Starting Strong on the SDGs in Asia: Readiness in Bhutan

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Main messages

- Bhutan has consistently mainstreamed internationally agreed goals in its development agenda. This is now happening also with the recently approved sustainable development goals (SDGs).
- The international development community has designated Bhutan an early mover country on SDGs. The early evidence suggests that Bhutan is living up to this designation.
- That evidence also shows that Bhutan’s long-held conviction to gross national happiness (GNH) accords well with the holistic and integrated development approach that underpins the SDGs.
- Bhutan’s planned graduation from least developed country (LDC) status is further well-aligned with many of the SDGs.
- Bhutan is taking the initiative on some of the softer elements of SDGs implementation by supporting sensitisation programmes for government officials and awareness raising for the general public.
- Bhutan has begun to capitalise on strong synergies between the SDGs emphasis on tracking results and its own multi-level national planning framework that targets national and sectoral results areas.
- Overall, Bhutan’s initial response to the SDGs is encouraging and the country appears to be ready to take meaningful next steps.
1. Introduction

Bhutan is a small Himalayan kingdom landlocked between two giant neighbours—China to the north and India to the South. It has a total population of 768,000 people spread across a land area of 38,394 sq. km. Since embarking on a modern development path in the 1960s, Bhutan has witnessed considerable progress on socioeconomic development. But even with this progress, it merits underlining that Bhutan remains an agrarian society with 69% of the country’s population residing in rural areas (Population and Housing Census, 2005).

Bhutan’s gross domestic product (GDP) per capita1 today stands at USD 2490 compared to USD 100 in 1977 (Bhutan Vision 2020, Planning Commission Secretariat, 1999). Over the past decade (2003-2012), poverty2 has fallen from 31.7 to 12% (Poverty Analysis Report, 2012). Education and health have also come a long way over comparable junctures. Net primary enrolment, for example, has increased to 97% in 2014 compared to 62% in 2000, while life expectancy has risen to 68 years in 2013 from 36 years in the 1960s.

But these development gains have also given rise to new challenges. For example, relatively faster growth in urban areas has resulted in increasing flows of rural-urban migration, leading to social disharmony and unemployment, especially among younger generations. Moreover, though Bhutan’s achievements in environmental conservation have been recognised internationally, the country has fallen victim to various natural disasters such as earthquakes, landslides and flooding — some of which are attributable to climate change.

To help manage these emergent challenges, Bhutan has consistently mainstreamed internationally agreed goals into its development agenda. This includes the recently approved sustainable development goals (SDGs). The international development community, led by the United Nations Development Programme (UNDP), has in fact designated Bhutan a first-mover country on SDGs. The early evidence suggests that Bhutan is living up to this designation. That evidence shows that Bhutan’s long-held conviction to gross national happiness (GNH) accords well with the holistic and integrated approach that underpins the SDGs. Illustrating this natural overlap is the fact that 15 of the 17 SDGs are already covered by Bhutan’s development plans. Bhutan is also taking the initiative on some of the softer elements of SDGs implementation by supporting related sensitisation programmes for government officials and awareness raising for the general public. Bhutan has further begun to capitalise on strong synergies between the SDGs emphasis on tracking measurable results and its own multi-level national planning framework that targets national and sectoral key results areas.

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1 GDP per capita is calculated in nominal terms.

2 Poverty in Bhutan is defined as the minimum acceptable standard of per capita consumption (2124 Kcal per person) needed to assure a minimum standard of living, and is obtained using the Cost of Basic Needs (CBN) approach.
Although the picture above is relatively favourable, there are several areas that could upend progress on the SDGs in Bhutan. Notable hurdles include continued bouts with poverty, a lack of technology, shortages of human and financial resources, limited amounts of quality data, and a relatively narrow economic base. In many of these cases, the international community can provide help but ultimately the onus will fall on Bhutan to create conditions that are conducive to receiving and capitalising on domestic initiatives and outside assistance for the SDGs. The early indications suggest Bhutan is more than ready to create these conditions and take meaningful action on the SDGs.

