons from the ground, avoid mistakes, inform policy, improve capacity to monitor and evaluate interventions, and systematically work towards up-scaling of interventions. The possibility of doing so arises from the supporting role that the CO plays vis-à-vis RGoB and also in fulfilling the expectations of other development partners. At the same time, there is a need to formalize and improve knowledge creation, management and dissemination. This will require paying more attention to concurrent project and programme monitoring and evaluation, synthesis of action research and evaluation lessons.

Programming

Consolidate interventions

There is still much ground to be covered in the current areas of UNDP programming. Eliminating human poverty and reducing inequalities will assume increasing significance in the coming years. Promoting both the concept of GNH and the human development approach will become crucial for ensuring effectiveness of policy and programmatic interventions. Increased engagement of young people and activists with the GNH through discussions will become important.

In advancing good governance, UNDP should make available its in-house expertise to RGoB in many fields: formulating rules and procedures of parliament, public education in order to enable people to understand the principles of democracy, civic education in preparation of elections, school textbook revisions, and promotion of human rights knowledge. Interventions in the field of natural resources and the environment will require that attention is paid to natural resource management and use, not only to conservation, given how intricately the lives and livelihoods of people are linked to the country's natural resource base. Similarly, advancing the disaster prevention and management functions will become even more necessary.

While continuing its activities in the current programming areas, UNDP Bhutan should pay special attention to the national development challenges that are likely to assume growing importance in the coming decade. A priority should be further strengthening areas that will nurture the practice of democracy. This would include focusing, for instance, on RGoB-articulated priority areas including anti-corruption, good governance, leadership, culture and ethics. These are all areas where UNDP Bhutan can make a meaningful contribution in the coming years.

Sharpen focus

UNDP has been particularly effective in evolving with the needs of RGoB. Although a majority of UNDP's resources are concentrated in only two large projects (REDP and Decentralization Support), its efforts appear scattered due to the ambitious design of the two projects and the slow progress towards results because of insufficient institutional and individual capacities. It is difficult to comment on the issue of focus and scatter in the absence of a well-articulated logic of change that underlies programming efforts. This makes it difficult to determine how significant results could be (or have been) in contributing towards a certain outcome. The results-based approach and MYFF have helped to sharpen UNDP's work towards outcomes, but it still needs to be better internalized to become more outcome and less process orientated. In other words the focus should be on the changes UNDP is bringing about, rather than what it is doing. Monitoring and evaluation instruments should bring this forward.

Strengthen downstream delivery

UNDP Bhutan has been successful in supporting RGoB in a number of upstream policy initiatives. Its support and impact downstream need to be made much more effective and obvious. Work at the field level requires more effort, resources and monitoring capacity. The potential contribution of NGOs and CBOs can be substantial, but this requires both nurturing and investments in capacity building. Assessing downstream contribution should also be improved by better monitoring at project level, specifying clear methodologies in project evaluation and resolving conflicting views on the effectiveness of partnerships.

Capacity building: UNDP Bhutan should improve efficiency as well as government capacity at central and local levels to deal with the demands of implementation. It should focus on further developing public sector capacity, particularly in the areas of disaster management, gender analysis and mainstreaming, sustainable use and management of natural resources, and in fulfilling human rights treaty obligations. The CO should generate adequate synergies and linkages between executing agencies and work to ease rigid and ineffective institutional systems. The UN country team should assess whether it has sufficient policy and analytical capacity to help the RGoB use direct budget support. At the same time, it will be important for UNDP Bhutan to find ways and means of enhancing the capacity and resources of the private sector and NGOs as well.

Monitoring and evaluation: Better monitoring and evaluation and knowledge management systems are needed to maximize UNDP's impact and that of its partners in advancing the development agenda. UNDP, together with the UN system in Bhutan, should assist in building national capacity for monitoring and evaluation. It should also support the establishment of a strong public financial management system.

Aid mobilization and coordination: Given the resource pressures on RGoB, UNDP Bhutan can assist by better leveraging its resources to mobilize additional external funds and help with priority setting. UNDP Bhutan can act as a filter for RGoB, initiate a dialogue with potential partners, and help to identify and articulate better the resource needs of different sectors. More attention will also need to be paid to managing aid by introducing greater transparency and emphasizing the importance of mutual accountability.

Round Table Meetings: A unique feature of development cooperation in Bhutan is the extremely useful role that the RTMs have played in advancing the development agenda. The RTM is not a 'pledging' meeting where different international agencies commit financial resources. Over the years, it has emerged as a platform for development dialogue and discussions on issues of interest and concern to all participants. As co-chair of the RTMs, UNDP Bhutan has supported RGoB in this initiative that has had several beneficial outcomes. UNDP should

continue to support the RTMs and make them an even more effective forum for promoting development dialogue and for follow-up with RGoB on issues discussed at the RTMs.

Harmonization: There is scope for developing more effective mechanisms to build bridges and promote harmonization between UNDP and its development partners. This will require more actively promoting management practices that are results oriented and harmonized. UNDP's substantive upstream as well as downstream work places it in a good position to better link policy and practice effectively.

Advocacy: Managing the rapid social, political and economic changes will be a challenge for Bhutan. These changes often occur with varying time lags, varying intensities and varying repercussions. Guiding policy and interventions in the process of managing the pace of transformation ought to be the values and objectives enshrined in the Millennium Declaration. The Resident Coordinator has an important role to play in asserting the significance of the six fundamental values enshrined in the Millennium Declaration: freedom, equality, solidarity, tolerance, respect for nature and shared responsibility. The Millennium Declaration also identifies several key objectives in order to translate these shared values into actions: peace, security and disarmament; development and poverty eradication; protecting our common environment; human rights, democracy and good governance; and protecting the vulnerable. It is important for the Resident Coordinator—and for UNDP—to advocate for the set of universal values enshrined in the Millennium Declaration.

5.2.2 REGIONAL CENTRES

UNDP Bhutan has received periodic and specialized support from the regional centres in Colombo and Bangkok in its main areas of programming. In the coming years, the potential for UNDP regional

centres to contribute to Bhutan's development is likely to increase substantially. It would nevertheless help to identify specific areas where UNDP can be more effective in mobilizing external aid and technical support. Creating a knowledge base and a comprehensive resource centre are likely to enhance the contribution of the regional centres.

5.2.3 UNDP HEADQUARTERS

There are two areas that require the attention of UNDP's management. The first is simplification of bureaucratic procedures. Staff members in the CO as well as government counterparts commonly express the view that UNDP's corporate procedures are unnecessarily cumbersome and time consuming. Indeed, many staff members seem to be over burdened by routine reporting requirements, leaving little time for thinking creatively about their programmes. Use of staff time and staff deployment need to be examined and improved upon if more tangible results are to accrue. Second, it is necessary to assess the viability of multiple planning and results frameworks. The Evaluation Team reviewed several key documents such as the SRF, MYFF and ROAR in Bhutan. The usefulness of these documents is not apparent. In many cases, completing the forms seems to become a mere reporting exercise. It would be useful for UNDP to undertake a systematic assessment of the extent to which these instruments are effective in actually enabling the CO to plan, implement and deliver better on results.

At the Headquarters, there is also a high potential for the Regional Bureau for Asia and Pacific to enhance its contribution to Bhutan's development. The Bureau has considerable knowledge of countries in the region and countries that have undergone or are undergoing political transitions. This knowledge base needs to be better tapped and used to inform decision making in Bhutan.

