

2007 RC ANNUAL REPORT

Letter from the UN Country Team

The **Introductory Letter** should address the following issues:

- ***Brief description of major development or political events that have had an effect on the work of the UNCT. It should not be longer than half a page;***

2007 saw major activities unfold as Bhutan progressed towards its transition to a democratic constitutional monarchy. Bhutan and India signed the updated India-Bhutan Friendship Treaty, symbolizing a new era of political stability. The draft Constitution was updated for adoption in 2008, the National Assembly as well as the Council of Ministers were dissolved, 47 constituencies finalized and two political parties have registered for the country's first general elections of the national assembly scheduled for March 2007.

While many Bhutanese have been anxious about the changes, great care and planning has gone into developing the framework for democracy. Bhutan has already established many of the new systems and institutions needed to support democratic governance, some of them with UN support. Capacity development of all relevant agencies both at the national and local levels has been crucial to ensure democratic governance and rule of law. At the same time, public information on the functioning of the democratic system and its institutions remain an important area. While every effort has been made to educate the people on the democratic process and the importance of their participation, individual citizens also need to be aware of their rights and responsibilities through continued ongoing civic education to enable people to participate actively in public decision making.

The country held two rounds of mock elections in early 2007 to educate the people on the election process; these were supplemented with a series of training programmes on voter education in preparation for the general elections in 2008. All twenty districts have elected their National Council representatives through the country's first democratic voting process and the general elections to the National assembly are scheduled for March 24th.

In the lead up to the elections, there have been fundamental changes in the governance system. Several senior government officials including 8 of the 10 Ministers resigned from their services to join the political process. This resulted in a high turnover in the civil service system.

Given the changes in the government system, the implementation of the country's 10th five year plan, scheduled to start from July 2007 was postponed by a year. The postponement provided an opportunity for the Government to complete as far as possible all the Ninth Plan activities within December 2007 while also allowing for realignment of national priorities with the emerging challenges that the country would face in its political transition. An advanced draft of the 10th Plan document will be presented at the 10th Round Table meeting scheduled for mid February 2008 in Thimphu.

- ◆ ***Highlights on progress in UN Reform. Summarize the two or three most significant achievements in UN reform, in particular from the following areas:***

(i) *efforts to align with the national development processes;*

The two overriding objectives of the UN Country Team – Bhutan in 2007 were

(a) to enhance development effectiveness of UN activities in Bhutan through improved UN coordination, effectiveness and efficiency in supporting national goals and (b) to simplify and harmonize UN administrative and financial procedures for operational activities, while maintaining and building on the effectiveness and value added that each agency brings within the diversity of the UN. The overall intention has been to follow the principles of the Paris Declaration on Aid Effectiveness and move the UN in the direction of delivering as one at the country level while conforming more closely to national systems and procedures.

UNDAF/CPAP were developed in parallel with the Government's 10th Plan, which allowed full alignment and cross fertilization in terms of priorities and strategies.

Following a participative process among staff from Excom agencies which assessed the value added of formulating a common CPAP (as opposed to preparing four separate ones), the UNCT took the lead in the preparation of a cCPAP. With the agreement of the government, a common CPAP 2008-2012 (cCPAP) was signed in December 2007 which reflects the activities of 15 UN agencies (resident and non-resident). The common CPAP has been derived from the UNDAF which was prepared through a highly consultative process with the Government and signed in June 2007. The five priority areas that the UN system will be supporting Bhutan over the next five years (2008-2012) as per the UNDAF and now the cCPAP are: (1) increased opportunities for generation of income and employment in targeted poor areas; (2) increased access to, and utilization of, quality health services, with emphasis on reproductive health, maternal and child health and nutrition, HIV/AIDS, tuberculosis, malaria and non-communicable diseases; (3) improved access to quality education for all, with gender equality and special focus on the hard-to-reach population; (4) strengthened institutional capacity and people's participation to ensure good governance; and (5) strengthened national capacity for environmental sustainability and disaster management.

