

PEI Bhutan

**Internal Review Report (2013-2017) and
Theory of Change**

1. Situational analysis:

The current phase of PEI in Bhutan is formulated as a joint programme titled “Local Governance Sustainable Development Programme” (LGSDP) and is in alignment with the country’s eleventh Five Year Plan [2013-2018].

The country is in its 2nd term of the democratically elected government for a five year term [2013-2018], and the country will go into its 2nd poll for the local government election in 2016. The first LG election was held in 2011.

The country’s vision document 2020 and the GNH development philosophy provide the guiding framework for the development of national policies, plans and programmes in the country.

In terms of poverty reduction, percentage of consumption poor halved to 12 percent between 2007 and 2012. During the same period, multidimensional poverty indices, that include education and health outcomes besides standards of living, indicate a steep decline in the percentage of deprived population by two thirds from about 25 percent to 12.7 percent¹.

The total population of the country projected in 2015 is 757,042 comprising of 52% male and 48% female with an average household size of 4.6 and population growth rate of 1.3 percent.² According to the 2005 Population and Housing Census of Bhutan, the rural and urban composition was 69.1% and 30.9 percent respectively. The 2012 Bhutan Living Standard Survey estimates nearly half of the population is below 25 years of age. National unemployment rate dropped from 2.9 % in 2013 to 2.6 % in 2014. Youth unemployment decreased from 9.6% in 2013 to 9.4% in 2014. Some of the support measures undertaken by the government to create jobs for the youth include: Guaranteed Employment Programme to implement overseas employment, direct employment and youth employment schemes. The government has also established a high-level multi-sectoral employment task force to identify immediate solutions for creating employment.

Country’s economy recovered from a low growth of 2.05% in 2013 to 6.8% growth in GDP in 2014. And for 2015, GDP growth is expected at 7.9%. Trade increased from BTN 80 billion in 2013 to BTN 92 billion in 2014, and trade deficit decreased from BTN 21.42 billion to BTN 21.3 billion. Inflation has dropped to 6.3% in 2015 from 8% in 2014. The challenge is with the negative trade balance which is 20% of GDP, and pose major risks as exports are confined mainly to electricity and few mineral based industries while the country virtually import everything from India and other countries.

The present government has focused on five jewels as the center stage of programmes to achieve the national development goals. These are: Hydropower; Agriculture; Tourism; Small and Medium Enterprises; and mining.

¹ Bhutan Poverty Assessment 2014

² Statistical Year Book 2012, National Statistical Bureau 2013.

Government has placed strong emphasis on agriculture sector to ensure economic growth, people's livelihoods and social stability. The sector contributed 16.2% of the GDP and recorded a growth rate of 3%. The government aims to increase the growth rate through investments in: farm roads; irrigation; farm mechanization; electric fencing; greenhouses; livestock; financing and farm shops.

Bhutan conducted its third GNH survey in 2015 and the findings reveal that Bhutan's GNH Index has increased to 0.756 from 0.743 in 2010 and 91.2 percent of Bhutanese enjoy sufficiency in at least half the domains, whereas, around 43 percent are moderately or deeply happy. The survey also showed that Bhutanese men are happier than women; also those living in the urban areas are happier compared to those in the rural area. The findings have revealed that 20 percent of Bhutanese saw increases in access to public services: electricity, clean water and health care, among others. Per capita income has also increased and instances of human-wild life conflict are decreasing. In addition, the survey found that the people's satisfaction with the government's performance was much less than in 2010.

The government recognizes the diversification and deepening of economy through the creation of SMEs which is vital for the creation of employment and promoting balanced and inclusive development. Small enterprises forms 4% of GDP and the growth has been significant with establishment of 2,645 new enterprises in 2014 creating jobs for more than 7,500 people. As an incentive measure, government has granted tax exemptions for micro and small businesses in rural areas under which 10,254 enterprises were exempted from taxes amounting to Nu. 14.315 million (US\$ 227k) in 2015.

Bhutan submitted its Intended Nationally Determined Contributions (INDCs) which outlines its mitigation measures and broad adaptation priorities. The focus of Bhutan's INDC is on remaining carbon neutral for which the government has committed to ensuring its economic development policy to be clean, green and renewable. The government will work towards ensuring sustainable agriculture and making it totally organic; and improving the sustainability of transport by using low carbon technology. As the member of UNFCCC, Bhutan has also placed its expectations from COP 21 in Paris to see a legally binding agreement that would limit global warming to a maximum of two degrees and ideally to limit to 1.5 degrees.

In light of Bhutan's constitutional mandate, global commitment to remain carbon neutral and the country's development philosophy of GNH, conservation and sustainability of natural environment occupy a pivotal place in national development policies and plans. The government developed the National Environment Strategy 2015, with the main purpose to serve as a broad strategic framework to aid environmental decision-making and guide the planning, mainstreaming and implementation of environmental management needs within the overall context of sustainable development plans and programs.

Fiscal decentralization to LGs: central government has increased budget allocation to local governments where Nu. 11.563 billion (US\$ 183.54 million) was allocated directly to Local Government, i.e. 24% of the total budget in the 11th FYP. In addition, Gewog Development Grants of BTN 2.0 million (US\$ 32k) has been provided every year to each gewog and LGs were given the discretionary to use the grant for community development.

The government finalized the National Plan of Action to Promote Gender Equality in Elected Offices. This identifies different ways of creating demand for women's participation in the local government, National Council and National Assembly elections. Some key interventions proposed include strengthening the legal and policy environment, enhancing adequate awareness, establishing mechanisms to support women candidate and building capacity of both aspiring and elected women.

With the adoption of Agenda 2030 and Sustainable Development Goals by the United Nations, Bhutan has expressed its desire to be 'early mover' with the integration of SDGs into its development plans as the goals are mostly consistent with its development philosophy of GNH and policy framework as articulated in the 11th FYP. However, some of the challenges that would confront Bhutan in achieving the SDGs include:

- Diversification of economy to reduce economic vulnerability and absorb a growing educated labour force;
- Balancing environmental aspirations and pressing development needs;
- High dependence on aid, difficult access to finance, low R & D capability, low labour productivity, small domestic market, inadequate infrastructure and high transportation cost.

The UN System in Bhutan is supporting the country through its UNDAF – Bhutan One Programme [2014-2018] which is aligned to 11th FYP, and focuses on UN Bhutan Delivering as One that delivers more coherently and efficiently for the poorest and most disadvantaged. The five potential strategic areas identified in the current One Programme include: Poverty, Education, Health, Governance, and Sustainable Development & Climate Change. The planned resources for the One Programme are US\$ 86.436 million of which 54% of the resources has to be mobilized. Towards this effort UNDP CO has been actively pursuing resource mobilization in partnership with the government in the areas of climate change adaptation and mitigation, energy, biodiversity and agriculture.

In the current phase of PEI, the priorities that have been set in the programme document in 2013 has not changed and will be carried through with an additional financial support from European Union starting July 2016. EU's support aligns with the programme document and the priority of RGOB as set out in its 11th FYP and the LGSDP. The indicators for LG SRC variable payment tranche release agreed between EU & RGOB is attached as **Annexure I**.