Terms of Reference*

1. BACKGROUND

The Evaluation Office (EO) of the United Nations Development Programme (UNDP) launched a series of country evaluations, called Assessments of Development Results (ADRs), in order to capture and demonstrate evaluative evidence of UNDP's contributions to development results at the country level. Undertaken in selected countries, the ADRs focus on outcomes and critically examine achievements and constraints in the UNDP thematic areas of focus, draw lessons learned, and provide recommendations for the future. The ADRs also provide strategic analysis for enhancing performance and strategically positioning UNDP support within national development priorities and UNDP corporate policy directions.

Bhutan was among several Asian countries considered for the ADR process. It was selected for a number of reasons. The completion of the 2002-2007 Country Cooperation Framework (CCF) presents an opportunity to evaluate the achievements and results over the past programme cycle and before. The findings will be used to help operationalize the 2008-2012 country programme within the context of the new UNDAF. Further, the new UNDP Resident Representative in Bhutan, presents an excellent opportunity to establish a basis for enhanced accountability for results. Development initiatives being carried out by UNDP are reported to be progressing well. Bhutan is undergoing transformation from a monarchy to a democratic system of government, a process being led by the King himself, who is planning to step down by July 2008.

This year, the Round Table Meeting focused on development priorities for the Government of Bhutan's 10th Five-Year Plan, as well as discussing the outcome of the 9th Five-Year Plan. UNDP's country programme and UNDAF were extended to the end of 2007, therefore, the 10th Five-Year Plan

can now commence jointly. The key priorities of the 9th Five-Year Plan were: 1) Millennium Development Goal (MDG) targets, 2) Good governance through decentralization and Information and Communications Technology (ICT), 3) Poverty reduction through rural enterprise development as well as private sector development, and 4) Environmental sustainability. It is likely that the 10th Five-Year Plan will follow in this vein, with more attention perhaps, to the issue of youth unemployment. The Bhutanese concept of Gross National Happiness will also continue to be incorporated in all government strategies.

The overall goals of the ADRs are to:

- 1) Support the UNDP Administrator's substantive accountability function to the Executive Board and serve as a vehicle for quality assurance of UNDP interventions at the country level.
- 2) Generate lessons from experience to inform current and future programming at the country and corporate levels.
- 3) Provide to the stakeholders in the programme country an objective assessment of results (specifically outcomes) that have been achieved through UNDP support and partnerships with other key actors for a given multiyear period.

An ADR mission is planned for Bhutan in June 2006. It will focus on the period of the present Country Programme, but will also capture the key results over the past five to seven years that the evaluation team may find relevant. It will refer to the UNDP activities under the First CCF 1997-2001 and the Second CCF 2002-2007.

2. OBJECTIVES OF THE ASSESSMENT

The purpose of the evaluation is to assess UNDP's contributions to development results and strategic

* Prepared in April 2006

positioning in Bhutan, draw lessons learned, and outline options for improvements, with a particular focus on poverty reduction, governance, energy, environment and gender mainstreaming. The ADR in Bhutan will:

- Provide an independent assessment of development results at the country level, with particular emphasis on UNDP's country programme, assessing its relevance and effectiveness, as achieved through UNDP support and in partnership with other key development actors during the last five to seven years.
- Contribute to accountability and to learning from experience, taking into account self evaluations (project and outcome evaluations) and the role of development partners.
- Provide an analysis of how UNDP has positioned itself strategically to add value in response to national needs and changes in the national development context.
- Based on the analysis of achievements and positioning above, present key findings, draw key lessons, and provide a set of clear and forward-looking options for the management to make the necessary adjustments in the current strategy and next country programme applied by UNDP and partners towards intended results.

3. SCOPE OF THE ASSESSMENT

The evaluation will undertake a comprehensive review of the UNDP programme portfolio and activities during the period of review, with more in-depth focus on specific areas. Specifically, the ADR will cover the following:

A. STRATEGIC POSITIONING

- Ascertain the relevance of UNDP support to national needs, development goals and priorities, including linkages with the goal of reducing poverty and other MDGs. This includes an analysis of the perceived comparative strengths of the programme versus the major national challenges to development.

- Assess how UNDP has anticipated and responded to significant changes in the national development context, affecting the specific thematic areas outlined in item 2 above. The evaluation will consider key events at national and political level that influenced (or will influence) the development context, notably the round table process, as well as the risk management of UNDP, any missed opportunities for UNDP involvement and contribution, efforts of advocacy, and UNDP's responsiveness versus concentration of efforts.
- Review the synergies and alignment of UNDP support with other initiatives and partners, including that of UNDAF, the Global Cooperation Framework (GCF) and the Regional Cooperation Framework (RCF). This will include looking at how UNDP has leveraged its resources and that of others towards results and the balance between upstream and downstream initiatives.
- The evaluation should consider the influence of systemic issues, i.e. policy and administrative constraints affecting the programme, on both the donor and programme country sides, as well as how the development results achieved and the partnerships established have contributed to ensure a relevant and strategic position of UNDP.
- Examine country-specific positioning issues, especially UNDP's role in supporting the organization and follow-up of the round table process, as well as the decentralization process in the country.

B. DEVELOPMENT RESULTS

- Provide an examination of the effectiveness and sustainability of the UNDP programmes by: (i) highlighting main achievements (outcomes) at the national level in the last five to seven years and UNDP's contribution to these in terms of key outputs; (ii) ascertaining current progress made in achieving outcomes in the given thematic areas and UNDP's support to this. Qualify UNDP contribution to the outcomes with a fair degree of plausibility. Assess contri-

bution to capacity development at the national and sub-national level to the extent that it is implicit in the intended results. Consider anticipated and unanticipated, positive and negative outcomes.

- Provide an in-depth analysis of the main programme areas outlined above in section 2, assessing the anticipated progress in achieving intended outcomes under each of the objectives and programme areas.
- Identify and analyze the main factors influencing results, including the range and quality of development partnerships forged and their contribution to outcomes, and how the positioning of UNDP influences its results and partnership strategy.

C. LESSONS LEARNED AND GOOD PRACTICES

- Identify key lessons in the thematic areas of focus and on positioning that can provide a useful basis for strengthening UNDP and its support to the country and for improving programme performance, results and effectiveness in the future. Through in-depth thematic assessment, present good practices at country level for learning and replication. Draw lessons from unintended results.

D. CROSSCUTTING

- Assess implementation capacity as it pertains to the implementation of UNDP's programmes and the achievement of results and impacts.

4. METHODOLOGY

The evaluation will employ a variety of methodologies, including desk reviews, stakeholder meetings, client surveys, and focus group interviews and selected site visits. The detailed methodology design will be undertaken as part of the ADR process, including the scoping mission. The Evaluation Team will review national policy documents, such as the record of the round table meetings and sectoral policies and action plans, as well as overall programming frameworks (UNDAF, CCA, CCFs, SRF/ROAR, etc.), which give an overall picture of the country context. The team will also consider

select project documents and programme support documents as well as any reports from monitoring and evaluation at country level. Statistical data will be assessed where useful.