(ii) support to the national government in the preparation, implementation, and/or revision of comprehensive MDG-based national development strategies;

The MDGs are consonant with the country's development philosophy of Gross National Happiness and are in line with national development priorities. As a first step towards achieving the MDG targets, a comprehensive MDG Needs Assessment and Costing exercise was initiated by the Planning Commission in March 2007 with support from UN agencies in the country and from UN support regional teams. While the country is on track to achieve most of the Millennium Development Goals, the scarcity of resources is the most significant constraint for the full realization of MDG targets. The report which presents a detailed assessment of what the country requires in terms of financial, human and institutional resource needs and policy reforms to meet the MDGs by 2015, will be tabled at the 10th RTM in February to help mobilize resources from development partners to help Bhutan assist in achieving the MDG goals by 2015.

Bhutan is one of the first countries in Asia to undertake such an exercise with support from the MDG Initiative team from the

UNDP Asia Pacific Regional Centre in Colombo and experts from UNFPA, UNICEF and UNDP. The MDG Needs Assessment and Costing exercise came at a critical juncture. With the imminent introduction of parliamentary democracy in Bhutan, the focus on MDGs will also help nurture and consolidate the democratization process. The implementation of the interventions identified by the exercise will empower communities to hold authorities accountable and provide a means to assess the performance of political leaders on issues that impact their quality of life. The Report estimates that Bhutan will need to invest around USD 2.5 billion between 2006 and 2015 if it is to implement the interventions identified by the Thematic Task Forces for achieving the Millennium Development Goals.

(iii) (progress UNCTs are making collectively in support of the national partners' endeavors towards capacity development and aid effectiveness;

Capacity development has been an integral part of UN system's support to Bhutan. This was further emphasized as the country progressed towards a democratic constitutional monarchy starting 2008. The United Nations assisted the Government in enhancing transparency and accountability through its support to constitutional bodies such as the Anti Corruption Commission, the Election Commission of Bhutan and the Office of the Auditor General. Support to capacity development of the National Commission on Women and Children has promoted equal representation of women and men in political development as well as the quality of their participation in public decision-making processes.

Recognizing the need for reliable and disaggregated data to facilitate evidence-based national and local development planning and policy formulation, the United Nations jointly provided technical and financial support to the Government for the collection and analysis of statistical data, along with the requisite development of national capacity in this area. To further support the availability of disaggregated data at national and sub-national levels, the Government and United Nations collaborated in undertaking the Bhutan Living Standard Survey 2007, as well as in production of poverty-related data at the *dzongkhag* level and preparation of *gewog*-level socioeconomic profiles.

The 10th FYP will be results-based, with poverty reduction and achievement of the MDGs as national priorities. Effective

operationalization and use of the results-based integrated system for the 10th FYP and a multi-year rolling plan and budget, as well as further enhancement of the results-based and pro-poor planning process, will require substantial capacity development at the national and sub-national levels. Although availability and quality of data have improved significantly, monitoring and evaluation on certain indicators and at the disaggregated level remain a challenge. Along with this, it is important to strengthen capacity for policy analysis, research, and disaggregated data collection and use facilitated by data systems. To enhance aid effectiveness, care has been taken to align UNDAF/CPAP indicators with those in the 10th Five Year Plan.

(iv) experiences with Joint Programmes and HACT, as well as other highlights in coordination;

During the course of 2007, four major joint programmes: Promotion of Culture-Based Creative Industry for Poverty Reduction and Community Vitalization ; Environmental Mainstreaming in Bhutan; UN Support to Poverty Analysis in Bhutan and a Memorandum of Understanding aimed at supporting the Government's goal of universal primary education by 2015 were implemented while the procedural formalities for the third joint programme (Human Security project) was completed and is due for implementation in 2008.

Promotion of Culture-Based Creative Industry for Poverty Reduction and Community Vitalization – a joint programme between UNDP, UNESCO and UNIDO has been formulated and is currently being implemented. This project aims to provide income-generating initiatives based on cultural activities such as handicrafts, textiles, music, and dance, oral traditions, design, fashion, including tourism, among others. For this joint UN supported project, UNESCO is providing the technical support to execute the cultural resource mapping and to conduct the survey on culture industries and UN's industrial development agency, UNIDO supports the inclusion of an entrepreneurial and business angle into the existing vocational training curricula responsibility to unify its economic and cultural goals.