The remainder of the paper is divided into seven sections. The second section outlines Bhutan’s national development planning framework. The third section discusses the linkages with national goals, objectives and strategies, and the SDGs. The fourth section describes the main features of the SDG implementation framework. The sixth section provides an overview of finance, technology and capacity building. The seventh section describes challenges and recommendations for the way forward.

2. Bhutan’s National Development Planning Framework and related processes

Development in Bhutan has in the past and will also in the future be guided by the holistic and inclusive philosophy of Gross National Happiness (GNH). The concept was first coined by the visionary leader, the fourth King of Bhutan Jigme Singye Wangchuck, in the early 1970s, when he said that ‘GNH is more important than gross national product (GNP) in Bhutan’. However, this does not imply that GNP is unimportant. The development framework of GNH and GNP are seen as complimentary.

The concept of GNH is a multidimensional development framework that places people at the centre of development. It encompasses four pillars, namely: 1) sustainable and equitable socio-economic development; 2) preservation and promotion of culture; 3) conservation and sustainable utilisation and management of environment; and 4) promotion of good governance. The underlying principle behind the development philosophy has received growing amounts of attention as an alternative to conventional development models.

Bhutan follows a five-year development planning cycle which started in 1962; the country is currently implementing the Eleventh Five Year Plan (11th Five Year Plan (2013-2018)). The country’s five-year development plan adopts a results-based planning framework where the focus of the plan is outlined at the national and sectoral level in the form of results National Key Result Areas (NKRAs) and Sectoral Key Result Areas (SKRAs).

For example, the overall goal for the 11th Five Year Plan is to achieve ‘Economic Self-Reliance and Inclusive Green Socio-Economic Development’. Likewise, NKRAs and SKRAs with

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3 Self-Reliance is defined as being able to meet all of our national development needs as articulated through our Five Year Plans by 2020. Inclusive Social Development requires reducing poverty and inequality by enhancing the standard of living and the quality of life of the
conforming Key Performance Indicators (KPIs) and targets have been developed to measure the progress of agencies and local governments towards achieving the overall goal and key result areas.

The Gross National Happiness Commission Secretariat (GNHCS), the then Planning Commission, was established in 2007 to ensure that GNH is mainstreamed into conventional development planning. The GNHCS is the central agency responsible for planning, coordinating and monitoring long- and short-term development plans for the entire country in consultation with relevant line ministries and local governments. 4 GNHCS is also responsible for spearheading and reviewing all public policies to ensure that GNH principles are mainstreamed into appropriate processes.

The long-term perspective plan and five-year development plans are inclusive as they not only take into account national priorities but also integrate the international and regional goals like the Millennium Development Goals (MDGs), Istanbul Programme of Action (IPoA) and the SAARC goals into development plans. For example, the 11th Five Year Plan has 16 NKRA s and one such NKRA is poverty reduced and MDG+ achieved. This is a clear indication that the country not only aims to achieve the MDGs but go beyond the MDGs. Another example is that Bhutan is moving towards graduating from the LDC category by 2020, a core objective under the IPoA. United Nations Development Programme (UNDP) Administrator, Helen Clark and the Honorable Prime Minister of Bhutan recently in the 70th UNGA agreed that Bhutan will be an early mover country (SDG priority country) in the Asia-Pacific region.

3. Coherence and linkages of the country goals, objectives and strategies with the SDGs and other global goals

Bhutan has made significant progress towards fulfilling its commitments under the Brussels Program of Action (BPoA) — an international initiative that ran from 2001 to 2011 to “promote sustainable development of LDCs and their beneficial integration into the world economy” (United Nations, 2001). The seven commitments5 are effectively integrated into its national development framework and reflected in Bhutan’s Ninth (2002-2007) and Tenth Five Year Plans (2008-2013). One of the key milestones in the 11th Five Year Plan of the country is to ‘graduate from the LDC status by 2020’ and during the triennial review by Committee for Development Policy in March 2015, Bhutan was found to have met the income and human assets indices, making it eligible for graduation from the LDC category for the first time (CDP Report on Seventeenth Session, 2015). This highlights the commitment of the government in achieving the goals that Bhutan has agreed to on a global level.

most vulnerable sections of our society. Green Development means ensuring carbon neutral development at all times.