A wide stakeholder involvement and consultation process is envisaged. The Evaluation Team will meet with government ministries/agencies, other institutions, civil society organizations, non-governmental organizations (NGOs), private sector representatives, UN agencies, Bretton Woods institutions, bilateral donors, and beneficiaries. The team will visit project and field sites as required.

In terms of methodology, the ADR will follow guidance issued by EO in a phased approach:

Phase 1: Preparatory phase

- Desk review – Carried out by the EO in close consultation with the Evaluation Team Leader, the country office (CO) and the Regional Bureau for Asia and the Pacific (RBAP) based on the key questions for the evaluation developed by the EO Task Manager and Evaluation Team Leader in consultation with RBAP.
- Scoping mission – Completed April 2006, the EO Task Manager, together with a locally recruited consultant, conducted a brief mission to the country to define the scope and to complete the evaluability assessment.
- Development of final evaluation design and plan – This will include the background to the evaluation, key evaluation questions, detailed methodology, information sources and instruments for data collection, plan for data collection, design for data analysis, and format for reporting.
- Complementary data gathering – Where gaps have been identified, the CO will plan and conduct reviews, and assist in organizing meta-evaluations to be carried out by the Evaluation Team.

Phase 2: Conducting ADR and drafting evaluation report

- ADR mission of data collection and validation – The main mission of two weeks will be conducted by the independent Evaluation Team, led by the Evaluation Team Leader. The EO Task Manager is a member of the team.

- Stakeholder meeting – A meeting with the key stakeholders will be organized in the country after the end of the ADR mission. The comments will be incorporated into the final evaluation report by the Evaluation Team Leader.
- Analysis and reporting – The final phase will be the analysis of all information collected and production of the draft ADR report by the Evaluation Team within three weeks after the departure of the team from the country. The draft will be subject to factual corrections by the key clients for the evaluation, and a technical review by the EO using expert evaluators. The Team Leader in close cooperation with the EO Task Manager shall finalize the ADR report based on these final reviews.

Phase 3: Follow-up

- Management response – The preparation of the management response and tracking its implementation will be undertaken internally by UNDP.
- Learning events – The dissemination of the report’s findings shall serve the purpose of organizational learning, as part of the overall EO dissemination and outreach strategy.

5. EXPECTED OUTPUTS

The expected outputs are:

- A comprehensive final report on Bhutan ADR.
- Annexes with detailed empirical and evaluative evidence.

The final report of the ADR to be produced by the Evaluation Team should, at the least, contain:

- Executive summary of conclusions and recommendations
- Background, with analysis of country context
- Strategic positioning and programme relevance
- Programme performance
- Lessons learned and good practices
- Findings and recommendations
- Annexes (statistics, terms of reference (TOR), persons met, documentation reviewed, etc.)

At the end of their mission, and prior to leaving the country, the evaluation team will discuss its preliminary findings and recommendations with the Resident Representative and the CO staff and present these to the key government counterpart. The team will use this feedback to finalize the report.

The Team Leader is responsible for submitting the draft report to the EO no later than three weeks after completion of the country mission.

6. EVALUATION TEAM

The composition of the Evaluation Team shall reflect the independence and the substantive results focus of the evaluation. The Team Leader and all members of the team will be selected by EO. The Team Leader must have a demonstrated capacity in strategic thinking and policy advice and in the evaluation of complex programmes in the field.

The team will comprise three consultants (one of whom will be the Team Leader): a Team Specialist with specific skills in topical areas relevant to the evaluation, a locally recruited national consultant/advisor with extensive knowledge of the country situation, and a staff member from the EO as the Task Manager. The Task Manager will bring to the team the Results-Based Management perspective, knowledge of the ADR methodology, familiarity with UNDP operations and knowledge of UNDP’s practice areas. The National Consultant will support the Team in securing access to key stakeholders and prepare analytical assessments. The all around support in the country will be handled by the National Advisor. Furthermore, the team is supported by a Researcher at EO who will conduct desk research, documentation review and assist in further methodology refinements for the research phase of the ADR.

7. MANAGEMENT ARRANGEMENTS

EO will manage the evaluation and ensure coordination and liaison with RBAP and other concerned units at headquarters level. The EO Task Manager will lead the ADR process, in close consultation with RBAP and Bhutan CO management.

The CO will take a lead role in organizing dialogue and stakeholder meetings on the findings and recommendations, support the evaluation team in

liaison with the key partners and discussions with the team, and make available to the team all the material that is available. The office will provide support to logistics and planning.

The general timeframe and responsibilities for the evaluation process are as follows:

- Desk review and analysis of documentation – Conducted by EO in close collaboration with the Team Leader and EO Task Manager, February to March 2006
- Scoping mission to country by the EO Task Manager and Team Leader – One week mission to Bhutan, April 2006
- Development of final evaluation design and plan – Led by the Team Leader, early May 2006
- Complementary data gathering – Led by locally recruited Consultant (as required), April to May 2006

- ADR mission of data collection and validation – By full Evaluation Team, three weeks in April to May 2006
- Analysis and reporting – June to July 2006
- Finalization of the ADR report – By Evaluation Team under the leadership of Team Leader in close consultation with EO Task Manager, based on review by clients and EO, end of July 2006

The EO will meet all costs directly related to the conduct of the ADR. These will include costs related to participation of the Team Leader, international and national/regional consultants and the EO Task Manager, as well as the preliminary research and the issuance of the final ADR report. The CO will contribute support in kind. EO will also cover costs of any stakeholder workshops during the ADR mission.

Annex 2

List of People Consulted

ROYAL GOVERNMENT OF BHUTAN

MINISTRY OF FINANCE

Pem Chewang, Senior Programme Officer

H.E. Lyonpo Wangdi Norbu, Minister

Aum Yanki Tobgyel Wangchuk, Secretary

Sonam Wangchuk, Director General, Department of Aid & Debt Management (DADM)

Lhaba Tshering, Programme Officer, Department of Aid & Debt Management (DADM)

MINISTRY OF FOREIGN AFFAIRS

Pema Choden, Head, Policy and Planning Division, Multilateral Division

Yeshey Dorji, Secretary

Nima Ome, Director, Multilateral Division

H.E. Daw Penjo, Ambassador, Bhutan Mission to the UN, NY

Dasho Tsultrim, Deputy Secretary

PLANNING COMMISSION

Lam Dorji, Secretary

Rinzin Dorji, Deputy Secretary

MINISTRY OF HOME & CULTURAL AFFAIRS

Dasho Sonam Tenzin, Director General

Dasho Penden Wangchuk, Secretary

HIGH COURT

H.E. Lyonpo Sonam Tobgyel, Chief Justice

NATIONAL ENVIRONMENT COMMISSION

Nado Rinchin, Deputy Minister

MINISTRY OF TRADE & INDUSTRY

Dasho Karma Dorji, Secretary

Sonam P. Wangdi, Director

ELECTIONS COMMISSION

Dasho Kunzang Wangdi, Commissioner

ANTI-CORRUPTION COMMISSION

Aum Neten Zangmo, Chairperson

PARTICIPANTS, ADR ENTRY WORKSHOP

Pema Chewang, Chief Programme Officer, Department of Aid & Debt Management, (DADM), Ministry of Finance

Rinzin Dorji, Deputy Secretary, Planning Commission Secretariat

Singay Dorji, Programme Manager, National Biodiversity Centre, Ministry of Agriculture