2. Analysis of key achievements to date

Original Outputs Project Period: November 2013-June 2018	Project progress and results (by activity result)	Remaining activities 2016-2017 (by activity result)	Proposed RRF revisions
Output 1.1 ACG mechanism strengthened and supported		Conduct assessment of the annual capital grant and its Resource Allocation Formula (RAF). The RAF has been in use for the purpose of allocating annual capital grant to the local governments from the 10th FYP and it has been felt timely to assess if the application of the formula has made an impact at the local level. The PEI in close partnership with UNCDF will support the assessment through the recruitment of experts	
Output 2.1: Responsibility and knowledge of mainstreaming GECDP issues institutionalized in LGs	<p>To sustain mainstreaming effort in Bhutan, each district in Bhutan formed a local mainstreaming reference groups to serve as an advisory group within the LG to strengthen and facilitate mainstreaming of cross-cutting issues in LG's development plans and programmes to ensure that the development gains are sustainable and inclusive.</p> <p>The project supported the revision of local development planning manual, a tool that is guiding local governments to</p>	<p>Review MRG draft action plans submitted by 20 districts with resource allocation of Nu. 1 mil for each district with support from EU</p> <p>Capacity building of</p>	With the increase in budget allocation under EU support from an initial projection of € 5 million to actual allocation of € 17 million, majority of which will be a budgetary support to

	<p>mainstream GECDP nexus during annual planning and budgeting.</p> <p>The project supported the revision of National Environment Strategy (NES) in 2015, with the main purpose to serve as a broad strategic framework to aid environmental decision-making and guide the planning, mainstreaming and implementation of environmental management needs within the overall context of sustainable development plans and programs. Poverty-Environment mainstreaming has been clearly articulated as a key strategy in the NES 2015. This has been made possible because of PEI's close engagement with National Environment Commission.</p>	<p>local MRG in mainstreaming GECDP, application of the different tools and concepts to integrate PE issues in the 12th FYP</p>	<p>LGs through Annual Capital Grant (ACG) mechanism. The Prodoc has to align with the increase in budget allocation (July 2016 to 2019/20)</p>
<p>Output 2.2: Momentum and innovation of GECDP mainstreaming initiatives maintained</p>	<p>PEI supported south-south learning on climate financing and CPEIR/PEER for four countries: Bhutan, Indonesia, Cambodia and Nepal in 2015. This interregional cooperation has helped Bhutan's Ministry of Finance and GNHC to set the ground work to undertake an integrated expenditure review in 2016, and develop resource mobilization strategy for SDG implementation.</p> <p>Mainstreaming of GECDP concerns into public policies has made good progress and is a notable achievement. All agencies are required to mainstream GECDP into their proposed policies as per the protocol for policy formulation. The GNHCS ensures these concerns are taken into consideration during the final review of the policies. In 2014 GNHC engaged central MRG to review the following draft policies and policy concept notes from GECDP perspective, and recommended substantive changes to some of the important policies including: Draft Tourism Policy of 2014 where Environmental Overview was applied to the draft policy in 2013; Social media policy of the Royal Government of Bhutan; Access & Benefit Sharing Policy of Bhutan;</p>	<p>Conduct integrated poverty-climate-biodiversity public and institutional and expenditure review in partnership with BIOFIN, UNDP and NDC</p> <p>Follow up with GNHC on the revitalization of the central MRG- conduct assessment on the effectiveness of the MRG and way forward to promote its sustainability</p>	

	<p>Technical and Vocational Education and Training Policy; Concept note for the proposed National Competition Policy of Bhutan and Revision of Foreign Direct Investment Policy of 2010. From 2014 to June 2016, 18 policies have been reviewed mainstreaming GECDP concepts where relevant</p> <p>PEI supported Ministry of Finance in undertaking public environmental expenditure review (PEER) for the 10th plan period in 2014. The PEER for 10th FYP (2014) recorded average public environmental expenditures of 6.63% of public expenditures and 2.62% of GDP. PEE for the LGs (Dzongkhags and Gewogs) have also increased from 2.53% and 12.67% in the 9th FYP to 19.76% and 16.34% respectively in the 10th FYP (2008-2013)</p> <p>With support from the UNDP-UNEP PEI, scoping exercise for SEA for Thimphu was conducted in December 2015. The scoping exercise led by an international expert involved review of key documents, meeting with key officials followed by a two-day stakeholder consultation workshop. In line with this PEI initiated collaborating with Korean Environment Institute to conduct Strategic Environmental Assessment (SEA) of the Thimphu Structural Plan. The review will involve building capacity of SEA task force members in developing the SEA report for Thimphu city. PEI has been successful in partnership building and resource mobilizing to a tune of USD 30,000 from KEI</p>		
Output 2.3: LG elected representatives and civil servants trained in the implementation of best sustainable practices and integrated local area-based planning	Capacity of local MRG members enhanced through a training of trainer (ToT) approach on mainstreaming concepts and application of tools such as environmental overview (EO), strategic environmental assessment (SEA), gender analysis matrix (GAM) and cost benefit analysis (CBA) and food security in the context of environmental degradation and climate change. For instance, EO tool was applied to the	Develop a web-based platform for MRGs (central and local) as a platform to update posts, events, best practices and knowledge sharing	

	<p>district's economic development plan (EDP) for the five pilot Dzongkhags in order to incorporate sustainability components and make the plan more inclusive and pro-poor.</p> <p>A publication on GECDP mainstreaming documenting best practices, lessons and challenges which was initiated in 2014 has been published. The publication captures stories of change, challenges and lessons learnt on GECDP mainstreaming initiative in Bhutan from central and local levels as part of improving the mainstreaming approaches in the future. The publication has been shared with sectors, LGs and published on UNDP CO and PEI website for wider dissemination of the PEI work in Bhutan.</p>		
Output 2.4: Green and inclusive economic development fostered at the local level	<p>To promote green and inclusive development at the local level, PEI assisted Department of Local Governance to undertake assessment of green business opportunities in five districts in 2014. This has resulted in identifying 15 potential green business proposals for the 15 sub-districts in five districts requiring an investment of more than Nu. 67 million (US\$ 1.124 million). The implementation of the green business proposals have been handed over to Department of Cottage and Small Industries under Ministry of Economic Affairs. Implementation support will be also provided through EU's support to LGSDP starting July 2016</p> <p>PEI partnered with LGs to address some of the environmental issues such as the Human-Wildlife Conflict (HWC) in Rubesa sub-district of Wangdue Phodrang district. This is a major issue in Bhutan affecting livelihoods of many rural communities in the form of crop damage and livestock depredation by wild animals. PEI partnered with Ministry of Agriculture and Forests to come up with a local innovation of a low cost electric fencing to protect agricultural crops from monkeys, wild pigs and other wild animals. Farmers provided</p>	<p>EU to support the green business proposal on receipt of EU funds in 2016/2017</p> <p>To build on PEI support in the area of Human wild life conflict issues UNDP will liaise with NORLHA on energizer for electric fencing. Norlha will explore for availability of technical expertise in this field and PEI-Bhutan will take up discussion during their visit in October</p>	

	<p>positive feedback to the initiative and reported that after the installation of electric fence, they didn't have to guard their crops anymore and there wasn't any crop loss in the year. Building on this initiative through PEI, PEI program is collaborating with college of science and technology to design an energizer for electric fencing. The idea is to invest in research and development of a locally fabricated energizer in order to reduce the cost of electric fence so that it becomes affordable for rural farmers. UNDP will work with the Research & Development Centre, MOAF and the College of Science and Technology in Phuentsholing, involving the engineering students to design the energizer and prototype it</p>		
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Financial Performance

The financial performance of PEI Bhutan has been consistent overtime ranging from 99% in 2011 to 84% in 2015. The 2016 expenditure covers the duration January-June 2016 with a delivery of 36% against the atlas approved budget of USD 70,442. The PEI budget for Bhutan needs to undergo revision to reflect the below budget. Currently it is not in alignment with the 2016 signed AWP.