4 Additional information about the Gross National Happiness Commission Secretariat (GNHCS) can be found at www.gnhc.gov.bt.

5 The seven commitments are 1) fostering people centered policy framework; 2) good governance at national and international level; 3) building human and institutional capacities; 4) building productive capacities to make globalization work for LDCs; 5) enhancing the role of trade in development; 6) reducing vulnerability and protecting the environment; and 7) mobilizing financial resources.
Likewise, to achieve the goals under SDGs, efforts towards localising the SDGs are already in process. The SDGs are multi-sectoral in nature; this would presumably make it easier to integrate with Bhutan’s development plans, which are also multi-sectoral. For example, goal 15 under the SDG states ‘protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss’ by 2030. This goal mirrors one of the four pillars of GNH ‘environmental conservation’ (UNDP, 2015).

### 3.1 Identifying Bhutan’s SDGs

An exercise to map the SDGs with the 16 National Key Result Areas in the 11th Five Year Plan was carried out by the GNHCS. This exercise revealed that 16 goals under the SDGs were already integrated into the current plan. The only SDG that was not already covered was SDG 14, ‘Life below water’, which is not relevant for a mountainous country like Bhutan (Unpublished, GNHCS). Similarly, experts from UNDP have conducted a Rapid Integrated Policy Assessment (RIPA) for Bhutan (Unpublished, UNDP). Unlike the mapping exercise, which mapped the SDGs against the 16 National Key Result Areas (NKRAs), this assessment looked at the possible links between targets and Key Performance Indicators (KPIs). The assessment provides a gap analysis of the SDG targets not prioritised in the plan and also highlighted the different targets that have been prioritised by multiple sectors. The assessment revealed that, from the 169 targets, 143 targets were possibly relevant for Bhutan. In addition, from the 143 possible targets, 134 targets have already been prioritised in our Eleventh Plan, excluding targets under SDG 14, Life under Water and SDG 17, Means of Implementation (MOI) (Unpublished, UNDP).

Some preliminary findings of the assessment highlighted gaps in terms of financial inclusion, migration, gender and social protection (Unpublished, UNDP). As an early-mover country, few initiatives have already been carried out; for instance, Bhutan’s government officials, parliamentarians, civil society and media have taken sensitisation programmes (UNDP website)

Although achieving all the SDGs is of paramount importance for achieving GNH, considering that Bhutan is one of the priority countries on SDGs, the Royal Government of Bhutan has been discussing concentrating special attention on the following three SDGs:

- **SDG 1.** End poverty in all its forms everywhere;
- **SDG 13.** Take urgent action to combat climate change and its impacts; and
- **SDG 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. (Unpublished, GNHCS)

Bhutan is currently in the middle of implementing the Eleventh Five Year Plan; the midterm review of the plan will present opportunities to assess the plan and identify entry points
where relevant targets under the three prioritised SDGs could be incorporated. In addition, the preparatory work for formulating the 12th Five Year Plan has also been initiated by GNHCS. The integration of the three prioritised goals under SDG will assume importance in the 12th Five Year Plan.

A carefully designed SDG awareness raising programme will also be launched by the GNHCS in collaboration with UNDP country office in 2016. This will be followed by a series of sensitisation workshops for local governments on the 12th Five Year Plan (with links to the SDGs) that will be held in 2016.

3.2 Bhutan and the MDGs

The last review of Bhutan’s progress towards the MDGs was carried out in 2008. Since then, Bhutan has made solid progress in achieving most of the goals. For example, targets under Goal 1 under MDG ‘To eradicate extreme poverty and hunger’ have been achieved. In 2000 the proportion of people living below the poverty line was 36.3% and the target was to reduce this figure to 20%. However, as of 2012 the poverty rate in Bhutan stands at 12% (PAR, 2012).