Environment Mainstreaming, a joint project between UNEP and UNDP aims to integrate environment mainstreaming as an important component in the development of plans and policies for the country. This is being done through capacity development of national counterparts and developing

guidelines to link environment sustainability to economic growth and poverty reduction.

UN Support to Poverty Analysis in Bhutan was a joint program between FAO, UNDP, UNFPA, UNICEF and WFP which resulted in the conducting of the Bhutan Living Standard Survey 2007 (BLSS). The Bhutan Living Standard Survey (BLSS) 2007 conducted by the National Statistics Bureau with support from the UN System in Bhutan and the Poverty Analysis Report (PAR) 2007 reveals that 23.2 percent of the country's total population lives below the national poverty line, a drop from 31.7 percent in 2004.

UNICEF and WFP through a Memorandum of Understanding signed in 2007 supported the Government in its efforts to achieve universal primary education by 2015 through support for WASH facilities in existing primary and secondary schools without access to water supply or sanitation facilities; gender sensitization efforts to accelerate girl's enrolment; support UNGEI and assist in ensuring continued education in emergencies through capacity development of teachers on preparedness and response and through provision of food and education related materials during emergencies.

The Human Security project which will be implemented in 2008 will address the following challenges: Rural Poverty and Hunger, Illiteracy, School Enrolment, Unemployment and Youth and Child and Maternal Mortality, HIV/AIDS. The 30-month project is specifically designed to address the above mentioned challenges through a joint UN programme approach among UNDP, UNFPA, UNICEF, UNV, WFP and the Government including NGOs as implementing partners. The project's objective is to empower and increase the level of human security of vulnerable people particularly children and women of rural Bhutan through providing multi-sectoral supports including literacy and vocational education, health, income generation and job creation in an integrated and sustainable manner.

Besides these joint programmes, the UN agencies continued to collaborate and put their resources together for other collaborative initiatives such as the MDG Needs Assessment and Costing Exercise, the implementation of the National Disaster Framework, support the introduction of fuel efficient stoves to reduce fuelwood consumption including joint advocacy efforts together with the Election Commission of Bhutan to raise awareness among Bhutanese youth on the changing political process through educational programmes.

HACT:

In order to implement the Harmonized Approach to Cash Transfers to Implementing Partners (HACT) as per Paris Declaration on Aid Effectiveness held in Paris on 28 February – 2 March 2005, a macro assessment of the public financial management system in Bhutan was conducted in conjunction with the UNDAF process in early 2007. In November 2007, the UN ExCom Agencies requested the Royal Government of Bhutan to undertake Assessment of Financial Management Capacity (Micro Assessment) of the Implementing Partners involved in implementing the projects & programme activities during the 5 Year Country Programme Cycle 2008-2012.

The Royal Audit Authority, an external auditor of the UN supported projects was entrusted with the responsibility to carry out these micro-assessments of 12 Implementing Partners. In December, a HACT workshop was conducted for national counterparts and UN ExCom Agencies on the introduction & implementation of HACT, Annual Work Planning (AWP) and Results Based Management (RBM). More work is needed on the processes for HACT implementation that could harmonize & simplify cash transfers to Implementing Partners (IPs) & reporting back to Agencies. The UN Agencies need to take steps for capacity development of the IPs in specific areas identified in the Assessment Reports which will contribute to overall efficiency of the IPs.

Simplification & harmonization processes:

Simplification and harmonization of UN procedures to have in place a common and simplified set of administrative and financial operational procedures for UN agencies in Bhutan has been another objective of the UNCT during 2007. To address this, a common services workshop was held in April. The three-day workshop brought together a UN Operations team which had already been functioning together to fully understand the concepts that underpin the common services global programme. At the same time, it provided an opportunity to put together a comprehensive work plan, based on which the UN in Bhutan came together as one supported by more efficient, effective common services teams. Several activities have been undertaken in the areas of HR, Procurement, Finance and financial reporting, Administration, IT, staff welfare and common services to streamline management of common services while seeing the value added through the tracking of cost savings.