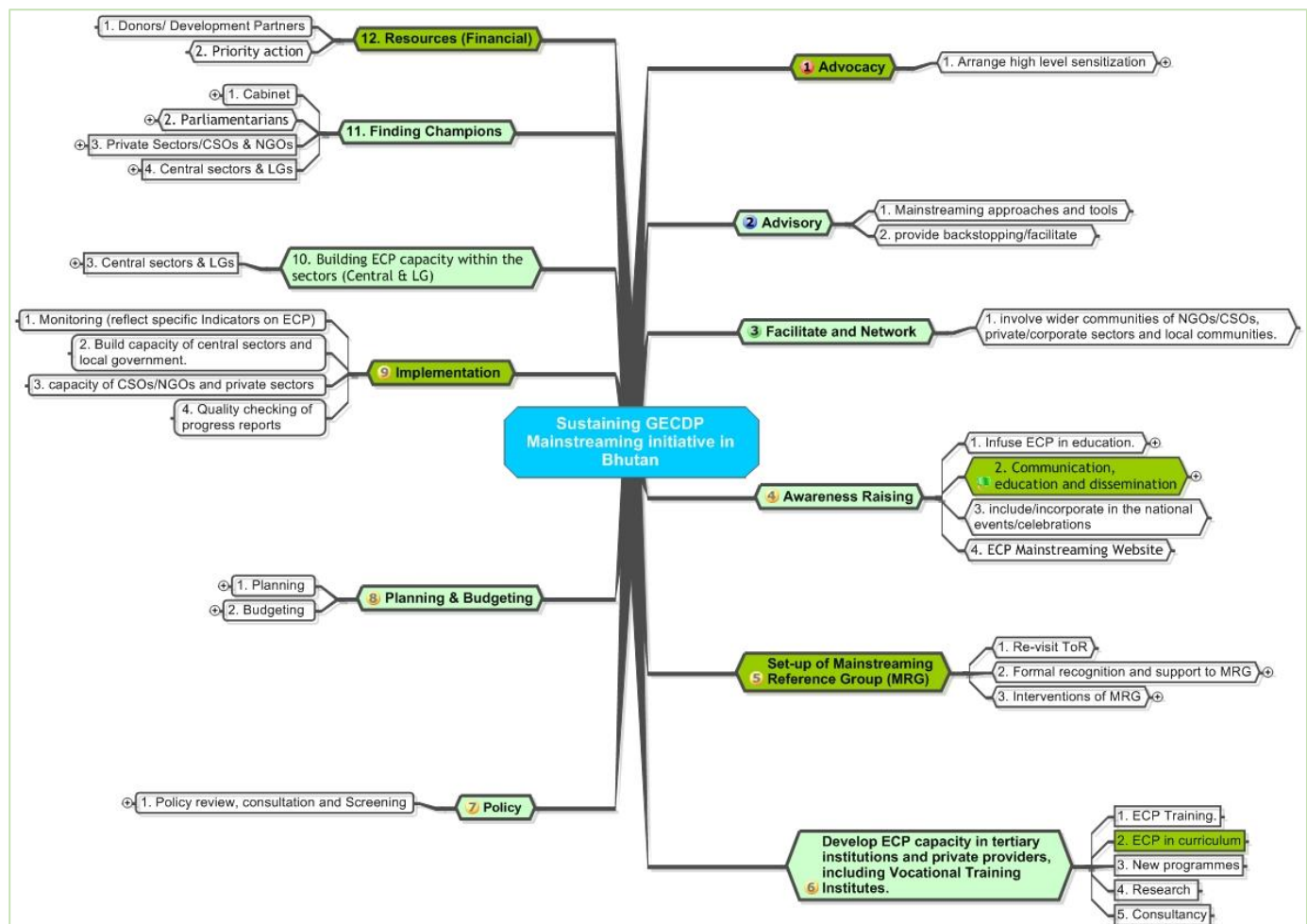
Bhutan		Phase I: 2008-2009		Phase II: January 2010 - December 2013				Phase III: 2014-2017			
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
	Annual Budget	\$150,000	\$150,000	\$100,000	\$239,531	\$471,369	\$128,425	\$79,000	\$87,000		
	Expenditure			\$89,076	\$237,311	\$453,321	\$123,103	\$75,233	\$73,220		
	Delivery Rate			89%	99%	96%	96%	95%	84%		

Source: ATLAS

- Lessons learned:
 - UNDP-UNEP PEI's technical and advisory support in mainstreaming initiative both from the CO staff and regional team have been critical in gaining confidence and support of the implementing partners. This is clearly evident from the joint programme involving a number of development partners in the earlier phase (2010-2013) and current phase (2014-2018). PEI's value addition has been in hand holding the counterparts through dialogue and advisory support in achieving the programme results.
 - Establishing mainstreaming reference group (MRG) with representation from different sectors with leadership role of Gross National Happiness Commission has been the key success for institutionalizing P-E mainstreaming in Bhutan. PEI in partnership with other partners has provided the necessary capacity and tools to the MRG to champion the cause of mainstreaming in Bhutan. MRG is not anticipated to stay forever, but the sustainability of mainstreaming efforts has to be ensured in the 11th Plan through the ongoing initiative of LGSDP. Continued support in the 11th Plan will further strengthen mainstreaming efforts for the 12th FYP preparation process which is expected to start in 2016.
 - Drawing lessons from phase I, the set-up of MRG at the local level has been felt important given the increasing mandate of LGs with delegation of administrative and fiscal assignments from the central government. The lessons from the first five pilot dzongkhags in 2014 were positive and encouraging. The capacity building was facilitated by central MRG which in itself promoted transfer of knowledge and was cost effective. It demanded strong commitment from the central MRG.

3. A theory of change for the PEI II/Local Governance Sustainable Development Programme in Bhutan

- Theory of change for the current phase of PEI programme in Bhutan [2014-2017] has been developed building on the earlier phases: start-up phase [2008-2009] and phase I [2010-2013]. Together with Gross National Happiness Commission (GNHC), National Environment Commission (NEC), Department of Local Governance and the central level mainstreaming reference group (MRG), a mapping exercise was undertaken in 2013 to look at sustaining mainstreaming initiative in Bhutan with a focus on: gender, environment, climate change, disaster and poverty issues (termed as GECDP mainstreaming). This is reflected in the figure below and an expanded version included as **Annexure II**.