To highlight another example, targets related to MDG 2 (Achieve universal primary education) have been achieved with Gross Primary enrolment ratios of 113%, Net Primary Enrolment ratio at 95%, and 109% on primary completion rate in 2014 (AES, 2014). However, some of the areas of concern in achieving the MDGs such as malnutrition, female enrolment in tertiary education, spread of HIV/AIDS and the challenges of youth unemployment are issues that have been taken into consideration during the 11th Five Year Plan (GNHC, 2013).

Some policies that have been put in place in the 11th Five Year Plan to address these challenges are the national employment policy, food and nutrition security policy, and the national education blueprint, while the technical and vocational education blueprint is being currently formulated. Similarly, the gaps identified in the SDG assessments and other regional and international goals will be taken into account while drafting the 12th Five Year Plan.

Since the Rio Summit in 1992, Bhutan has become a Party to eleven United Nations multilateral environmental agreements, including the three Rio Conventions – Convention on Biological Diversity (CBD), United Nations Framework Convention on Climate Change (UNFCCC), and United Nations Convention to Combat Desertification (UNCCD) (NEC, 2012). Engagement in several multilateral environmental agreements has also helped to strengthen policies and programmes that could help achieve the SDGs. This includes Biodiversity Action Plans, National Bio-safety Framework, National Adaptation Programme of Action, National Communications to the UNFCCC and National Action Programme to Combat Land Degradation.

Bhutan has also recently been promoting mitigation and adaptation measures for crop and livestock production through the national strategy on climate change adaptation of the Sectoral Adaptation Plan of Action (SAPA) (MOAF, 2014) (Group, 2015). Further, during the Paris Climate Summit in December 2015 Bhutan committed to remaining carbon neutral, whereby emissions of greenhouse gases (GHGs) will not exceed the estimated at 6.3 million tons of CO₂ sequestered in forests (NEC, 2015).
4. Implementation Framework

Implementation of the SDGs will be facilitated by the existing framework that ensures vertical and horizontal policy coherence. The results-based planning strategic framework adopted in the 11th Five Year Plan articulates the outcomes and outputs that need to be achieved over the five years in order to achieve overall goals. The diagram below illustrates the framework:

The implementation framework for the 12th Five Year Plan is likely to work across three levels. The GNHCS will formulate overall goals, NKRAs, and SKRAs in consultation with other key stakeholders (ministries, local governments, private sector, civil society organisations (CSOs) and academicians). The consultations will be held both at the individual and group levels.

Results-based programmes that are designed to achieve the outcomes and outputs in the NKRAs and SKRAs will be developed by the concerned central agencies and local governments (LGs). These agencies are also responsible for effective and efficient implementation of these programmes. The GNHCS will, however, be responsible for coordinating across agencies and monitoring agency progress toward achieving the targets under key result areas.

The midterm review and terminal review of the five year plan is done by the GNHCS. The SKRAs, DKRAs are the basis for monitoring the performance of the agencies and local governments in the 11th Plan. A web-based computerised system, the planning and monitoring system (PLaMS) has also been instituted to systematically monitor and evaluate plans and programmes.

The 2014 flagship report of United Nations Office of the High Representative for the Least Developed Countries (OHRLLS) further observes that a number of factors have led to
exceptional drops in poverty in Bhutan, namely: effective five-year plans; decentralisation; improved political and administrative capacities; and enhanced public service delivery.

5. Means of Implementation

5.1 Financing

Domestic resources

Domestic resource mobilisation is major priority as illustrated by the 11th Five Year Plan's (2013-2018) strong focus on self-reliance. Self-reliance is interpreted as “the ability to meet all national development needs as articulated through Five Year Plans by 2020.”