Yeshey Dorji, Assistant Programme Officer, Planning and Policy Division, Ministry of Information & Communication

Yuden Dorji, Programme Coordinator, Ministry of Agriculture

Satchi Dukpa, Assistant Engineer, Department of Energy, Ministry of Trade & Industry

Jamtsho, Programme Manager, Royal Audit Authority

Neera Lama, Independent Consultant

Sonam Lhaden, Programme Officer, National Environment Commission

Tashi Pem, Programme Officer, Helvetas/Swiss Agency for Development & Cooperation (SDC)

Karma Penjor, Decentralization Support Programme Coordinator, Department of Local Governance, Ministry of Home and Cultural Affairs, Tashichhodzong

Tenzin Rondel, Under Secretary, Ministry of Foreign Affairs

Maurits Servaas, Monitoring & Evaluation Adviser, Netherlands Development Organization (SNV)

Megumi Shuto, Project Formulization Adviser, Japan International Cooperation Agency (JICA)

Karma Tenzin, Alternate Project Manager, Royal Monetary Authority

Ugyen Tenzin, Head, Policy and Planning Division, National Environment Commission

Karma Thinlay, Project Manager, Anti-Corruption Commission

Karma Tshering, Programme Officer, Planning and Policy Division, Ministry of Trade & Industry

Lhaba Tshering, Programme Officer, DADM, Ministry of Finance

Sangay Wangchuk, Deputy Director, Department of Information Technology (DIT), Ministry of Information & Communication

Pem C. Wangdi, Programme Officer, National Commission for Women & Children

Tashi Wangmo, Head, Policy and Planning Division, Ministry of Labour & Human Resources

Jambay Zangmo, Assistant Programme Officer, DADM, Ministry of Finance

DEVELOPMENT PARTNERS

Torben Bellers, Coordinator, Liaison Office, Embassy of Denmark

Dr. Samdu Chettri, Deputy Resident Coordinator, Programme Coordination Office, Helvetas/SDS, Switzerland

Kunzang Namgyel, Director, World Wildlife Fund (WWF)

Enrique Pantoja, Senior Country Officer, Bhutan, Washington, DC, World Bank (telephonic interview)

H.E. Sudhir Vyas, Ambassador, Embassy of India

Nencah Wangdi, Programme Officer, World Wildlife Fund (WWF)

BHUTAN CIVIL SOCIETY

Kinley Dorji, Editor-in-Chief, Kuensel Newspaper

Kungten Gyatso, Principal, Institute of Language & Cultural Studies, Royal University of Bhutan

Bap Kinga, Chief Executive Officer, Vice President, Bhutan Chamber of Commerce & Industry (BCCI)

Karma Ura, Director, Centre for Bhutan Studies

Chime P. Wangdi, Director, Tarayana Foundation

UNITED NATIONS BHUTAN

UNDP BHUTAN

Karma Chogyal, Environment & Energy Unit

Anjana Giri, GEF Small Grants Programme, Environment and Energy Unit

Seeta Giri, Assistant Resident Representative, Head, Environment & Energy Unit

Aki Hakanen, UNV, Economist, MDG & Poverty Unit

Ilona Leskinen, UNV, MDG & Poverty Unit

Nathalie Meyer, UNV Intern, Assistant Programme Officer, Governance Unit

Marie Pedersen, Consultant, Governance Unit

Tshering Pem, Assistant Resident Representative, Head MDG & Poverty Unit

Sonam Y. Rabgye, Programme Assistant, Environment & Energy Unit

Tirtha Rana, GEF Small Grants Programme, Environment & Energy Unit

Nicholas Rosselini, Resident Representative & UN Resident Coordinator

Junko Taguchi, Programme Officer, UNV

Toshihiro Tanaka, Deputy Resident Representative

Tenzin Thinley, Assistant Resident Representative

Doley Tshering, Programme Officer, Environment & Energy Unit

Wangdi Tshering, Programme Officer, Programme Management Support Unit

Lily Wangchuk, Head Governance Unit

Tashi Wangchuk, Consultant, Senior Policy Adviser

Tshering Yanki, Programme Assistant, Governance Unit

UN RESIDENT COORDINATOR UNIT

Sunita Giri, Communications Officer

Akiko Ueda, Programme Officer

UNITED NATIONS POPULATION FUND

Yeshey Dorji, Assistant Resident Representative

UNITED NATIONS CHILDREN'S FUND

Vathinee Jitjaturunt, Senior Programme Officer

Anoja Wijeyesekera, Representative Bhutan

WORLD FOOD PROGRAMME

Gerald Daly, Representative

UNDP HEADQUARTERS

Razina Bilgrami, Deputy Chief, South & West Division, Regional Bureau for Asia & South Pacific Region

Arthur Erken, Associate Director, UN Development Group Office

Terence Jones, Director, Capacity Development Group

Olav Kjørven, Director, Environment and Energy Group, Bureau for Development Policy

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Bharati Silawal-Giri, OIC, Gender Unit, Bureau for Development Policy

Maria Suokko, Programme Specialist, Regional Bureau for Asia & South Pacific Region

Juha Uitto, Task Manager, Lao PDR ADR, Evaluation Office

Robertson Work, Principle Adviser, Democratic Governance Group, Bureau for Development Policy

UN CAPITAL DEVELOPMENT FUND, NY

Rebecca Dahele, Evaluation Adviser

UNIFEM, NY

S.K. Guha, Programme Specialist

UN VOLUNTEERS, BONN, GERMANY

Alissar Chaker, Programme Specialist (telephonic interview)

UNDGO

Arthur Erken, Associate Director

WORLD BANK, WASHINGTON D.C.

Enrique Pantoja, Senior Country Officer

OTHERS

Renata Lok Dessalien, RR UNDP Bangladesh, former Resident Representative, UNDP Bhutan

Dr. S.R. Osmani, Lead Consultant, Macroeconomics of Poverty Reduction

Chador Tenzin, independent consultant, former Programme Officer, WWF

MONGAR, BHUTAN

Chador, Secretary, LG Cooperative

Kinley Namgay, Quality Inspector, Essential Oils Development Programme

Tenzin Namgay, Member, LG Cooperative

Tshering Peldon, Private individual and rural entrepreneur

Sangay Pintso, Project Chemist, Manager Essential Oils Development Programme

Lungten Tshering, Chairman, Lemon Grass Cooperative, Dramitse

THRUMSHINGLA PARK

Tashi Dorji, Park Manager, Thrumshingla Park, Bumthang

Kencho Gyeltshen, Forest Guard, Lingmethang

TRONGSA

Karchung, Geog Livestock Extension Officer

Yeshey Samdrup, Director, RTOI

Tenzin, Chairman Draten Gup/GYT

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Yeshey Dorji, Representative, UNFPA

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POVERTY

Saamdu Chetri, Deputy Resident Co-ordinator, Helvetas/SDC

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Sonam Tshering Dorji, Planning Officer, Ministry of Trade & Industry

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Dema, Planning Officer, Ministry of Agriculture

CIVIL SOCIETY (INCLUDING NGOS AND PRIVATE SECTOR)

Saamdu Chetri, Deputy Resident Co-ordinator, Helvetas/SDC

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Tshewang Drukdra, Reporter, Bhutan Times

Tshering Dukpa, Programme Manager, Bhutan Development Finance Corporation Limited

Sonam Phuntsho, Director, Royal Institute of Management

Sonam Tobgyel, Reporter, Bhutan Broadcasting Service

Sonam Tshering Dorji, Planning Officer, Policy and Planning Division, Ministry of Trade & Industry

Naichu, Offtg. Secretary General, Bhutan Chamber of Commerce

Annex 3

Key Documents Consulted

This is a listing of important documents, reports and evaluations that were referred to during the ADR. Most of them are in the public domain and are accessible on the UNDP Bhutan website (www.undp.org.bt) as well as on the different websites of the Royal Government of Bhutan. The ADR Team also had access to internal UNDP documents that are also listed below.

