

2009 RC ANNUAL REPORT

Letter from the UN Bhutan Country Team

Brief description of major development or political events that have had an effect on the work of the UNCT:

The country's 10th Five-year Plan (2008-2013) was approved by the Parliament in January 2009. With a total budget outlay of Nu 148.074 billion (equivalent to USD 3.174 billion), the Plan aims to achieve Poverty Reduction, Enhanced Democratic Local Governance and Effective and Efficient Service Delivery. A new feature compared to the 9th Plan is a strategic framework to reduce poverty via vitalizing industry, rural-urban development, infrastructure, investment in human capital and good governance.

A mapping exercise conducted by the Joint Government-UN Theme Groups in advance of the first Country Programme Board meeting in March 2009, revealed that the UNDAF/ common Country Programme Action Plan (cCPAP) correspond well with the 10th Five-year Plan. The 10th Plan has integrated the Millennium Development Goals with most MDG targets currently on track for achievement by 2015.

Bhutan has been able to sustain its economic growth at over 8% in the past year. Growth in real income and significant improvements in social sectors have enabled Bhutan's HDI value to rise steadily over the years. With its HDI increasing to 0.619 in 2007, Bhutan moved up to 132 in the global ranking, one of the highest in South Asia (Human Development Report 2009). However, domestic revenues of Nu. 75.39 billion are expected to be sufficient to fund only around 52% of the total 10th Plan outlay. While Bhutan has become increasingly more self reliant over successive plan periods in being able to meet a larger share of its development expenditures, it will still require external assistance grants and loans of over Nu. 71 billion to meet its capital expenditures in the Tenth Plan. Moreover, the impact of natural disasters in 2009, particularly the September 21st earthquake will divert a significant share of the 10th Plan resources towards recovery and reconstruction and widen the resource gap. The Joint Rapid Assessment conducted by the UN, World Bank and the Government after the September earthquake estimated the cost of early recovery, reconstruction and disaster risk reduction at approximately US\$ 45.6 million.

Highlights on progress in UN reform:

Delivering as One Implementation:

Significant progress was made by the UN system in Bhutan in its efforts towards 'Delivering as One'. Financial performance under the five thematic areas in 2009 showed an estimated 85% delivery overall. In line with the One UN reform, the UN Bhutan Country Fund was established as a new mechanism for the UN to jointly mobilize and allocate resources for Bhutan, targeting funding gaps in the UNDAF/cCPAP. In 2009, the UN successfully mobilized \$677,000 from the Expanded Delivering as One Funding Window for the Achievement of the MDGs in support of un(der) funded activities under all five UNDAF/cCPAP outcomes.

Rapid and coordinated response to earthquake relief:

In the aftermath of the September 21 earthquake, the approach of Delivering as One in Bhutan has made it easier and quicker to provide rapid and coordinated earthquake relief and early recovery support. The UN agencies and the World Bank were able to field quickly a joint rapid needs assessment mission, in close cooperation with the Government, which provided a sound basis to mobilize emergency resources through various funding windows and bilateral donors. Within three months, the UN committed over US\$ 1 million to procure relief items for shelter, health, livelihoods, water and sanitation and education. It also provided the basis for follow-up technical assistance to advise on the reconstruction of cultural heritage buildings and monuments.

- (i) efforts to align with the national development processes:

The UN system in Bhutan, in close consultation with the Government, developed the 18 month rolling plan for all UN supported programmes (2009-2010), thus synchronizing the UN's calendar and the Government's fiscal year (July – June). The UN system also ensured alignment with the Government's Planning and Monitoring System (PLaMs) by using the Standard (quarterly) Progress Report template as a uniform reporting tool by the Implementing Partners for all UN agencies to report on activities along with the HACT FACE Form and the annual cumulative progress report.

(ii) support to the national government in advancing the achievement of the Millennium Declaration/MDGs:

In December 2009, the UN system in Bhutan in collaboration with the National Statistic Bureau (NSB) launched Bhutan Info, a customized version of DevInfo, that will facilitate the monitoring of the MDGs. RGoB and development partners now have a common platform (www.bhutaninfo.gov.bt) to access data and generate presentations on MDGs and other social, demographic and economic indicators. Alongside the launch, a pilot district-level database development has been initiated in Trashiyangtse, where 30 district officials including all 8 Gewog (block) administrative officers have been trained on database administration and users modules.

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

In addition to support provided through Annual Work Plans, in-country capacity development programmes continued to be organized for both national programme managers and UN staff in results based management, monitoring and evaluation, HACT/ FACE, and Standard Progress Reporting (SPR). Forums such as the annual cCPAP review and work planning exercise in December 2009 provided an opportunity for all the RGoB-UN Theme Groups to strengthen the methodology for results reporting and forward planning. UN agencies also supported capacity development of internal auditors through the annual audit conference where knowledge and experiences in field audit were shared with internal auditors of all Ministries.

Bhutan also participated in the Vienna High-level Symposium on Mutual Accountability and Aid Transparency, organized by the UN Economic and Social Council (ECOSOC) held in November 2009. Although Bhutan is not a signatory to the Paris Declaration on Aid Effectiveness, the Government has placed high importance on ensuring national leadership and accountability through better aid coordination.

A joint workshop organized by the RGoB, UNDP, Enhanced Integrated Framework (EIF) Secretariat, UNCTAD, UNIDO, and ITC focusing on trade promotion as a means to combat poverty in March 2009 paved the way for Bhutan as an LDC to access the EIF and benefit from opportunities generated by the multilateral trading system to respond to the trade development needs of these countries.