An important key performance indicator under the national key result area of sustained economic growth in the 11th Five Year Plan is to increase the proportion of domestic financing to total expenditure to 85% or more by 2017-18. However, delays in the commissioning of hydropower projects may hamper efforts to achieve the self-reliance objective on time.

External debt has increased from 71.7% of GDP to 97.39% by 2013; this is mainly due to increased investment in hydropower projects. Bhutan's debt is expected to increase to 121% of GDP by the end of the 11th Five Year Plan. At the same time, the government's ability to repay its debt obligation has also been improving (GNHC, 2013).

In promoting socioeconomic development, Bhutan has generally followed the international best practices of using domestic financial resources to cover recurrent expenditures while reserving official development assistance (ODA) and external borrowing for capital investments. This has ensured a sustainable and manageable debt situation in Bhutan. The government is further increasing efforts to mobilise resources for implementing the five-year development plans through blended or multiple stakeholder approaches that combine domestic, private sector, civil society, and ODA resources. To encourage private sector financing, there have also been efforts to set up public private partnerships (PPP).

External Resources

As mentioned in earlier sections, Bhutan is eligible for graduation from the LDC category. An assessment on the prospects and challenges associated with graduation suggests immediate implications might be smaller than expected: ODA still funds about 34% of the country's development programmes and, most significantly, capital budget. With the decreasing trend in ODA in Bhutan, other innovative sources for financing development to achieve the SDGs are being explored such as external resources from non-conventional development partners and sources such as the Green Climate Fund (GCF), increased taxation on vehicle imports, and green taxes.
The development partner that has taken an active role on MOI of the SDGs is the UNDP. UNDP country office conducted a half-day SDG session with all the other development partners in Bhutan. A sub-group of the Development Partners Group was established on data and the SDGs, chaired by the UNDP, to identify a common approach to support Bhutan in measuring progress against the SDGs (UNDG, 2015). Nevertheless, since the country is at an early stage of integrating the global agenda, more development partners are expected to come on board during the implementation of the 12th Five Year Plan.

5.2 Capacity

A clear advantage for Bhutan in terms of capacity lies in the strong political support for the concept of sustainable development. To a significant degree, this concept has been guiding Bhutan’s development since the 1960s. In addition, human resource development has become a priority as evidenced by huge investments in education as well as long- and short-term trainings within and outside the country. A thorough assessment has not yet been conducted, but there is a proposal on establishing a sector skills council to manage this area.

5.3 Technology

As an LDC, Bhutan lacks access to technology. The shortage owes much to the negligible levels of investment in research and development. Thus bridging the technology divide is a major challenge facing Bhutan. Numerous initiatives have nonetheless been undertaken to “promote a green and self-reliant economy sustained by an information technology enabled knowledge society and guided by the philosophy of GNH” such as strengthening the infrastructure backbone of information technology, building the capacity of information technology officials and developing appropriate policies and legislation (GNHC, 2013). All 205 of Bhutan’s Gewogs (the group of villages that form an administrative unit below the district level) under the country’s 20 districts are now connected to mobile services. All 20 districts are now connected to the internet, but some blocks and villages are still not connected. In the area of e-Services, a Government-to-Citizen (G2C) initiative is underway to implement 135 e-services. 22 G2C e-services have been made available through the Community Centres that are connected to the Internet.

6. Issues and Challenges

Like other developing countries, Bhutan also faces several developmental and implementation challenges. Some of these challenges will hinder the effective and efficient implementation of the development plans including the SDGs. Some of the key challenges are as follows:

Poverty

Poverty eradication is a essential prerequisite for sustainable development. Although commendable achievements have been made in terms of reducing poverty, multidimensional
poverty in Bhutan remains a concern at 12.7% (Bhutan Poverty Assessment, 2014). Well-designed poverty interventions such as Targeted Household Poverty Programs, Rural Economy Advancement Program, National Rehabilitation Program are being implemented. However, due to limited resources, reaching the last mile promises to be a sizable challenge.

