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**Final common country programme document for Bhutan,
2014-2018**

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I. Introduction

1. UNDP, UNFPA and UNICEF have developed a draft common country programme document for 2014-2018, building on the One United Nations Programme (hereinafter referred to as the One Programme), which encompasses the United Nations Development Assistance Framework (UNDAF) and the UNDAF Action Plan. The draft common country programme document reflects the strategic priorities and key results of the One Programme, with complementary, organization-specific results and resources frameworks. It seeks to promote United Nations coherence and enhance joint programming to support national development objectives.

2. In 2008, Bhutan adopted the ‘delivering as one’ approach. That approach seeks to increase the effectiveness and impact of the United Nations by increasing the coherence of programmes and reducing the transaction costs for implementing partners. The draft common country programme for Bhutan follows this approach to: (a) highlight cross-cutting issues; (b) strengthen synergies; (c) reinforce complementarities; and (d) remove duplication, in order to enhance efficiency and effectiveness in achieving focused results. The draft programme also reduces the review burden for the Government and enables participating organizations to harmonize their efforts and articulate areas of cooperation.

II. Situation analysis

3. Bhutan is a small, landlocked country in the eastern Himalayas, bordered to the south, east and west by India and to the north by China. It is one of the youngest democracies in the world, with a population of just over 720,000.¹ The concept of ‘gross national happiness’ in Bhutan promotes a balanced approach to development that encompasses good governance, environmental conservation, cultural preservation and community vitality, in addition to traditional socioeconomic indicators. Building on United Nations General Assembly resolution 65/309 on happiness, Bhutan has contributed to the global dialogue on holistic and sustainable development, including the United Nations post-2015 development agenda.

4. The economy of Bhutan, with a real gross domestic product growth rate of 8.51 per cent (down from 11.68 per cent in 2010)² has experienced robust growth. The development of the country is largely dependent on the sustainability of its natural resources, with hydropower, tourism and agriculture serving as the main sources of revenue. The Eleventh Five-Year Plan, 2014-

¹ The National Statistics Bureau indicates a total population of 720,679 (2012).

² National Statistics Bureau, 2012.

2018, reflects the importance of these issues, focusing on self-reliance and inclusive, 'green' socioeconomic development.

5. With a per capita income of \$2,070 in 2011, Bhutan ranks in the lower middle-income bracket of the World Bank classification of national economies. However, Bhutan remains on the list of least developed countries. In its 2009 review, the United Nations Committee for Development Policy rated the economic vulnerability of Bhutan at 52.9 per cent, based on factors such as exposure to natural shocks and disasters and to structural constraints inherent in the country. The economic vulnerability index places Bhutan in the mid-range of least developed countries, suggesting a high degree of vulnerability.³

6. Pockets of poverty exist. The poverty rate is 12 per cent nationwide and 16.6 per cent in rural areas. Approximately 98 per cent of the poor participate in a subsistence economy that is dominated by rain-fed agriculture, the raising of livestock, and forestry. In many rural communities, residents live close to the poverty line and are vulnerable to environmental shocks, including natural disasters.

7. The increased frequency of natural disasters and the country's vulnerability to climate change add urgency to efforts to address the threat of natural hazards. This trend is likely to place pressure on socioeconomic assets, particularly in rural areas.

8. The production of hydropower is capital intensive. Its low labour requirements and job profiles are ill-suited to the skills of the local labour market and have hampered the creation of local jobs. While overall unemployment is low at 2.1 per cent,⁴ youth unemployment is significantly higher (7.3 per cent). Underemployment is a major development challenge. The underemployed as a percentage of the total working population increased from 5.5 per cent in 2006 to 14.6 per cent in 2012. While the gender gap in unemployment has narrowed in recent years, jobs held by women tend to have less favourable conditions than those held by men.

9. The 2007 Gini index for Bhutan, at 0.38, was among the highest in South Asia, with consumption of the richest quintile four times that of the poorest 20 per cent of the population. One of the foremost challenges is to reduce disparities between rural and urban areas and among regions, districts and blocks (geographical administrative units consisting of groups of villages), in order to achieve the Millennium Development Goals. Based on the

³ Bhutan Round Table Meeting Background Paper, 2011.