In the area of human resource management, efforts are on to harmonize SSAs. A study of current consultant rates in the region (India, Nepal), and among donor agencies and UN agencies was undertaken to establish a common benchmark of consultancy rates and qualifications ; a common roster for consultants to create a more robust roster is in progress. Under Supply/Procurement management, common Long Term Agreements have been established for travel/air ticketing, procurement of office supplies and stationaries and conference facilities. A common roster of suppliers and service providers has also been developed. A comprehensive salary survey was conducted with resulted in a positive revision of local salary through the change of the common work-week from 37.5 hours to 40 hours/week and the comprehensive salary survey itself which was undertaken in September.

Under Administrative management, pooled airport transportation arrangement are in place, DSA survey and hotel discounts harmonized and drivers uniform and communication equipment synchronized for effective communication. Although tracking of cost savings from these harmonized initiatives could not be undertaken, it has definitely resulted in cost savings from the pooling of resource persons and saved staff time. Under Financial management, Harmonized Approach to Cash Transfer is being implemented in 2008. Under ICT management, pooling of ICT equipments and the creation of a UN Bhutan intranet portal has enabled transparent and effective communication among UN staff.

2007 has been a good year for advancing our operational agenda. While these activities may seem small, it has paved the way for greater harmonization among the UN agencies in Bhutan. It will in the long run result in cost savings and more importantly streamline operational procedures in the UN in Bhutan. These harmonization efforts will be further enhanced when the UN agencies move into the new UN House (due to be completed in 2009.) where provisions have been made for a common floor for common services pertaining to administrative management, ICT and communication for all UN agencies. The drawings for the new UN House have been finalized and a Construction Contractor will be recruited in March 2008. The construction is scheduled to start in April 2008 with an expected completion date of June 2009.

- ◆ *Highlights on progress towards UNDAF outcomes (inputs provided by theme group chairs) in support to the national development priorities. This section should*

demonstrate how UN reform has impacted UN common programming.

With the objective of strengthening team building for managing any emergency at the UNCT level, the country team with support from UNICEF ROSA office organized an interagency pandemic influenza simulation in March with the participation of UNDP, UNFPA, UNICEF and WFP staff. The simulation provided an excellent opportunity for the UNCT to assess its level of preparedness in the event of a pandemic emergency. It helped identify key measures to improve UNCT level of preparedness for pandemic response and strengthen team building for managing any emergency within each agency and at UNCT level.

The simulation was followed by an IACP workshop in Bhutan in September for both the relevant UN staff and national counterparts with support from OCHA Regional Office (ROAP) in Bangkok to familiarize participants with major elements of humanitarian reform and its relationship with contingency planning and update and integrate existing plans. Currently, the UN Bhutan AHI plan is being updated to align it with the national AHI pandemic preparedness plan focusing on UN system support to the Government through scenario settings. The existing section of the plan pertaining to UN staff safety and health on AHI will be retained as an internal plan for the UN agencies. In follow-up to the contingency planning workshop, the government requested for a UN Disaster Assessment and Coordination mission which is scheduled for March this year.

In line with the UN HIV/AIDS Personnel Policy, the UNCT, through the UN Theme Group on HIV/AIDS availed resources(5000\$) from UN Cares funding window to establish a sustainable condom mechanism in the UN system in Bhutan for easy and continual access to relevant information and learning and essential supplies for HIV prevention. A KAP survey on staff knowledge, attitudes and behaviours with relation to condoms has been conducted. A learning strategy is in place through in-country workshops on HIV/AIDS in the workplace for all UN staff, condom promotion activities with UN personnel and families by making use of experts on missions to Bhutan including the theme group members. Additionally, two staff (one each from UNDP & UNICEF) have been trained as learning facilitators for HIV/AIDS in the workplace. UN Health/HIV/AIDS theme group will undertake the KAP survey every two years to help guide future interventions. Monitoring

condom availability in designated places will be conducted every six months.