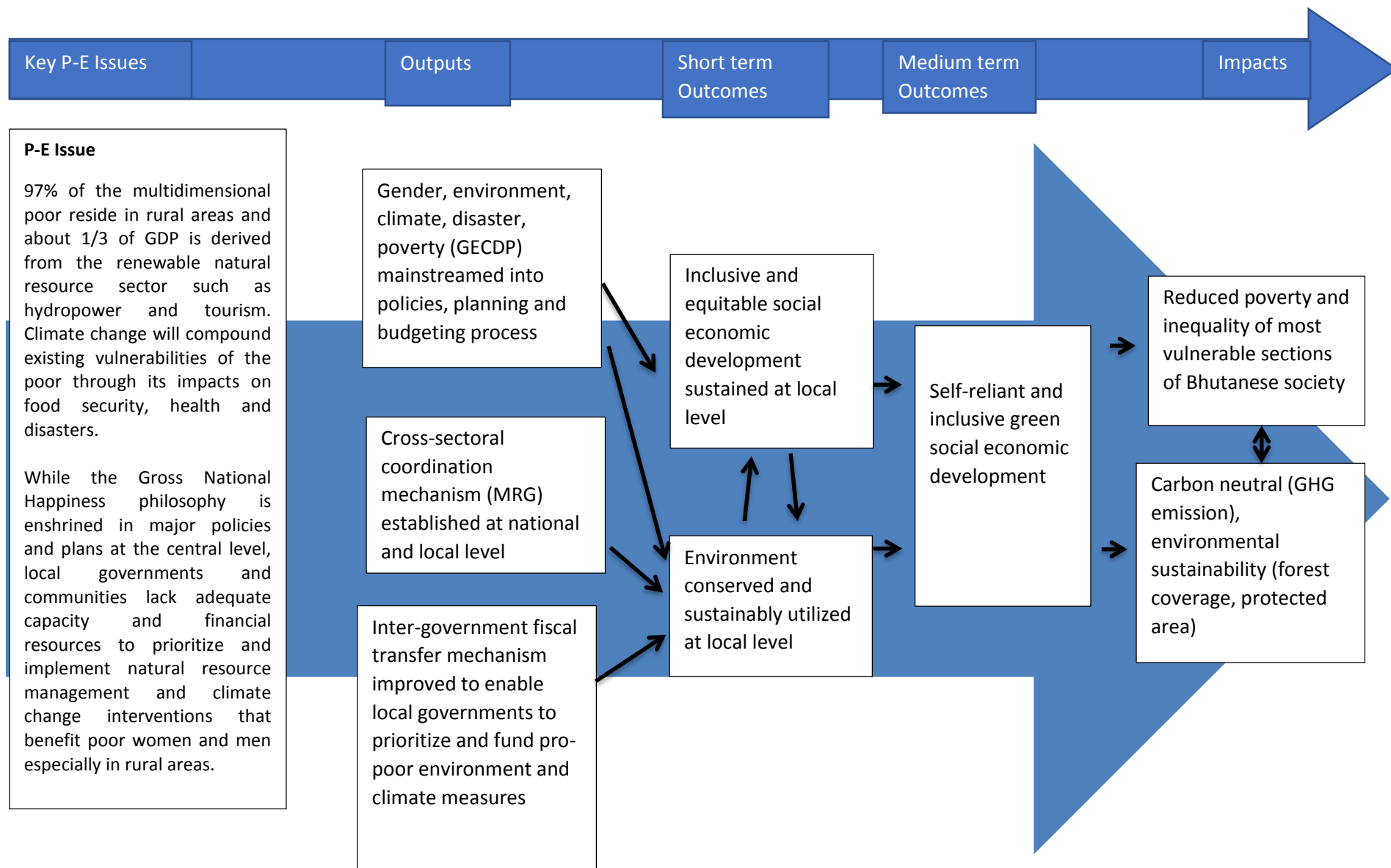


- The mapping exercise was translated into an action plan which later formed a critical component of the Local Governance Sustainable Development Programme (LGSDP) – which is a joint programme developed in partnership with Government of Denmark (DANIDA), Government of Switzerland (SDC), PEI, European Union, and UN Capital Development Fund (UNCDF) with resources of around US\$ 28 million from 2013/14 to 2020. The strategic action plan is attached as **Annexure III**.

- The logic model that has been designed for the PEI II/LGSDP is based on a ‘desired impact’ program theory model that aims to contribute to achieving the overall goal of 11th FYP i.e. ***“Self-reliance and inclusive green socio-economic development”*** through three interrelated outcomes:
 - Inclusive and equitable socio-economic development sustained at the local level;
 - Environment conserved and sustainably utilized at the local level; and
 - Good governance strengthened at the local level.
- The logic model of the programme as highlighted below builds on strong building blocks as articulated through the national policies, constitutional commitments and results achieved from PEI’s initial phase and JSP³. The logical matrix/theory of change is presented below:

³ Joint Support Programme on capacity development for mainstreaming environment, climate change and poverty concerns in policies, plans and programmes, 2010-2013.

Theory of Change for Bhutan



There is a strong relationship between economy, environment and poverty in Bhutan – as the socio economic growth of the country is driven by sectors (such as hydropower, renewable natural resources and tourism) which are dependent on the environment, and that more than 69 percent of the population depend on natural resource based occupations for their livelihoods, 97 percent of the poor are rural based and dependent on natural resources for their livelihoods.

PEI's approach to maximize both sustainable utilization and conservation of natural resources is particularly important for Bhutan as the country is encountering growing challenges of balancing development and livelihood opportunities against the need to conserve the environment. There are also constitutional and global commitments that Bhutan has committed to. There is a constitutional mandate to maintain 60 percent forest cover for all times; and Bhutan has committed to remain carbon neutral for all times. If we are to achieve these commitments, PE mainstreaming is an important approach to continue in Bhutan

Recognizing the strong linkage between poverty-environment to achieve its sustainable development objectives, the government has accorded high priority to integrate Poverty-Environment including cross cutting issues such as climate change, gender and disaster risk reduction into national policies, sectoral and local government's plans and programmes

The current phase of PEI in Bhutan is formulated as a joint programme titled "Local Governance Sustainable Development Programme" (LGSDP) and is in alignment with the country's eleventh Five Year Plan (2013-2018).

The Five year planning process has been identified as an entry point for PE mainstreaming. Extensive awareness on PE mainstreaming was created at various levels-high level government secretaries; mid-level officials; planners; local government officials. As part of the capacity building process, windows of opportunity for mainstreaming were identified at various stages of the five year planning, annual planning and budgeting both at the national and sub-national levels. ECP Mainstreaming framework was developed and integrated into the Eleventh Plan Guideline by GNHC. To further assist sectors in coming up with PE related interventions, mainstreaming exercise was conducted for all the central sectors using the 6 step matrix and developed a mainstreaming framework document. A similar exercise was conducted for local governments (for all the 20 districts) in September 2012 and a GECDP mainstreaming Framework document was developed for LGs. The 11th FYP (2013-2018) presents a successful case of PE mainstreaming in Bhutan as is evident from the overall objective of "Self-reliance and inclusive green socio-economic development".