⁴ National Labour Force Survey, 2012.

multidimensional poverty indicator analysis, rural areas are poorer than urban areas, and the Eastern region is poorer than the Western and Central regions.

10. The Government has identified urbanization as an important emerging challenge, since more than 31 per cent of the total population lives in urban areas. By 2020, this percentage is expected to increase to between 50 and 73 per cent. The rapid rate of urbanization is expected to lead to: (a) worsening congestion; (b) stress on sanitation and waste-management services; (c) environmental degradation; (d) urban poverty; (e) unemployment; and (f) underemployment.

11. Bhutan has improved social outcomes, especially in health and education, with children and women as the main beneficiaries. It has achieved a number of Millennium Development Goal targets, including those related to underweight children and the ratio of girls to boys in basic education. However, Bhutan still lags behind other countries in South Asia on some indicators, such as the Millennium Development Goal targets for reducing the under-five mortality rate by two thirds and reducing the maternal mortality ratio to below 140 maternal deaths per 100,000 live births by 2015.

12. Chronic malnutrition exists among young mothers and among children under five. An estimated one third of children under the age of five suffer from some form of stunting. Addressing these challenges will require a comprehensive approach focusing on issues related to: (a) a healthy environment; (b) safe water and sanitation; (c) proper childcare; (d) exclusive breastfeeding; (e) education; and (f) the health of mothers.

13. Although past initiatives have improved the quality of education in Bhutan, additional investments are required to further improve its quality and to ensure equitable access to education for all children, especially rural and out-of-school children.

14. The low contraceptive prevalence rate (48 per cent) has increased the population's vulnerability to reproductive health problems. The prevalence rate of sexually transmitted infections is high and is increasing. Although overall HIV prevalence is low, it is high among females. More than 50 per cent of those infected with HIV are economically productive. Given the high adolescent fertility rate (59 births per 1,000 women aged 15-19), there is a need to focus attention on adolescent sexual and reproductive health, including issues related to behaviour, safety, social relationships, self-esteem, education and skills development.

15. Rapid changes in society have increased the vulnerability of some population groups and increased the need for more formal systems of support.

Vulnerable groups are defined as: (a) youth; (b) vulnerable children; (c) single parents; (d) victims of gender-based violence; (e) differently abled people; and (f) senior citizens. The Eleventh Plan recognizes the importance of addressing the needs of these groups. The national youth policy, 2011, and the national plan of action on child protection, 2012, outline the holistic approaches required in these areas.

16. Nearly one in four ever-married women aged 15-49 reported experiencing some form of domestic violence involving their husbands. Many of these women are from poor households and have no formal education. At the same time, 68 per cent of women reported having an ‘accepting’ attitude towards domestic violence. Parliament enacted a domestic violence prevention bill in March 2013.

17. Women and girls lag behind in: (a) participation in politics and in the labour force; (b) literacy rates; and (c) participation in tertiary education. In 2012, the literacy rate was 65 per cent for males and 38.7 per cent for females. Even among youth, male literacy is higher (87 per cent) than female literacy (80 per cent).

18. Since the transition to a parliamentary democracy in 2008, the Government has sought to strengthen democratic governance. However, there is a need to promote the active participation of the population in governance, with a focus on youth. Access to justice may be denied when those requiring assistance do not have the capacity to demand it. This can result from: (a) low awareness of available legal services; (b) limited physical access; and (c) insufficient legal and paralegal services.

19. Since 2008, Bhutan has made progress in decentralization. Nevertheless, the limited capacity of local governments has impeded effective service delivery as well as efforts to increase resilience to natural hazards and economic shocks. Capacity constraints affect planning, budgeting, public-finance management and procurement. Such constraints also affect the mainstreaming of cross-cutting issues such as gender equality, climate change and disaster management.