ROYAL GOVERNMENT OF BHUTAN AND UNDP REPORTS AND EVALUATIONS

'Bhutan 2020: A Vision for Peace, Prosperity and Happiness', 2000.

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'Decentralisation Outcome Evaluation Report', 2005.

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'MDG Progress Report', 2003.

'MDG Progress Report', 2005.

'The Middle Path: A National Environment Strategy for Bhutan', 1999.

'Mid-Term Review: Rural Enterprises Development Project'.

'Mid-Term Review: Decentralisation Support Programme'.

'National Human Development Report', 2000.

'National Human Development Report', 2005.

'Poverty Analysis Report', 2004.

'Poverty Outcome Evaluation Report', 2005.

Royal Government of Bhutan and Government of Denmark, 'Capacity Development Outcome Evaluation of Selected Organisations in Bhutan—Main Report (Draft)', Bhutan April 2006.

Royal Government of Bhutan, 'Poverty Outcome Evaluation—Final Report', Department of Research and Development Services, Ministry of Agriculture, Bhutan, 2005.

Royal Government of Bhutan, 'Guidelines for Preparation of the Tenth Plan (2007-2012)', Planning Commission, March 2006.

UNDP Bhutan, 'Final Draft: Mid-Term Evaluation—Integrated Horticulture Development Programme (IHDP) Bhu/97/003 (1997-2002)', Department of Research and Development Services, Ministry of Agriculture and United Nations Development Programme, Thimphu, Bhutan, 2000.

OTHER DOCUMENTS

2001 Bhutan Ecotourism Strategy.
Biodiversity Action Plan (BAP II), 2002.
Biodiversity Act, 2003.
The Centre for Bhutan Studies, 'Gross National Happiness and Development', Thimphu, Bhutan, 2004.
Environmental Assessment Act 2000.
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Forest and Nature Conservation Rules of Bhutan, 2000.
Regulation for the Environmental Clearance of Projects 2002.
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Rules and Regulations for the Implementation of the Biodiversity Act, 2005.
Vision and Strategy for the Nature Conservation Division, 2003.

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'1st Country Cooperation Framework: 1997-2001', Bhutan.
'2nd Country Cooperation Framework: 2002-2007', Bhutan.
'Annual Report of the Resident Coordinator', 2005.
'Annual Report of the Resident Coordinator', 2002 to 2005.
'Common Country Assessment', 2002.
'Common Country Assessment', 2006.
'Development Cooperation Reports'.
'En Route to Equality: A Gender Review of National MDG Reports', UNDP Bureau of Development Policy, 2005.
Globalscan, 'UNDP Partners Survey Bhutan', 22 March 2005.
Map of Intended Development Results.
'Monitoring Poverty in Bhutan', 2003.
'Report of the Ninth Round Table Meeting for Bhutan: 15-16 February 2006', Geneva 30 March 2006.
'United Nations Development Assistance Framework Bhutan: 2002-2007'.
UNDP Bhutan, 'Bhutan—RTM: UN System Statement on Priority Areas for 10th Five Year Plan', Geneva, 16 February 2006.
'UNDP Multi-Year Funding Framework', 2000-2003.
'UNDP Multi-Year Funding Framework', 2004-2007.
'UNDP Results Oriented Annual Reports', 1999, 2000, 2001, 2002, 2003, 2004, 2005.

Methodology and Evaluation Questions

SUMMARY OF METHODOLOGY FOR ADR BHUTAN (2000-2005)

OBJECTIVES OF THE ADR

5. To provide independent assessment of development results at country level, with an emphasis on the strategic relevance and effectiveness of UNDP's Bhutan Country Programme.
6. To assess how UNDP has positioned itself strategically to add value in response to national needs and changes in the national development context.
7. To contribute to accountability and learning from experience, taking into account self-evaluations at project and programme level, and the role of development partners.
8. To provide a set of clear and forward-looking lessons and options for current and future programming at country and organizational levels by UNDP and its partners.

PURPOSE OF THE ADR

To provide evidence and lessons that can contribute to accountability and to learning from experience, taking into account self-evaluations (e.g. project and outcome evaluations) and the role of development partners.

EXPECTED USES OF THE ADR

All stakeholders

- Provide opportunities for learning with regard to development planning, approaches and practice
- Increase understanding of UNDP's comparative strengths, weaknesses, practices and performance

UNDP corporate, regional and country offices

- Ensure local and corporate accountability
- Validate country self-assessments and evaluations
- Inform and facilitate strategic decision making
- Identify opportunities for future programming and positioning that can inform next UNDP cycle and role within UNDAF
- Improve UNDP strategic positioning in relation to other local role players
- Improve harmonization with other local role players
- Facilitate dialogue with the Royal Government of Bhutan
- Inform regional and corporate strategies and practices
- Inform UNDP participation in global debates on development effectiveness

PRINCIPLES AND APPROACH

1. Manage processes and approaches to increase chances for use of ADR:
 - Input on evaluation questions by Headquarters, Regional Bureau and Country Office (CO)
 - Entry workshop with local stakeholders during scoping
 - Engagement of local expertise for studies and as part of evaluation team
 - Stakeholder workshop before final report, for validation and to discuss implications for national development actions
 - Opportunities for management responses as integral part of report
 - Tailor-made presentation and report formats
2. Work with flexibility and responsiveness within the ADR framework.
3. Define and guide the assessment through the ADR matrix, which summarizes the key evaluation questions and sources of evidence for triangulation.
4. Focus on
 - National level
 - Two core issues – strategic positioning and results at outcome level
 - All three thematic / practice areas
 - Projects and “soft assistance”
 - Implementation only as it impacts on the achievement of results and UNDP’s ability to position strategically
 - UNDP assistance irrespective of sources of funding
5. Use an inductive strategy, goal-free and top-down coupled to a goal-oriented, bottom-up analysis of programme progress towards its stated goals.
6. Ensure forward-looking analysis based on past experience and performance. Relevant questions:
 - On track according to national needs and own frameworks?
 - Achieving results to provide a solid foundation for the future?
 - Positioned to make a contribution in line with its strengths and intent?
7. Analyze positive and negative, intended and unintended results.
8. Ensure ADR quality through:
 - Use of UN norms and standards
 - Triangulation
 - Stakeholder validation
 - Expert review of the assessment

ADR PROCESS

PHASE 1: PREPARATION – SCOPING AND FOCUSING THE ASSESSMENT

- (i) Incorporation of corporate guidelines and interests
- (ii) Document analysis / desk review
- (iii) Stakeholder identification
- (iv) Evaluability analysis. Limitations included:

Limited scope for attribution

- Small financial assistance from UNDP compared to support from India and other donors
- Funding from multiple donors