The flagship programme such as Rural Economic Advancement Programme (REAP) has been up-scaled to 109 villages; and Targeted Household Poverty Programme (THPP) covering 3,154 poorest households across the country in the 11th FYP has emerged as a result of strong commitment and realization of the poverty-environment nexus. As part of performance based grant system, the Performance Based Climate Change Adaptation Grant (PBCCAG) is being piloted in six local government rendering the local government 15% to 25% PBCCAG over and above the annual capital grant to implement activities that would enable the local communities to adapt to the effects of climate change. The MRG have been instituted to render these LGs technical and capacity backstopping in their implementation of activities to integrate and address GECDP concerns. The pilot will be up-scaled to 21 LGs in financial year 2016-17 and by 2020 cover 100 LGs.

To sustain mainstreaming effort in Bhutan, a multi-sectoral mainstreaming reference group (MRG) was created in 2011 at the national level coordinated by the Gross National Happiness Commission and National Environment Commission. The group was instrumental in reviewing public policies to provide cross-sectoral perspective, and influencing the Five-Year Planning and budgeting process which to an extent has resulted in guiding the overall objective of the 11th FYP. Drawing lessons from the central level mainstreaming work a similar structure has been set up at the sub-national level in 20 Dzongkhags. The local MRG will serve as an advisory group within the local governments to strengthen and facilitate mainstreaming of cross cutting issues in the LG development plans and programs. They will also play a critical role in the 12 FY planning process. Focus on sub-national level also promotes the decentralization agenda and devolution of authority to local level to ensure development gains are sustainable and inclusive.

The nature of the PEI program requires working across government at the central and sub-national level. As an enabling program it seeks to generate impact through policy, planning, implementation and budgeting to promote PE objectives. While the program has been successful in making an impact in mainstreaming ECP and cross cutting issues into policies and plans, strong links need to be established between upstream policy and downstream implementation. Capacity of local governments needs to be strengthened and activities need to be supported through the allocation of resources to address poor environment and natural resource management in a sustainable manner.

The central MRG has played a critical role in mainstreaming P-E in the policies, plans and budget. However, concerns on their sustainability remains an issue due to transfers and high staff turnover. Over the years the central MRG has lost key members and there have been challenges in finding suitable replacements. The PEI program will need to carry a review on the effectiveness of the MRG and identify recommendations to how this can be sustained through institutionalization or other mechanisms

Moving forward, SDG implementation has been identified as a priority for the country including: 1) means of implementing the SDGs (which shall include - planning, data, financing); 2) prioritizing and sequencing SDG interventions for Bhutan – by identifying interventions that will lead to maximum progress across as many goals and targets, such that the country can accelerate progress to meet the 2030 deadline for all SDGs.

The Government has prioritized three Sustainable Development Goals (SDGs): SDG 1 (End poverty), SDG 13 (Combat Climate Change.) and SDG 15 (Protect ecosystems and Biodiversity). Accordingly, the PEI program along with other partners is supporting an integrated financing approach for SDG 1, 13 and 15. Primarily, an integrated approach will provide RGOB with a stronger investment case for advancing the poverty, biodiversity and climate agendas. This integrated review and financing exercise will need to address limitations of the previous PEER experiences and define climate expenditures agreeable to all stakeholders including combining with biodiversity financing and linking to poverty reduction financing needs.

Assumption	Risks to the Assumption	Risk Mitigation
There will be adequate collaboration and coordination between different government tiers to facilitate	Likely risks of disconnect between down-stream implementation with up-stream policy.	DLG as the central level agency has to ensure linkages between the central level sectors mainly with GNHC and Ministry of Finance to advocate for GECDP mainstreaming. DLG should also

implementation of activities at local level		continue to engage central MRG as trainers for the local level MRG as well as encouraging twinning of district councils to learn from each other
Local level MRG institutionalized as a way of sustaining GECDP mainstreaming effort	Institutionalizing and MRG taking up an important role in mainstreaming GECDP at the local level will be a challenge due to limited capacity, sector focal like planning and environment officers being over tasked	The GNH, DLG, and central level MRG needs to provide continuous support and guidance to local MRG in knowledge sharing and application of mainstreaming tools. Build capacity of local MRG in mainstreaming
Integrated approach for biodiversity and climate financing.	Buy in from the government for climate financing- address limitation of the PEER experiences and define climate expenditures agreeable to all stakeholders including combining with biodiversity financing	Find champions and engage key stakeholders from the start- finding right consultants for the job

Sustainability

The current phase/programme is well on track to achieve the targets set out in the results framework by 2017/18. In terms of the sustainability of PEI's investment beyond 2017, this to some extent has been built into the current programme logic through:

- The set-up of local level mainstreaming reference group (MRG) in all the 20 dzongkhags by 2016. MRG at the local level will play a critical role in integrating PE issues while formulating the 12th FYP by the LGs.
- Enabling policy for PE issues in Bhutan has been well articulated through the 11th FYP by aligning with the four pillars of GNH development philosophy which is further translated into 16 national key result areas. The monitoring of NKRA's and KPIs are already tagged to ministries, sectors and LGs annual performance agreement with the Prime Minister's Office through the government performance management system (GPMS) which started in 2014 [<http://www.gpms.gov.bt>].
- EU's support will extend beyond the current plan and cover two fiscal years of the 12th FYP i.e. 2018/19 and 2019/20, which will further ensure that LG's 12th FYP programmes are aligned to achieving LGSDP's objective and take onboard emerging PE issues.
- GECDP mainstreaming concepts and tools have already been integrated into the curriculum of two tertiary institutes: Sherubtse College, and College of Science and Technology. This will have long term impact on sustaining mainstreaming efforts in the country.
- In terms of institutionalizing GECDP mainstreaming at the national level - it has already identified and committed champions through the Gross National Happiness Commission – as the coordinating agency for planning and policy process in Bhutan. Some level of challenge exists in mainstreaming PE issues into the budgeting process, but this should

largely be addressed through the integrated approach of planning and budgeting process in the country.

- UNDP CO has prioritized PE nexus as an important area of work in its current UNDAF i.e Bhutan One Programme (2014-2018) and closely works with the government to mobilize resources through various funding windows. The government has identified UNDP as: 1) the implementing agency for GEF-LDCF project which will focus on “Enhancing sustainability and climate resilience of forest and agriculture landscape and community livelihoods” for US\$ 15.224 million for 6 years from 2017; and 2) Implementing Entity to develop a project proposal for Green Climate Fund focusing on “Enhancing climate resilient agriculture and food security in Bhutan” for 6 years.

4. PEI relevance to delivering on SDGs

The project is fully aligned to most sustainable development goals. PEI is unique in that mainstreaming of gender, environment, climate change, disaster risk reduction and poverty considerations are crosscutting in all the goals.