Slow growth of the private sector

The government recognises the importance of the private sector as an engine of growth, generating employment generation and sustaining economic development. The biggest policy enabler that the government has instituted is the economic development policy (EDP), which lays out clear strategies ranging from incentives to policies and financing to enable private sector growth in sectors with significant growth potential. Growth has nonetheless been slow. Continued efforts are being made by the government to facilitate private sector growth, and the adoption of the SDGs will reinforce efforts to change the role of the government from a “provider to an enabler.” The role of the private sector is particularly critical to achieving SDG 8, 9 and 12.

Shortages of human and financial resources

Like any other developing country, Bhutan is faced with sizable financial as well as human resource constraints. Reductions in ODA as well as delays in commissioning of the hydropower projects could hamper SDG implementation in the short-run. Achieving the objective of financing 80% of expenditures from domestic resources will reduce the dependence on ODA and external resources for implementation. A lack of human resources at the local level has been highlighted as a major challenge in the implementation of the plans and programmes for local governments (GNHC, 2013). Since local governments are actively engaged in implementing the SDGs at the local level, this could pose a huge impediment for achieving the national development goals as well as the SDGs.

Limited and unreliable data

To measure the progress towards achieving the targets in the 11th Five Year Plan, key performance indicators have been developed. However, a lack of reliable data will pose a formidable challenge for measuring the performance achieving the 169 targets under the SDGs.

High youth unemployment

There has been a great deal invested in providing access to education over the years, but quality of education remains a challenge. This is evidenced by the increasing rate of youth unemployment and the mismatch of skills in the labour market. Demographic trends in Bhutan indicate that the country is currently experiencing a “demographic bonus”—a period
when the number of potentially employable people is greater than non-working children and elderly — and this trend is expected to increase until 2030.

Narrow economic base

The Bhutanese economy relies heavily on hydropower for growth, which has limited potential for creating productive jobs for increasing educated labour force. In addition, the lack of diversity in the economy will make the country vulnerable to external as well as internal shocks. As the SDG targets are inherently multi-sectoral, the lack of a diversified economy would affect other goals. For example, it will not only affect SDG 8 but also SDGs related to poverty, education, health, employment and so on.

7. Conclusion

A major key to success for Bhutan in achieving the SDGs is the existence of high level of integration of the SDGs into the national development plans. Since the framework for sustainable development has been adopted by the country in the form of GNH, there is a high level of acceptance on the overall framework from all stakeholders. Strong political will is another likely key to success for Bhutan. There has been strong political commitment to all the international and regional goals and this is confirmed by strong support from Bhutan’s Prime Minister for Agenda 2030, as well as the proposal of Bhutan as a priority country for implementing the SDGs in September 2015.

The roles and responsibilities of agencies such as the GNHCS, central agencies, local governments are clear in terms of implementing the national development plans that are linked to the SDGs. It is this vertical and horizontal institutional coherence that will help ensure that programmes are implemented and targets are met.

Bhutan has continually integrated internationally agreed goals into its development agenda. Five-year development plans in Bhutan have been formulated taking into account these goals and targets. The 10th Five Year Plan was inclusive of the MDGs and the SAARC Development Goals, while the 11th Five Year Plan also relates to the other international goals such as the IPoA. The inclusiveness of the development plans is reflected in the 11th Five Year Plan with a concrete milestone such as graduation from LDC status and other related programmes that will help boost self-reliance (GNHC, 2013).

Moreover, the high level of integration of 15 goals under the SDGs with the 16 NKRA of the 11th Five Year Plan suggests that Bhutan is prepared to implement the SDGs. Further integration of the SDGs into the development plans will occur in the 12th Five Year Plan (2018-2023). The midterm review of the 11th Plan will also ensure that the gaps identified in the assessments conducted by UNDP will be considered — and potentially filled.

On an encouraging note, the institutional framework for the implementation of the SDGs is already in place. Further, initiatives aimed at localising the SDGs are underway with several sensitisation programmes for the stakeholders completed. The awareness programme for the general public will conclude at the end of this year along with the 12th Five Year Plan guidelines.
References


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