20. Non-governmental entities play an important role in expanding democracy and in delivering services. Since 2010, the number of civil society organizations that are formally registered in the country has increased from a few to 26. There is a need to increase the capacity of civil society organizations and other non-governmental entities, including academia, the private sector, learning institutions and farmers’ associations, to support democracy and the delivery of services. There is also a need to engage the media as a development-change agent.

III. Past cooperation and lessons learned

21. To provide a common operational framework, the first common country programme action plan, 2008-2013, focused on: (a) generating income and employment in targeted poor areas; (b) increasing access to and utilization of high-quality health services; (c) increasing access to high-quality education for all, while ensuring gender equality; (d) strengthening institutions and people's participation; and (e) strengthening the national capacity for environmental sustainability and disaster-risk reduction, while mainstreaming gender concerns. Technical support provided to different national entities resulted in increased awareness of gender-responsive governance and better coordination of resource-mobilization efforts and assistance in response to the earthquakes of 2009 and 2011.

22. The UNDAF midterm review noted that through the 'delivering as one' approach, United Nations interventions had become more relevant, more responsive to local needs and more sustainable, with greater transparency and accountability. An evaluation of the gender outcome highlighted the need to focus on gender mainstreaming and to institutionalize gender-responsive budgeting. The proposed programme therefore raises gender equality to the outcome level, while mainstreaming the economic empowerment and political participation of women. An evaluation of the environmental outcome underlined the potential to strengthen linkages between environmental management and poverty alleviation, which has been reflected in the proposed outcome on sustainable development.

23. An evaluation of capacity development indicated that there were opportunities to mainstream capacity development in all programmes, using a structured approach that focuses on individual, organizational and institutional levels. An evaluation of the poverty outcome stressed the need for job creation for youth. The proposed sustainable development outcome therefore includes expanded income-generation opportunities for youth. The focus on strengthening local financial management reflected in outcome four is based on the recommendations of an evaluation of decentralization efforts.

24. Joint monitoring efforts helped national and United Nations partners assess needs and target activities more holistically. Midyear and year-end progress reviews by the theme groups, under their respective UNDAF outcomes, led to adjustments in the programme. Annual workplans, agreed by government counterparts and United Nations counterparts in each theme group, fostered coherence and alignment with national priorities. The workplans also streamlined planning and budgeting procedures. While the midterm review clearly highlighted the benefits of 'delivering as one', it also found that: (a) some programme activities were fragmented; (b) synergies were not always

optimized; and (c) additional joint field monitoring efforts would have been beneficial.

IV. Proposed programme

25. The goal of the draft common country programme is to support Bhutan in achieving the national key result areas under the Eleventh Plan. Working in collaboration with development partners, the three organizations will support: (a) upstream policy advice; (b) capacity strengthening at individual, organizational and institutional levels; and (c) the promotion of service demand and utilization within civil society and the private sector.

26. The draft programme will also: (a) promote a sustainable, 'green' economy while addressing poverty in rural and urban areas, and will advance adaptation to climate change and increased resilience to disasters; (b) provide more equitable access to high-quality basic services and social protection; (c) protect and promote the rights of women and children; and (d) consolidate participatory democratic governance.

27. The programme will use analyses of population dynamics to guide increased investments in gender equality, youth development, reproductive health, the prevention of HIV/AIDS, and maternal and child health. These investments will seek to improve the quality of life of the population, promote sustainable development and reduce poverty. The programme will also support a multisectoral approach to increasing the access of young people to youth-friendly services and life skills-based education.

28. The draft common country programme will focus on those areas in which the three organizations have comparative advantages. These areas are reflected in the output-level results under each of the four outcomes, which were selected from the new One Programme. In areas where there is convergence, synergy and complementarity among the three organizations, such as disaster-risk reduction, gender equality and the empowerment of women, youth, and vulnerable people, the programme will jointly achieve results.

29. The draft common country programme will also support follow-up by the Government to universal periodic reviews, international conventions and other instruments that the Government has ratified. These include: (a) the Convention on the Elimination of all Forms of Discrimination against Women; (b) the Convention on the Rights of the Child and its two optional protocols; (c) the Programme of Action of the International Conference on Population and Development; (d) the Istanbul Programme of Action for the Least Developed Countries for the Decade 2011-2020; (e) the United Nations Conference on Sustainable Development (Rio+20); and (f) the Hyogo Framework for Action.