Annex

Sustainable Development Goals	PEI Contribution in COUNTRY NAME: Bhutan			
	Substanti al	Moderate	Not Applicable	Notes
Goal 1. End poverty in all its forms everywhere Targets: 1.1, 1.2, 1.3, 1.4, 1.5, 1.a, 1.b	√			The core objective of the project is to mainstream gender, environment, climate change, disaster risk reduction and poverty into development plans, budgets and M&E frameworks. Secondly, through the introduction of performance based climate change adaptation grant mechanism at local level
Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture Targets: 2.1, 2.2, 2.3, 2.4, 2.5, 2.a, 2.b, 2.c	√			The project supports human wild life conflict prevention intervention that uses electric fencing around crop gardens to protect crop from wild life invasions thereby ensuring food security
Goal 3. Ensure healthy lives and promote well-being for all at all ages Targets: 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 3.8, 3.9, 3.a, 3.b, 3.c, 3.d		√		If poverty levels are reduced and people at local level are food secure, then they are likely to lead healthy lives.
Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all Target: 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7, 4.a, 4.b, 4.c		√		If follows from promotion of gender equality
Goal 5. Achieve gender equality and empower all women and girls Targets: 5.1, 5.2, 5.3, 5.4, 5.6, 5.a, 5.b, 5.c	√			The project promotes mainstreaming of gender in sectoral and national development plans, budgets and M&E frameworks. Also supporting women to contest in local government elections
Goal 6. Ensure availability and sustainable management of water and sanitation for all		√		The project promotes environmental conservation and management through

Sustainable Development Goals	PEI Contribution in COUNTRY NAME: Bhutan			
	Substanti al	Modera te	Not Applicabl e	Notes
Targets: 6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 6.a, 6.b				mainstreaming efforts
Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all Targets: 7.1, 7.2, 7.3, 7.a, 7.b	√			The project promotes environmental conservation and management through mainstreaming
Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all Targets: 8.1, 8.2, 8.3, 8.4, 8.5, 8.6, 8.7, 8.8, 8.9, 8.10, 8.a, 8.b		√		The project promotes the environmental impact assessments of all developmental projects thereby contributing towards sustainable economic growth
Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation Targets: 9.1, 9.2, 9.3, 9.4, 9.5, 9.a, 9.b, 9.c		√		The project promotes innovation in tackling problems. For instance, the HWC was innovatively resolved through electric fencing
Goal 10. Reduce inequality within and among countries Targets: 10.1, 10.2, 10.3, 10.4, 10.5, 10.6, 10.7, 10.a, 10.b, 10.c	√			Mainstreaming of poverty in development plans and budgets is one of the main core objectives
Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable Targets: 11.1, 11.2, 11.3, 11.4, 11.5, 11.6, 11.7, 11.a, 11.b, 11.c		√		Supporting strategic environment analysis in the capital city
12. Ensure sustainable consumption and production patterns Targets: 12.1, 12.2, 12.3, 12.4, 12.5, 12.6, 12.7, 12.8, 12.a, 12.b, 12.c			√	Not much
13. Take urgent action to combat climate change and its impacts Targets: 13.1, 13.2, 13.3, 13.a, 13.b	√			Mainstreaming of climate change in development plans and budgets is one of the main core objectives
14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development Targets: 14.1, 14.2, 14.3, 14.4, 14.5, 14.6, 14.7, 14.a, 14.b, 14.c		√		Its land locked, but mainstreaming of gender, environment, DRR, Climate and poverty in plans and budgets helps to conserve watersheds and rivers
15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss Targets: 15.1, 15.2, 15.3, 15.4, 15.5, 15.6, 15.7, 15.8, 15.9, 15.a, 15.b, 15.c	√			Promoting mainstreaming of gender, environment, climate change, disaster risk reduction/resilience and poverty in the districts and sub districts polices, plans, budgets and M&E frameworks

Sustainable Development Goals	PEI Contribution in COUNTRY NAME: Bhutan			
	Substanti al	Modera te	Not Applicabl e	Notes
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels Targets: 16.1, 16.2, 16.3, 16.4, 16.5, 16.6, 16.7, 16.8, 16.9, 16.10, 16.a, 16.b	√			Projects promotion of efforts to integrate gender and environmental management at local level.
17. Strengthen the means of implementation and revitalize the global partnership for sustainable development Targets: 17.1, 17.2, 17.3, 17.4, 17.5, 17.6, 17.7, 17.8, 17.9, 17.10, 17.22, 17.12, 17.13, 17.14, 17.15, 17.16, 17.17, 17.18, 17.19	√			PEI is a partnership between UNDP and UNEP and a key contributor to UNDAF implementation. PEI also complements the work and collaborates with other multilateral (WB, ADB) and bilateral donors (SDC, GIZ, Finland) and public and private organizations (Australian New Zealand Business Association), and leverages additional funding for sustainable development. PEI is working effectively to enhance capacities, including through South-South cooperation

5. Broad stakeholders consultations

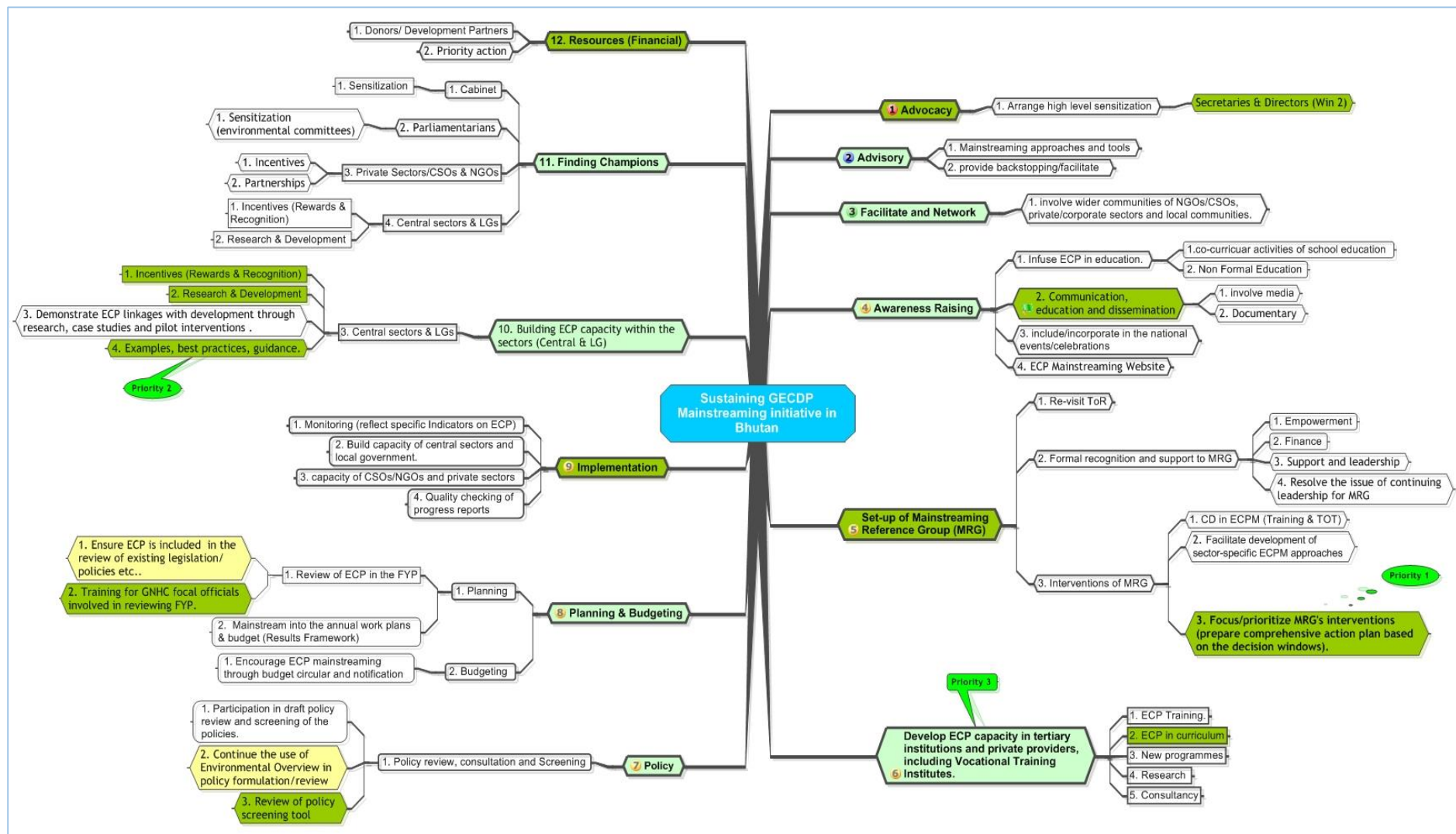
The broad stakeholder's consultation has reiterated that PEI is strategically positioned to play an important role in supporting SDG implementation such as SDG 1, 2, 5, 13, 15 after 2017.