Limited opportunities for diverse perspectives during triangulation

- Few non-governmental organizations (NGOs) and independent research and academic institutions that carry out independent studies
- Government officials dominate perspectives on UNDP's role and contributions

Limited data for statistical analysis

- Disaggregated and specialized data on outcomes are not readily available
 - National statistical system has yet to report on many indicators of human development
 - Results of official Census expected in April/May 2006 but does not contain more than broad population tools
- (v) Exploratory scoping mission
 - (vi) UNDP scoping missions to Headquarters and Regional Bureau
 - (vii) Supplementary document review

PHASE 2: CONDUCTING THE ADR – VALIDATING AND ANALYZING EVIDENCE

- (i) Supplementary inception studies
- (ii) Main mission – gathering evidence
- (iii) Analysis and validation of evidence
- (iv) Distillation of lessons, good practice and recommendations
- (v) National stakeholder workshop for verification

PHASE 3: ENSURING USE OF THE ADR

- (i) Propose tailor-made presentations and material for diverse stakeholders
- (ii) National stakeholder workshop and management responses to facilitate and stimulate use and action

| Matrix of Evaluation Questions | | | |
|--------------------------------|--|--|---|
| PERFORMANCE AREA | KEY ISSUE | EVALUATION QUESTIONS | DATA SOURCES AND REVIEW TOOLS |
| Programme results | Effectiveness in delivering development results | <ul style="list-style-type: none"> • What are the main contributions to development for which UNDP is recognized in Bhutan? • To what extent is UNDP being recognized for contributing to significant development outcomes in Bhutan in each of its practice and cross-cutting areas? • To what extent, and how, do these contributions relate to the intended outcomes that UNDP has strived to achieve? • Were there any unintended results or consequences from the work during this period? • What are the implications of any mismatch with what was intended? • Is progress on track to enable UNDP to achieve its intended results as planned? | <ul style="list-style-type: none"> • Documented analyses of national development changes and achievements in Bhutan • MDGRs, NHDRs, CCA and other relevant national reports • National FYPs and other development strategies • UNDP programme documents • Supplementary preparatory studies • Progress and evaluation reports (including ROAR, MYFF) • RTM reports • Expert opinion survey • Key informant interviews • District administrator interviews • CO team interviews • Focus group discussions • Field visit observations • Stakeholder workshops |
| | Factors influencing the achievement of development results | <ul style="list-style-type: none"> • To what extent has UNDP been responsive to national and local needs and priorities? • To what extent has UNDP been effective in maximizing its comparative advantage and niche to deliver its results? • To what extent does UNDP use a clear, coherent and appropriate strategy to maximize opportunities to contribute to development in Bhutan? • To what extent do the programme assumptions and key drivers for its priorities improve its chances of delivering the most effective and relevant results? • To what extent has UNDP been effective in maximizing the synergies between the component parts of its programme and organization to deliver the results? • To what extent, and how have the range and quality of its partnerships influenced the achievement of results? To what extent has UNDP been effective in making use of the opportunities for harmonization of its efforts with those of potential partners? • To what extent, and how, have the implementation capacity and approach of the CO influenced UNDP's contribution to development results? • To what extent, and how has UNDP's strategic position in Bhutan affected its achievements? • What other conditions and factors have had a significant influence on the achievement of UNDP's development results? | <ul style="list-style-type: none"> • Documented analyses of national development changes and achievements in Bhutan • MDGRs, NHDRs, CCA and other relevant national reports • National FYPs and other development strategies • Analysis of strategic positioning • Map and analysis of development partnerships • Progress and evaluation reports (including ROAR, MYFF) • Expert opinion survey • Key informant interviews • District administrator interviews • CO team interviews • Focus group discussions • Field visit observations • Stakeholder workshops |

| Matrix of Evaluation Questions <i>(continued)</i> | | | |
|--|--|--|---|
| PERFORMANCE AREA | KEY ISSUE | EVALUATION QUESTIONS | DATA SOURCES AND REVIEW TOOLS |
| Programme results <i>(continued)</i> | Sustainability of development results | <ul style="list-style-type: none"> • Does UNDP have effective strategies in place to increase the likelihood of lasting effects from its development contributions? • Are there any socio-cultural, political, economic or other aspects that may endanger the sustainability of the results and benefits of the work of UNDP? • Do adequate systemic, technical and financial capacities and commitments exist within key role players to capitalize on UNDP's contributions to development? | <ul style="list-style-type: none"> • UNDP programme documents • National FYPs and other development strategies • Progress and evaluation reports (including ROAR, MYFF) • Expert opinion survey • Key informant interviews • District administrator interviews • CO team interviews • Focus group discussions • Stakeholder workshops |
| | Future programming for delivery of development results | <ul style="list-style-type: none"> • What are the key external factors most likely to have a significant influence on future interventions by UNDP in Bhutan? • What are the implications of the intended and achieved outcomes, and the factors that have influenced these, for the future work of UNDP in achievement of national development priorities, the principle of GNH, the MDGs and UNDAF? • What lessons can be learned and good practices identified to inform future programming by UNDP in Bhutan? | <ul style="list-style-type: none"> • Country documents, including FYPs • Key informants • Focus group discussions • ADR analysis • Stakeholder workshops |
| Strategic positioning | Relevance | <ul style="list-style-type: none"> • To what extent have UNDP's programmes been relevant to Bhutan's most pressing national needs? • To what extent have UNDP's programmes been relevant to RGoB's national development goals and strategies? • To what extent are RGoB's national development goals and strategies in line with the most pressing national needs? If discrepancies exist, what are the implications for UNDP's position and programming? • To whose needs do UNDP seem to be responding most frequently (RGoB, NGOs, private sector, etc.)? What are the implications? • To what extent has UNDP been able to strike an appropriate balance between upstream and downstream initiatives? • To what extent is it likely that UNDP's current objectives, thematic foci and implementation strategies will be appropriate in the next programming cycle? | <ul style="list-style-type: none"> • UNDP and UNDAF programme documents • MDGRs, NHDRs, CCA and other relevant national reports • National FYPs and other development strategies • Supplementary preparatory studies • Progress and evaluation reports (including ROAR, MYFF) • RTM reports • Expert opinion survey • Key informant interviews • District administrator interviews • CO team interviews • Focus group discussions • Stakeholder workshops |