30. The draft programme will draw upon the global and regional knowledge networks of partner organizations to share best practices and foster South-South cooperation. It will take advantage of opportunities to improve public-private partnerships, and will advocate with policymakers to improve inclusiveness in policy processes so that the voices of the most vulnerable are heard.

Outcome one - sustainable development: By 2018, sustainable and ‘green’ economic growth that is equitable, inclusive, resilient to climate change and natural disasters, and promotes poverty reduction and employment opportunities, particularly for vulnerable groups, is enhanced.

31. Sustainable and ‘green’ economic growth. In order to promote sustainability, inclusive growth and poverty reduction, the draft common country programme will support policies, capacity-building and innovative actions with regard to natural-resource management, climate-change adaptation and mitigation, and access to renewable energy. The draft programme will seek to strengthen linkages between environmental management and income generation. In order to promote ‘green’ businesses and income-generating opportunities, in particular for vulnerable people, including youth and women, the programme will support efforts to link the demand for and supply of labour, in partnership with the Government, civil society and the private sector.

32. To reduce geographical disparities, the draft programme will provide targeted rural communities with access to the knowledge and skills that will enable them to develop business plans, and will provide cooperatives and farmers’ groups with access to microcredit and market opportunities. Building on the recommendations of a 2012 diagnostic trade integration study, the draft programme will strengthen the institutional capacity to develop value chains to promote Bhutanese products, diversified trade and inclusive growth.

33. Disaster-risk reduction. The Government approved a disaster-management bill in February 2013. The draft common country programme will seek to strengthen national and local institutions as well as strengthen their coordination capacity. Reducing urban risks will be a priority of the programme. This will include issues such as mandatory building codes, by-laws for safe building construction, and risk-sensitive land-use plans. Recognizing the likelihood of increased frequency in hydro-meteorological hazards due to climate change, the draft common country programme also emphasizes improving preparedness and adaptation practices, including strengthening early-warning systems and response mechanisms.

Outcome two - essential social services: By 2018, there is increased and equitable access to, utilization of and quality of inclusive, essential social

services for all, with a focus on sustaining the Millennium Development Goals and addressing emerging challenges.

34. Education. Technical and financial assistance to pilot and expand innovative approaches will help to strengthen the enabling environment and improve the quality of service delivery. The draft common country programme will focus on the national education policy, in particular with regard to: (a) quality and equity in education; (b) early childhood care and development; and (c) special-needs education and non-formal education.

35. The draft common country programme will strengthen systems and services to deliver high-quality education, focusing on evidence-based decision-making, including the education management information system. This will facilitate efforts to track and monitor all children in the educational system. The draft programme will incorporate data into the management information system on general school education, early childhood care and development, special-needs education and non-formal education.

36. The draft programme will enhance the capacity of education partners at two levels. At the organizational level, support will improve the capacity to determine and assess learning outcomes at different levels of school education and contextualize education within the framework of child-friendly schools and life-skills education, including sexuality education and 'educating for gross national happiness'. At the individual level, the draft common country programme will enhance the capacity of district education officers, principals and teachers.

37. Youth-friendly services. Cognizant of the needs of youth in Bhutan, the three organizations will contribute to improved access to and utilization of youth-friendly services, with a focus on reaching the most vulnerable youth, thereby contributing to the implementation of the national youth policy and action plan.

38. Health, nutrition and water and sanitation. The Eleventh Plan highlights the need to strengthen health systems and promote efficiency in financing and delivering health services. To this end, the draft common country programme will strengthen the technical and analytical capacity of relevant government institutions in order to continue the provision of free basic health services and to adapt the health system to the ongoing demographic and epidemiological transition. The draft common country programme will also explore opportunities to foster convergence, synergy and complementarity among the approaches and interventions of the three organizations.