The broad stakeholder's consultation also mapped the following as key stakeholders of PEI in Bhutan.

Stakeholders (Government)	NGOs/CSOs (stakeholders)	Donor (stakeholders)
Gross National Happiness Commission, National Environment Commission, Ministry of Finance, and Ministry of Agriculture and Forests , Department of Local Governance, Local Governments	Tarayana Foundation Royal Society for Protection of Nature	European Union, UNCDF, UNDP, UNEP

Detailed records of stakeholder consultation results are in the excel sheet.

Annex I: Mapping of GECDP mainstreaming priorities for Bhutan



Annex 2: Formulation of Action Plan for GECDP Mainstreaming in Bhutan (Version 20.02.2013)

Outputs	Activities	MRG	Resources	Agency		Priority	Status/ Responsibility
				Lead	Time frame		
1. Institutional set up of MRG							
Recognize the role of MRG.	1. Executive order from the government. (Jan 2013)	Initiate		RED/ GNHC		High	Completed
	2. Assess possibility and relevance of including MRG work as FYP programme (Under the cross-cutting programme within GNHC)			GNHC	Jan. 2013	High	To be included as mainstreaming of cross-cutting issues under RED/GNHC.
	3. Planning and budgeting for MRG <ul style="list-style-type: none">Finalize the programme document [January 31st, 2013]Discussion with development partners – present the programme document for funding/TA support; give a talk on ECP Mainstreaming and the achievements made so far		Funds for 5 years	MRG	March [Feb 1 st week 2013]	High	To put in RBM platform by 4 th March.
Programme Support for MRG	1. Programme Support Assistant	Initiate	Funds for 5 years	MRG	Jan-June ‘13	High	RED/GNHC – to follow-up (TOR/ recruitment)
	2. Secretariat assistant		Funds for 5 years				
Strategic Review of MRG’s action plan.	1. Conduct annual strategic meetings review current and future strategies	Initiate	Funds for resource person and Workshop	MRG	Once a year - Nov.	High	Involve Prof. Lex as TA. Funding for TA to be proposed through AusAID.
Capacity building of MRG	1. Specific training for MRG [application of specific tools – SEA either in/ex-	Initiate	Funds for	MRG		Medium	Option 1: To link with expert from IIED.

	country]:		Training				
Sustainability of MRG & ECP mainstreaming efforts.	1. Identify and train one or more cohorts (for local government & central sectors) -	Initiate	Funds for targeted training	MRG	2014	High	Funds to be explored.
2. Advocacy							
Further training course and application on specialized tools (SEA, SCBA, LCA, EO, MCA, RBM)	1. Identify areas for application of specialized tools in sector/LG plans	Initiate		MRG	3 rd qtr. of 2013	High	Sectors (Central & LG)
	2. Run at least two specialized trainings	Initiate	Short Term TA (1/year) Workshop cost	MRG	3 rd qtr. of 2013	High	Relevant Sectors
Advocating the use of Tools (SEA and other tools)	1. High level sensitization of the tools	Advocate	Workshop cost	MRG		High	To coincide with expert from (IIED) visit.
	2. Commenting on the revision of Strategic Assessment regulation	Participate		NEC		Medium	NEC will decide and inform MRG.
High level sensitization on ECP mainstreaming	1. Conduct high level sensitization on ECP mainstreaming (two/year)	Initiate	Short Term TA & Regional Champions	MRG	3 rd qtr. 2013	High	To coincide with the visit of expert from IIED.
3. Awareness Raising							
	1. Creative awareness programmes (talk shows on ecological sensitivity, ECP)	Initiate	Existing resources/ TA	NEC	Feb. 2013)	Medium	In partnership with RIM/Relevant institutes
	2. Informal seminars (share experiences from green innovation, entrepreneurs)	Initiate	Existing resources/ TA	NEC	2013/ 2014	Medium	In partnership with RIM/Relevant institutes
	3. Dissemination of information on ECP/disaster/gender through media (documentary, cartoons, panel discussions, pamphlets, etc.) -	Initiate	Existing resources/ TA	NEC/ DDM/ NCWC		Medium	In partnership with relevant Sectors/Media
	4. Infuse ECP into educating for GNH in schools –	Initiate	Existing resources/ TA	NEC		Medium	With relevant Sectors/ MRG
4. Finding Champions							
Identifying individual Champions for	1. Prepare advocacy materials (Speeches, State of the nation report	Initiate	Existing resources	GNHC/ NEC		Medium	MRG

advancing ECP cause	etc.) (as and when – GNHC/NEC to coordinate with relevant sectors and inform MRG)						
	2. Engage with senior leaders/parliamentary in the process of preparing advocacy materials.	Initiate		GNHC/ NEC		Medium	MRG with relevant sectors.
Networking with corporate sectors and decision makers.	1. Dialogue with corporate sectors related to energy	Initiate		NEC/ GNHC		Medium	In partnership with DHPS/DRE/ DGPC/DHI
	2. Dialogue with corporate sectors related to business and infrastructures	Initiate		NEC/ GNHC/ MRG		Medium	In partnership with BCCI, DHI-Infra, DHI-Wellness
	3. Dialogue with environmental legislative committee of both houses				1 st /2 nd Qtr. FY 2013/14		MRG
Educational institutes	1. Peer learning on best practices amongst the schools.	Initiate	Logistic Cost.	MoE		Medium	
	2. Infusing ECP into school curriculum			March/ April 2013	.		Initiate dialogue with CAPSD/PPD MoE Ensure to capture in the Education Policy.
NGOs/CSOs	1. Sensitize NGOs/CSOs – YDF/RENEW/NWAB/Loden Foundation	Initiate		MRG	2 nd qtr. FY 2013/14	Medium	
	2. Explore possibilities for pilot projects to be used for advocacy and lobbying.	Initiate		MRG	4 th Qtr. FY 2013/14	Medium	
Religious institutions	1. Involve religious groups to champion ECP cause [link with SJI, RSPN's initiative, Nun Foundation, Loden Foundation].	Initiate	Logistic Cost	MRG	Relevant Sectors	Medium	
5. Planning and budgeting							
Review of annual plans and budgets of	1. Sensitization of local, sectoral focal points within GNHC and	Initiate	Workshop Cost		One/year Dec/Jan	Medium	On-going