Solution Exchange-Bhutan:

Another important initiative of the UNCT in 2007 is the establishment of an e-discussion forum (based on Solution Exchange-India) to provide development practitioners access to a wider range of experience and expertise available elsewhere through sharing of knowledge and experiences. Since its launch in March, the network has been welcomed by numerous members as a forum to share and discuss professional issues. The network growth is steady and the target of 800 members by end 2008 would be reachable if the current pace of new members continues. The discussions have led to panel discussions on national television as well as discussions on Radio and networking among members beyond the network knowledge sharing.

The discussion on Women in Politics was very timely and resulted in far reaching impact through frank discussions in the media including other forums. A consolidated reply was also published on this discussion for wider dissemination.

Solution Exchange Bhutan is expected to develop and sustain itself as the main forum for exchange of knowledge, ideas and solutions to address development challenges in Bhutan - for the broader purpose of development effectiveness. From 2008, costs for running SE Bhutan will be covered through cost-sharing by the resident UN agencies in Bhutan and the SRC funds.

GENDER MAINSTREAMING:

Mainstreaming gender is a cross cutting issue for UN assistance to Bhutan as per the UNDAF (2008-2012). To take forward this agenda, the UN Theme Group on Education and Gender has been responsible for ensuring that all Theme Group workplans are gender mainstreamed. The Theme Group also worked closely with the National Commission for Women and Children (NCWC) to support gender mainstreaming by integrating the National Plan of Action on Gender into key plans, programmes and legislations through capacity development of NCWC and the National Statistical Bureau. Efforts continued to raise awareness and advocate on girls' enrolment in low female net enrolment areas and the importance of women's participation in decision making through forums such as the International Women's Day and other information kits. The Theme Group is currently working

on a strategy paper on UN positions on gender to guide future interventions.

In order to ensure that UN programs and projects are gender mainstreamed, a three day workshop was conducted in Thimphu for all UN staff to re-orient staff on the importance of gender mainstreaming through hands-on-training on gender tools, practical application of gender mainstreaming into human resources and operations and analysis. It also included a basic level gender awareness session for the UN support staff. Efforts were also made to ensure that the cCPAP was gender mainstreamed.

A Global Learning Workshop on Engendering MDG based National Development Planning was held in Bhutan in December. Attended by UNDP senior and regional economists, and Regional Gender Advisors working in 14 different countries including senior government officials and UN staff in Bhutan, the workshop was aimed at internalizing and reinforcing understanding among participants of the synergy between achieving gender equality and poverty reduction. It also aimed at identifying from actual examples of MDG-based national development planning processes the strategic entry points and the limitations and opportunities of existing approaches and strengthening the capacity to apply tools and methodologies to engender MDG-related national development planning processes. The workshop was held in Bhutan given the country's constructive and positive experience in conducting the MDG Needs Assessment and Costing Exercise and also to maximize the potential benefit of learning from countries in the Asia-Pacific region who have had experiences in promoting MDG-based national development planning processes.

DEMOCRACY:

As Bhutan progressed in its transition to a democratic constitutional monarchy, the UN agencies, through its various programs supported institutional and human capacity development at the national and local level. UNICEF and UNDP with support from the UNRC funds supported the Election Commission of Bhutan in the production of a TV educational series on Understanding Democracy- targeting youth (who comprise half of Bhutan's demography) with the aim of complimenting the goals and efforts of the King and Government, by equipping Bhutan's youth with an awareness of their changing political environment, and equipping them with the tools that will help them become active and proud

participants in the new democratic process. Copies of the TV series is being distributed to all the 560 schools in Bhutan and regularly aired on national TV channel.

HUMAN RIGHTS BASED APPROACH TO PROGRAMMING:

The UNCT with the aim of strengthening the capacity of UNCTs to support national human rights protection systems conducted a learning session on HRBAP for all UN staff so as to help them understand the principles of human rights and its application in the work of the UN. Coinciding with the 50th anniversary of the Universal Declaration on Human Rights, general awareness on human rights was raised through information dissemination through the local media. An open essay competition on how universal declaration of human rights can foster GNH was launched which will be followed by a series of awareness raising activities in 2008 to coincide with the 50th anniversary of the Universal Declaration of Human Rights.