39. The draft common country programme will strengthen the capacity of non-governmental organizations and government institutions at national, district and block levels in order to reduce under-five and maternal mortality, and prevent HIV and malnutrition. The draft programme will foster convergence and synergy to reduce teenage pregnancy and substance abuse among youth and adolescents. The programme will include interventions in gender equality to improve the capacity of health facilities and non-governmental organizations to provide services to victims and survivors of gender-based violence. The programme will also support the provision of safe water and sanitation facilities in schools and monastic institutions, including nunneries, while strengthening the capacity to utilize, maintain and sustain these services.

40. The draft common country programme will strengthen the institutional capacity to identify and increase understanding of prevailing social norms, knowledge and practices that hinder the demand for maternal and child health services and optimal family practices.

41. Communication for development. The draft common country programme will strengthen the capacity of implementing partners, including the media, to develop and implement strategies, with a focus on increasing the utilization of high-quality social services, including institutional deliveries, postnatal care and optimal health services. Interventions will focus on understanding and addressing the role of social norms and cultural practices. These interventions, including innovative communication approaches and campaigns that build knowledge and increase skills, will seek to promote behavioural change among individuals that are most at risk, as well as among the general public.

Outcome three - gender equality and child protection: By 2018, communities and institutions are strengthened at all levels to achieve enhanced gender equality and the empowerment and protection of women and children.

42. All organizations will support interventions to repeal or amend the discriminatory provisions of existing laws. The organizations will also advocate the formulation of new legislation and policies and the monitoring and implementation of existing legislation and policies, to promote gender equality, women's empowerment and the protection of children.

43. Under the leadership of the National Commission for Women and Children, the draft common country programme will promote gender responsiveness in line ministries. The programme will achieve this by providing technical support in gender mainstreaming, through targeted actions, and through advocacy outreach efforts for civil society and the private sector. The programme will also support the establishment of information management and

monitoring and evaluation systems in the Commission to facilitate the formulation of evidence-based laws, policies and programmes that are relevant to the advancement of women and their participation in development. The United Nations will also assist the Government in implementing, and ensuring compliance with, the Convention on the Elimination of All Forms of Discrimination against Women, the Beijing Platform for Action and other gender-related conventions and treaties.

44. United Nations organizations will work together to address gender-based violence, focusing on increasing access to and the quality of services, including protection, legal aid, and reintegration services. The organizations will also help to strengthen coordination among government and non-governmental service providers. To address the social norms, attitudes and practices that fuel gender-based violence, the draft programme will support interventions that engage men and boys as ‘champions’ in eliminating such violence. The programme will also provide technical support to non-governmental organizations, law enforcement agencies and the health system to develop a comprehensive referral system.

45. To strengthen the protection of children from violence, abuse, exploitation and neglect, the United Nations will demonstrate the cumulative impact of an operational child-protection system at the district level. The programme will provide concentrated support to at least four pilot districts, to enable all elements of the system to operate synergistically. Interventions will include: (a) prevention, early intervention and protective responses; (b) efforts to strengthen supply and demand dimensions; and (c) efforts to ensure the gender-responsive service coverage of vulnerable children.

Outcome four - democratic governance and participation: By 2018, governance institutions and communities exercise the principles of democratic governance at national and local levels, with a focus on inclusiveness, transparency, accountability and evidence-based decision-making.

46. The draft common country programme will strengthen the management and use of statistics to promote effective and gender-responsive management of public finances. To ensure gender equality at national and local levels, the draft programme will introduce gender-responsive budgeting principles, which will be a development priority. The programme will enhance the efficiency and effectiveness of local governments in meeting the needs of local populations by introducing performance-based budgeting. It will also provide technical support to enhance the capacity of government agencies to carry out the timely monitoring of development programmes and projects, using the government planning and monitoring system.

47. The United Nations will seek to improve the availability of data and the use of statistics for evidence-based planning and decision-making at national and subnational levels. The draft common country programme will support the population and housing census, 2015, and the Bhutan multiple indicator survey, 2017. The programme will continue to support the institutionalization of BhutanInfo (part of the DevInfo database system) and strengthen database systems at the lowest levels of Government to collect, analyse and increase the access of block-level planners to sex-disaggregated statistics. It will also strengthen the national capacity to institutionalize training on population research methods and policy analysis.