| Matrix of Evaluation Questions <i>(continued)</i> | | | |
|--|------------------------------|---|---|
| PERFORMANCE AREA | KEY ISSUE | EVALUATION QUESTIONS | DATA SOURCES AND REVIEW TOOLS |
| Strategic positioning (continued) | Responsiveness | <ul style="list-style-type: none"> • To what extent and in what manner (ad hoc, planned, strategic, cautious, building partnerships, coordinating, piloting, etc.) has UNDP anticipated and responded to significant changes in the development context relevant to its areas of intervention? • To what extent and in what manner has UNDP been able to capitalize on opportunities and emerging issues? To what extent has this affected its ability to focus on its own goals and vision? • How effectively and in what manner has UNDP anticipated and dealt with problems and constraints? • To what extent were timely and adequate adjustments made to the CCF, SRF and MYFF to reflect changing needs and priorities? | <ul style="list-style-type: none"> • UNDP and UNDAF programme documents • MDGRs, NHDRs, CCA and other relevant national reports • National FYPs and other development strategies • Supplementary preparatory studies • Progress and evaluation reports (including ROAR, MYFF) • RTM reports • Expert opinion survey • Key informant interviews • District administrator interviews • CO team interviews • Focus group discussions • Stakeholder workshops |
| | Alignment with MDGs | <ul style="list-style-type: none"> • To what extent are the CCF, SRF and MYFF strategically linked to the achievement of the MDGs? Are gaps used to direct programme development? • To what extent have partnerships been formed to address the MDGs? Are mechanisms in place for collaboration and knowledge sharing? • To what extent has UNDP been active in raising national awareness around the MDGs? • To what extent is UNDP supporting the monitoring of progress and preparing MDG reports? | <ul style="list-style-type: none"> • UNDP programme documents • MDGRs • National FYPs and other development strategies • Progress and evaluation reports (including ROAR, MYFF) • Supplementary preparatory studies • Expert opinion survey • Key informant interviews • CO team interviews • Focus group discussions • Stakeholder workshops |
| | Alignment with the UN system | <ul style="list-style-type: none"> • How relevant are the intended SRF and MYFF outcomes to the intended results of the UN system as expressed in UNDAF? • How effectively is UNDP contributing to UNDAF goals? • How effective is the cooperation strategy with other UN agencies within these addressed areas? • To what extent are major programmes designed in active coordination with other UN agencies? • To what extent is UNDP active in areas not indicated in the UNDAF? What are the implications of this? • How effectively has UNDP leveraged the resources of others towards results? | <ul style="list-style-type: none"> • UNDP and UNDAF programme documents • Supplementary preparatory studies • Progress and evaluation reports (including ROAR, MYFF) • RTM reports • Expert opinion survey • Key informant interviews • Focus group discussions • Stakeholder workshops |

| Matrix of Evaluation Questions <i>(continued)</i> | | | |
|--|-------------------------------------|--|---|
| PERFORMANCE AREA | KEY ISSUE | EVALUATION QUESTIONS | DATA SOURCES AND REVIEW TOOLS |
| Strategic positioning <i>(continued)</i> | Factors influencing UNDP's position | <ul style="list-style-type: none"> • What were the key internal and external influences on UNDP's ability to respond to and position itself in changing contexts? • To what extent and how effectively is UNDP's position in Bhutan guided by a clear-cut vision and strategy? • Does UNDP have adequate and effective technical and administrative capacity and systems to play its perceived and intended role in Bhutan? • To what extent, and how, are policy and administrative constraints affecting UNDP's position and role in Bhutan? • To what extent, and how, have UNDP's development contributions affected its position and role in Bhutan? • To what extent is UNDP contributing to effective learning and knowledge sharing among development partners and programme participants? • To what extent, and how, has UNDP's partnership approach influenced its position and role in Bhutan? | <ul style="list-style-type: none"> • Supplementary preparatory studies • Progress and evaluation reports (including ROAR, MYFF) • Expert opinion survey • Key informant interviews • District administrator interviews • CO team interviews • Focus group discussions • Stakeholder workshops |
| | Future role and positioning | <ul style="list-style-type: none"> • What are the key external factors most likely to have a significant influence on UNDP's future role and position in Bhutan over the next 5 to 10 years? • What are the key emerging areas of support that would become significant for UNDP over the next 5 to 10 years? • What lessons and good practice will help UNDP determine and play its most effective role in Bhutan? • How should UNDP adjust its areas of work and strategies to be best positioned in Bhutan to fulfill its mission? | <ul style="list-style-type: none"> • Country documents, including FYPs • Key informants • Focus group discussions • ADR analysis • Stakeholder workshops |

Annex 5

Map of Intended Results

| Bhutan: Map of Intended Development Results 1997-2006* CCF Focus | | | | |
|--|--|--|---|---|
| Themes | 1st CCF Objectives Country Cooperation Framework 1997-2001 | UNDAF objectives Development Assistance Framework 2002-2007 | 2nd CCF Objectives Country Cooperation Framework 2002-2006 | SRF Outcomes SRF Outputs Strategic Results Framework 2000-2002 |
| Governance | <p>Governance</p> <ul style="list-style-type: none"> Strengthening of capacities for development management & decentralisation Capacity-building for human resources development & management | <p>Enhanced support to good governance</p> <ul style="list-style-type: none"> Promotion of people's participation in the planning process, particularly among women & at all levels Capacity-building for dzongkhag & geog administrations alike Promotion of collection, analysis, & dissemination of improved baseline information & data on the development situation in Bhutan at the national, dzongkhag & geog levels Promotion of a performance-oriented civil service | <p>Decentralisation & local participation</p> <ul style="list-style-type: none"> Legal, policy, & institutional frameworks defining decentralised allocation of functional & decision-making responsibilities between the centre, dzongkhags¹, & geogs² Planning, administrative, financial, & implementation responsibilities transferred from the centre to the dzongkhags & geogs, per approved frameworks Capacity of dzongkhag & geog administrations to apply participatory approaches & to plan, manage, & implement development activities strengthened in collaboration with UNCDF & other partners A UN system-wide decentralisation programme developed & implemented to support national plans by dzongkhag administrations in development planning, accounting, budgeting, & monitoring <p>Efficiency & accountability in the civil service</p> <ul style="list-style-type: none"> Improved quality of public audits Higher service standards in the public sector Greater accountability of the executive branch More strategic human resources management & planning in the public sector Enhanced productivity of institutions in the executive, legislative, & judiciary branches due to effective application of ICT Legal, policy, & institutional frameworks to promote the growth of the ICT sector More advanced information management systems for aid coordination & debt management Increased gender-sensitivity in the formulation of plans & strategies in the civil service | <p>Decentralisation policies</p> <p>Outcomes</p> <ul style="list-style-type: none"> Effective legal & policy framework for decentralised authority & management <p>Outputs</p> <ul style="list-style-type: none"> A policy & implementation framework for political, administrative, & financial decentralisation designed & discussed (central & local levels) Information sharing & communication between the central & districts improved Management & administrative capacity at district & geog level for decentralised governance strengthened <p>Civil service accountability</p> <p>Outcomes</p> <ul style="list-style-type: none"> Improved efficiency, accountability, & transparency in the civil service <p>Outputs</p> <ul style="list-style-type: none"> Performance of civil service improved Increased application of IT for information sharing & management in the public sector |