SECURITY:

Security is a top priority in the agenda of the UNCT in Bhutan. Following the four bomb explosions on 20th January in different parts of the country, the Security Management Team has reviewed the security provisions in place pertaining to communications, warden system and the UN premises security. Accordingly, efforts are on to beef up security measures through the training of UN staff on the use of VHF's; regular security briefings for staff are being conducted. The existing warden system is being strengthened. UN House premises security is being enhanced through installation of additional SRF's; security risk assessment will be conducted and the UN Bhutan Security Plan updated accordingly. A new armed outfit known as the United Revolutionary Front of Bhutan has reportedly claimed responsibility of the recent serial blasts with the intention to foil the election process.

- ◆ *The key aspects of the proposed 2008 workplan and linkages to ongoing issues of concern within the country; and*

LOOKING AHEAD

2008 marks a turning point for Bhutan. A written Constitution will be adopted for the first time in its history, transforming the

country into a democratic constitutional monarchy. The first democratic national elections for the new Parliament will conclude in March followed by the formation of a Government by the winning party. Against this background, ensuring UN's effective contribution to Bhutan's development in the context of changing external environment particularly with reference to the emerging challenges is crucial for the UN.

2008 will also see the Coronation of the Fifth King and the centenary celebrations marking 100 years of monarchy. Therefore, given the major activities in the country, it is foreseen that no major development activities can be carried out during the first half of 2008.

For the UN itself, we will be into our first year of operationalizing our vision of 'delivering as one' through the implementation of a common CPAP. Translating the cCPAP into practical operational collaboration between the participating UN agencies to increase operational effectiveness and achieve higher quality development results is a key challenge. Positioning the UN within the new democratic environment including strengthening links with civil society and media and continued emphasis on results based management particularly in the context of strengthening M&E capacities within the framework of CPAP will be crucial. Increased national ownership and enhanced national capacity development efforts, through maximum use of national mechanisms will be integral.

In pursuit of greater harmonization and simplification, joint AWP's will be formulated where two or more UN agencies support common outputs and have common national or sub-national partners and where there are potential gains in effectiveness and efficiency from combining efforts and resources. It is expected to enhance development effectiveness of UN activities in Bhutan and facilitate coordination with the government and reduce transactions costs for government through a single CPAP, resulting in fewer annual work plans, streamlined monitoring and reporting procedures and more harmonized financial processes. By choosing the option of a common CPAP the UN agencies commit themselves to a process leading to improved accountability and transparency, coordination, operational efficiency, programme delivery resulting in reduced transactions costs.

◆ *Recommendations, if any, for changes in policies, rules and regulations.*

The UN agencies working in Bhutan formulated a common CPAP to operationalize the UNDAF in 2007, and the whole process was indeed a learning experience for the UNCT. Based on the experiences, the following are some of the recommendations that the UNCT has that could be useful for country offices attempting to move towards the formulation of a common CPAP in the spirit of delivering as one:

1. Overlapping Programming Tools:

The UN has a standardized country programme planning process: CCA-UNDAF-CPD-CPAP-AWP. The planning practice in Bhutan proved that there is an overlap between UNDAF, CPD and CPAP, all three being five year tools. While the CPD is an individual agency document required to establish budget envelopes and agency accountability to the respective Executive Boards, the UNDAF and CPAP are both frameworks of cooperation with the Government.

While some were of the opinion that agency specific CPDs should be done away with or minimized, others argued that CPD would serve a better purpose if preceding the UNDAF and the UNDAF and cCPAP merged into one document. A more in-depth analysis of the pros and cons of the various suggestions, including also lessons from other countries, would be useful.

2. Common Learning and Training events by DGO:

More DGO type regional trainings on M&E, programme development, AWP's and HACT would be useful for Programme/Operations staff of UN agencies so as to better equip them in the new programming tools of the UN.

3. More guidance in terms of specialized agencies.