sectors and LGs.	PPDs/Ministries on integration of ECP concerns into plans and programmes				2013/14		
Enhance Green Budgeting	1. Conduct sensitization on ECP to the PPCM /MoF	Initiate	Existing resources	DNB	Jan 2013	High	Completed
	2. Ensuring policy dissemination on green budgeting & PEER	Advocate	Existing resources	GNHC	Jan 2013	High	DNB/ DPA
	3. Encourage ECP mainstreaming through budget circular and notification.	Advocate		GNHC		High	Completed
	4. Provide comment during the revision of procurement guidelines.	Participate		MoF	2014	Medium	MRG
Specific training for MoF as and when required.	1. Initiate tailor made training to suit MoF requirement.	Initiate	Funds for targeted training	GNHC/ NEC	2013/14	Medium	
6. Plan Implementation							
Monitoring of the implementation of Five Year Plan (MTR)	1. Training of local, sectoral focal points within GNHC and PPDs/Ministries on ECP monitoring of FYP and programmes	Initiate & implement	Workshops/ Training cost	MRG	Before MTR of 11 th Plan	Medium	
	2. Evaluation of the FYP (MTR & Terminal) • Comment on the ToR/Assessment format	Comment & review	Existing Resources	GNHC	2015/16	High	
	3. Evaluation/review of ECP mainstreaming into policies, plans and programmes (three years from implementation)	Initiate	Short Term TA	GNHC	2015/16	High	
7. Policy Review							
Policy Review & Screening	1. Identifying at least five appropriate MRG members to be involved in review and screening of draft policies. • As & when draft policies are received by RED/GNHC, this will be communicated to MRG.	Initiate		MRG	Jan 2013	High	Completed

	2. Apply environmental overview to selected major policies (one-two policies in a year)	Initiate	Existing Resources	MRG	29 Mar, EO on Tourism Policy.	High	RIM
	3. Conduct training on EO for new MRG and sectoral/LG focal officials	Initiate	Funds for short term TA	MRG	One/year – before the annual planning by Dec.	High	
	4. Involve RIM and other institutions in EO training and the application of policy review tools (EO, 8 fold path of policy formulation, general policy formulation framework)	Initiate	Funds for training	MRG DLG LDD	RIM	High	GNHC to follow-up with RIM 2 ways of doing - One for trainees as part of the ongoing programme - For external clients
	5. Involve RIM and other institutions in sensitization on the policy protocol and format	Initiate	Workshop cost	GNHC		Medium	With RIM
	6. Comment on the review of GNH policy screening tool.	Comment		GNHC		Medium	Delete
	7. Assist GNHC in the pilot application of project screening tool.	Initiate		GNHC	By 11 th April 2013	High	MRG to initiate with CBS & PMCD (NEC hall) Involve RIM to institutionalize project screening tool.
8. Building ECP capacity within the sectors (Central and LG)							
GNH committee in the sectors	1. Sensitize GNH committee in the sectors on how ECP mainstreaming is a central component of achieving GNH goals	Initiate	Workshop cost	MRG	Starting from March/ 2013.	High	

Rewards and Recognition	2. Institute a national award to recognize individuals or organizations contributing to the promotion of ECP mainstreaming "Green Mainstreaming Award" "ECP Champions"	Initiate	Seed Fund	MRG	2015	Medium	Adopt model/criteria from UNEP.
Capacity building of dzongkhag environmental officers (lead focal officials on ECP mainstreaming at the dzongkhag level)	1. Specific training of DEOs/DPOs on ECP mainstreaming in their new position as MRG	Initiate	Funding for targeted training	NEC	Annual DEOs/DPO meeting.	High	Annual
	2. Sensitize, train and empower Dzongkhag Environmental Committee to advocate and mainstream ECP (Function as MRG at the dzongkhag and Gewog level) [After completing training in 1 and then facilitated by DEOs/MRG]	Dialogue		NEC		High	Set the target in the RBM framework.
9. Building ECP capacity in tertiary institutes and private providers							
Validation and implementation of ECP Module	1. Specific training of faculty members to deliver the courses.	Initiate & discuss	Funding for targeted training	GNHC		High	Present the strategic action plan to the joint programme formulation mission in April/May 2013.
	2. Continue dialogue with the existing institutions (RUB and its institutes - Sherubtse College, CST, RIM, IMS)	Initiate		GNHC/ NEC	Institutes	High	
	3. Initiate dialogue and sensitization with CNR, GCBS, and RTC.	Initiate	Existing Resources	GNHC/ NEC	Feb-March 2013.	Medium	
	4. Explore potential partners and funding to develop module.	Initiate		GNHC/ NEC		Medium	In collaboration with DPs
	5. Explore opportunities to create demand in the job market for people with such knowledge and skills.	Initiate dialogue with	Existing Resources	GNHC/ MRG	Feb. 2014	Medium	In partnership with MoLHR & RUB

	Note: Development of curriculum and module to match with the job market and employability (VTIs, RUB)	MoLHR & RUB					
10. Research, Development & Advisory Support							
Focus attention on specific research studies that demonstrate ECP initiatives and assist implementation.	1. Research topics on ECP/Disaster/Gender mainstreaming in the tertiary institutions and ministries [initiate dialogue with RUB and tertiary institutes through the innovative research funds. To comment/integrate green aspects into the criteria]	Initiate	Funding for Research Studies	Tertiary Institutes	Dec. 2012	High	RED/GNHC has initiated dialogue initiated with RUB to include ECP into the criteria.
Advisory support	2. Disseminate research findings through: <ul style="list-style-type: none"> Seminars/conference Symposium Publications (Journals) Media (Visual, audio, print) Curriculum (Infusing GNH in education; cartoons and comics) 	Initiate	TA support	Tertiary Institutes		High	
Focus on pilot interventions to demonstrate ECP mainstreaming initiatives.	3. NFE (translating theory into practical action through NFE learners – green technologies, disaster resilience and management at the community) – 4. Demonstration of best construction practices (green and disaster resilient infrastructures with locally available materials). – <i>Initiate dialogue with CST/MoWHS</i> 5. Community based eco-friendly interventions (sanitation, waste management, water harvesting, land	Initiate	Funds to Initiate Pilot activities	CSOs/ NFE/ GNHC		High	Initiate dialogue with partners to strengthen the existing capacity.

	management, organic farming, renewable energy, disaster risk reduction mgt.). – <i>SJI/MoAF/Tarayana</i>						
Documentation of best practices and guidance on ECP mainstreaming.	6. Preparation of a publication of examples (physical, change in mind set, budgetary decision making) of ECP mainstreaming application to the sectors, LGs and CSOs.	Initiate	Funds for TA and Publication	MRG	Jan/Feb. 2013.	High	To incorporate into the ToR developed by JSP PMU for support through RoD/JSP.
	7. Publication should be internationally relevant but contextualized to Bhutan.						