Bhutan: Map of Intended Development Results 1997-2006* CCF Focus (continued)

| Themes | 1st CCF Objectives Country Cooperation Framework 1997-2001 | UNDAF objectives Development Assistance Framework 2002-2007 | 2nd CCF Objectives Country Cooperation Framework 2002-2006 | SRF Outcomes SRF Outputs Strategic Results Framework 2000-2002 |
|--------------------------------|--|--|--|--|
| Sustainable Livelihoods | <p>Sustainable Livelihoods</p> <ul style="list-style-type: none"> Promotion of the private sector, entrepreneurship, cottage, and SME Integrated horticulture development | <p>Improved livelihoods for the disadvantaged</p> <ul style="list-style-type: none"> Creation of interactive, dzongkhag-level development centres such as agricultural cooperatives to promote sustainable livelihoods, including adoption of emergent technologies & efficient management options Support to geog-level infrastructure development in order to help the disadvantaged create & preserve assets through access to markets Support to generate a composite data-base to provide a comprehensive picture of vulnerability in Bhutan Improvement in access to information & knowledge, particularly through ICT, for sustainable development | <p>Policy, legal, & regulatory framework to support private sector development</p> <ul style="list-style-type: none"> Legal, policy, & institutional frameworks to promote the development of the enterprise sector as a whole, particularly small industries & eco-tourism Legal, policy, & institutional frameworks to further strengthen the development of credit markets Establishment of new small-scale enterprises, cooperatives, & business incubators Greater employment opportunities in the private sector, particularly for women, in both rural & urban areas Increased exports of low-volume & high-value-added agricultural & horticultural products Improved access of entrepreneurs & farmers to micro-credit & venture capital More effective functioning of institutions that promote growth of the private sector <p>Access to & utilisation of ICT</p> <ul style="list-style-type: none"> Improved public access to knowledge & information More effective coordination of production & marketing in the agricultural sector in selected geogs Enhanced information technology skills of graduates in selected high schools Better public access to information on employment opportunities in the private sector Greater opportunities for women & men in rural areas to pursue distance learning | <p>Monitoring poverty</p> <p>Outcomes</p> <ul style="list-style-type: none"> Improved national capacity to monitor (human & income) poverty & inequality, in accordance with the new Millennium Development Goals <p>Outputs</p> <ul style="list-style-type: none"> Assistance in designing a system of relevant poverty monitoring indicators Exposure to different methodologies for establishing poverty lines Strengthening institutional capacity <p>Productive resources & assets</p> <p>Outcomes</p> <ul style="list-style-type: none"> Improved capacity of the rural poor to improve & sustain their livelihoods <p>Outputs</p> <ul style="list-style-type: none"> An enabling framework for development of agricultural business & rural enterprises Improved agricultural based and non-farm enterprise production skills/technologies popularised among the rural poor of both sexes Improved post harvest & marketing facilities & services for agri/horticulture & non-farm products <p>Access to technologies</p> <p>Outcomes</p> <ul style="list-style-type: none"> The policy, legal, & regulatory framework reformed to substantially expand connectivity to information & communication technologies (ICT) <p>Outputs</p> <ul style="list-style-type: none"> The policy, legal, & regulatory framework reviewed to substantially expand ICT connectivity |

Bhutan: Map of Intended Development Results 1997-2006* CCF Focus (continued)

| Themes | 1st CCF Objectives Country Cooperation Framework 1997-2001 | UNDAF objectives Development Assistance Framework 2002-2007 | 2nd CCF Objectives Country Cooperation Framework 2002-2006 | SRF Outcomes SRF Outputs Strategic Results Framework 2000-2002 |
|--------------------------|---|--|--|---|
| Environment MDGs: | <p>Renewable natural resources/environment</p> <ul style="list-style-type: none"> • Strengthening of environmental management & education • Forest resources management & institutional capacity development • Preparation of a national biodiversity strategy & action plan • Integrated management of Jigme Dorji National Park, including the preparation of Community Natural Resource Management Plans • Capacity-building to ensure that Bhutan meets its obligations under the UN framework Convention on Climate Change | | <p>Institutional framework for sustainable environmental management & energy development</p> <ul style="list-style-type: none"> • Legal, policy, & institutional frameworks for the protection of the environment • Eco-tourism plans for designated protected areas • Increased income of rural farmers in selected areas • Community-based natural resources management plans in selected areas | <p>Institutional frameworks</p> <p>Outcomes</p> <ul style="list-style-type: none"> • Improved capacity of local authorities & community-based groups in environmental management & sustainable energy development <p>Outputs</p> <ul style="list-style-type: none"> • Block Advisory Committee(s) facilitating development/implementation of 2-3 pilot Community Natural Resource Management Plans (CNRMPs) • Ecotourism management plans drawn up & under implementation in selected protected areas • Sustainable pilot mini-micro hydropower plants & an enabling environment for further mini-micro hydropower development in place <p>Global conventions & funding mechanisms</p> <p>Outcomes</p> <ul style="list-style-type: none"> • Global environment concerns & commitments integrated in national development policy & planning <p>Outputs</p> <ul style="list-style-type: none"> • Country reporting obligations met for biodiversity & climate change conventions • WSSD National Assessment completed and Royal Government of Bhutan represented at WSSD • Royal Government's capacity in GEF focal areas developed |
| Gender | | <p>Gender</p> <ul style="list-style-type: none"> • Promotion of gender-disaggregated data within the overall context of strengthened data collection, analysis, & dissemination in all sectors • Leadership training for women, both in rural & urban areas | | <p>Tolls & methods for women</p> <p>Outcomes</p> <ul style="list-style-type: none"> • Improved quality of decision-making based on gender assessments & integration of statistics & data on gender issues <p>Outputs</p> <ul style="list-style-type: none"> • Greater understanding of gender issues at the national policy & planning level |

Bhutan: Map of Intended Development Results 1997-2006* CCF Focus (continued)

| Themes | 1st CCF Objectives Country Cooperation Framework 1997-2001 | UNDAF objectives Development Assistance Framework 2002-2007 | 2nd CCF Objectives Country Cooperation Framework 2002-2006 | SRF Outcomes SRF Outputs Strategic Results Framework 2000-2002 |
|------------|--|--|--|--|
| UN Support | | <p>Strategic partnerships & policy dialogue</p> <ul style="list-style-type: none"> UN system will rely on a network approach to broaden its contacts & linkages beyond the traditional actors in development cooperation UN will implement joint programming & implementation to facilitate the development of such partnerships UN will take critical role in assisting the Royal Government in organising Round Table meetings in Thimphu <p>Knowledge networking & information sharing/communication</p> <ul style="list-style-type: none"> UNDP has been commissioned to provide major assistance to the RG in preparation of the Ninth Five-Year Plan UN will facilitate communication, interactions, & consultations through the application of IT Joint UN system data reference library containing all regular national, statistical, policy, & analytical publications as well as official studies & surveys will be established in the UN house UN system will undertake joint data collection & research on key policy issues with the RG <p>Capacity-building & institutional development</p> <ul style="list-style-type: none"> UN system will continue to support Bhutan's participation in regional & international networks of expertise on international cooperation & institutional reform, as well as the development of national networks UN system will focus on a limited number of areas of capacity & institutional development where it can show added value Each set of core activities or programmes at the agency level will be clearly linked to the objectives set out in the UNDAF <p>Advocacy</p> <ul style="list-style-type: none"> UN system has applied a multi-faceted strategy of radio programmes, written advocacy materials, opened UN development forums, participated in national & local forums of debate, & flagged global UN events & summits UN system will also embark on more active use of its web site & the production of short but effective videos of the UN work in Bhutan | | <p>Global conference goals</p> <p>Outcomes</p> <ul style="list-style-type: none"> Government's monitoring of progress to reach Millennium Development Goal (MDG) targets strengthened <p>Outputs</p> <ul style="list-style-type: none"> Bhutan's first MDG progress report prepared <p>Effective operational activities</p> <p>Outcomes</p> <ul style="list-style-type: none"> Mobilisation of UN partners to adopt common positions on development issues & achieve concrete development outcomes through the UNDAF <p>Outputs</p> <ul style="list-style-type: none"> UNDAF adopted by all UN agencies; implementation launched |

1. Dzongkhags (districts), 2. Geogs (blocks)