48. Participation, the media and access to justice. To further expand the democratic culture, the draft programme will promote the informed and inclusive participation of civil society in policy discussions by developing the capacity of Bhutanese ‘think tanks’, academia and the media. The United Nations will support the gender-responsive and equitable participation of women and youth in decision-making processes at national and local levels. The programme will invest in youth-led groups to strengthen horizontal networks and connections among youth. Such efforts will promote peer-based solidarity, including among marginalized youths, and more inclusive public debates.

49. The draft programme will also strengthen vertical linkages to ensure that youth have their voices heard by decision makers in order to influence political leadership, policies and programmes. In addition, the programme will support voter and civic education in urban and rural areas, in partnership with the Election Commission of Bhutan. To promote access to justice, in particular among vulnerable people, the programme will support public outreach efforts and informal justice mechanisms.

50. Local governance. Building on past programmes, the draft common country programme will provide technical support to ensure the implementation of the 2012 local government rules and regulations to improve coordination between central government agencies and local governments. The draft programme will also enhance the capacity of local governments, particularly in the areas of planning, budgeting, public-finance management and procurement, to support rights-based development planning and implementation. At the same time, the draft programme will provide support to empower communities and increase their resilience to external shocks and natural hazards.

V. Programme management, monitoring and evaluation

51. The One Programme mainstreams the human rights-based approach by organizing the support of the United Nations in three main categories:

(a) facilitating policy development to create an enabling environment for the progressive fulfilment of human rights; (b) strengthening systems and services to make them more responsive, particularly to the needs of the most vulnerable, with a focus on developing the capacity of duty-bearers; and (c) promoting behavioural change, the demand for and utilization of services, and the empowerment of rights-holders at individual and community levels. The programme will employ this framework, applied throughout all four outcomes, to monitor programme implementation, remove bottlenecks and barriers, and achieve planned results.

52. The three organizations are committed to monitoring the progress of the draft common country programme as part of their commitment to development effectiveness and accountability under the ‘delivering as one’ initiative. The programme will build on existing national statistical and monitoring systems. The One Programme monitoring and evaluation plan provides an overview of indicators to track progress against the planned development results by the Government, the United Nations and other contributing development partners. The United Nations will also support efforts to strengthen national evaluation capacity.

53. The Government and the United Nations will implement the draft common country programme within the management and accountability structure of the One Programme. The results and resources frameworks of the three organizations are integral parts of the One Programme, to be signed by the United Nations and the Government.

54. The Government, other national partners and United Nations partner organizations will plan, implement and periodically review annual workplans through joint theme groups that focus on the four outcomes. A joint Government-United Nations country programme board, co-chaired by the Secretary of the Gross National Happiness Commission and the United Nations Resident Coordinator, will monitor the results of the annual workplans. Board members will include senior officials of key national implementing partners and United Nations country team members. Partner organizations will also participate.

55. The draft common country programme will apply the harmonized cash-transfer principles for the transfer of resources, leading to a simplification of procedures among the three organizations, as well as the World Food Programme. The programme will be executed nationally through four possible management arrangements: (a) direct cash transfer; (b) direct payment; (c) reimbursement; and (d) management by organizations, to be identified jointly. An assessment of the implementing partners, carried out jointly by the

Royal Audit Authority, the three organizations, and the World Food Programme, will determine the choice of the management arrangements.

56. The United Nations, in conjunction with the Government, will commission a detailed evaluation in the penultimate year of the One Programme cycle. In order to maximize synergies between poverty reduction and environmental sustainability, the United Nations and the Government will also conduct a midterm review of outcome one. The evaluation of the programme will assess: (a) the relevance of each One Programme outcome; (b) the effectiveness and efficiency of the programme in achieving results; and (c) the sustainability of the results and their contribution to the goals of the Eleventh Plan.