(iv) experiences of common programming, including HACT;

In 2009, four UN Development Group funds and programmes – UNDP, UNICEF, UNFPA and WFP took necessary measures to be fully compliant with the HACT requirements. The HACT Group developed a Joint Assurance Plan which includes the joint audit plan. There is strong support from the Government, in particular of the Royal Audit Authority (RAA) and Ministry of Finance (MoF) in rolling out HACT. To foster an integrated and holistic approach to monitoring, the HACT Group was expanded in 2009 to include programme M&E focal points, and formally instituted as the HACT/M&E Working Group. A workshop on Results and Rights Based Management was held in Thimphu in December 2009 to build the capacity of the Joint Theme Group Co-chairs in the development of a clear, actionable monitoring plan.

Based on the high level of harmonization among the UN agencies both at the programme and operations level, a joint Business Continuity Plan was developed in March 2009, which further reinforces UN Bhutan's 'Delivering as One' with mutual back-up facilities and equipment in case of major disruptive events. To address a potential H1N1 pandemic, the UNCT updated the Pandemic Preparedness Plan for UN staff in September 2009. The Plan is closely aligned to the BCP.

The UNCT took the opportunity also to rationalize the various committee requirements under these plans and agreed on a single structure to address all types of emergencies that takes into account existing coordination mechanisms and the small size of the resident UNCT.

Other highlights in coordination:

Human Rights: In early 2009, the UN system in Bhutan organized a seminar on Religious Values and Human Rights leading to a contribution of \$60,000 from the Netherlands Embassy in New Delhi, which was used to support the Institute for Language and Cultural Studies (ILCS) in carrying out awareness and advocacy activities related to Human Rights.

The UNCT advocated a participatory approach in the preparation of Bhutan's first report on Human Rights to the Human Rights Council for the Universal Periodic Review (UPR) in December 2009. The UNCT ensured the dissemination of the report and the recommendations of the Human Rights Council to the public by sponsoring the participation of a local journalist at the UPR meeting. Support was also extended in the publication of the report in English, Dzongkha and Lhotshampkha.

The National Assembly unanimously endorsed the two CRC Optional Protocols on the sale of children, child prostitution and child pornography and the involvement of children in armed conflict. In addition, the UN supported the draft Child Care and Protection Bill (CCPB) and the Adoption Bill which provides a comprehensive child protection legal framework; the Bills will be submitted to the National Assembly for endorsement in 2010.

Disaster Response: Following the September 21 earthquake, a sector-based Task Team structure was further set up under the Crisis Management Team (CMT) to facilitate coordination of relief and recovery support, reporting on the same and to provide a systematic mechanism to escalate issues to the level of agency representatives as needed.

Inter-agency UN Cares Group: An inter-agency UN Cares Group was established in 2009 and learning sessions were organized which also included voluntary testing where a record number of more than 50 staff participated. UNCT supported the capacity building of its two HIV/AIDS facilitators through their participation in the regional facilitator's workshop. With support from UNAIDS, a costed National Operational Plan on HIV/AIDS 2010-2011 has been established; the UN also supported the development of an AIDS proposal for accessing the Global Funds for Round 9.

Gender mainstreaming: Gender focal points were formally appointed in all five Theme Groups in cooperation with GNHC, and an inter-agency Gender Task Force was created to ensure that the National Plan of Action for Gender (NPA) recommendations are followed through in the RGoB-UN Theme Groups' work plans.

Common Services & Premises: The Operations Management Team and its working groups established long term agreements for UN agencies in Bhutan on key services such as conference facilities, vehicle maintenance, travel and stationeries.

Knowledge Management: The UNCT continued to support the Solution Exchange Development Network (www.solutionexchange-un.net.bt) as an email-based network of development practitioners from the Government, UN agencies, NGOs, academia, media and the private sector. The network today has more than 850 members: 41% are government or corporate employees, 33% from development organizations (working in Bhutan and abroad), and 26% are individuals working with the private sector, research institutions or academia. In 2009, discussions focused on several emerging challenges such as disaster preparedness and response, youth unemployment, alternative to plastic bags, and developing a framework for e-Governance, among others. A media encounter with representatives of all print and audiovisual media in Bhutan was held by the UNCT for the first time in November 2009, to explore more effective approaches to communication and advocacy around issues of concern in the global development agenda.

Highlights on progress towards UNDAF outcomes (drawing from your UNDAF Annual Review), in support to the national development priorities.

This section should also demonstrate how UN reform has impacted UN common programming

From nine joint AWP in 2008, there were 11 joint AWP in 2009 of which five involved non-resident agencies signatory to the UNDAF/cCPAP. The joint AWP were across all five UNDAF Outcomes and contributed to the objective of jointly achieving the UNDAF/cCPAP results.

For instance, the implementation of the Local Governance Support Program (LGSP) which started in July 2008 has forged a strong partnership among UN agencies and bilateral donors. The LGSP supported the revision of the 2009 Local Governance Act and the institutionalization of the Capital Grants for fiscal decentralization. In a milestone development, all 205 Gewogs across the country as well as the twenty Dzongkhags have received annual block grants in 2009. Support to local governments will be further strengthened through the new, multi-stakeholder Joint Support Programme signed in December 2009, which will increase capacity at both national and local level to mainstream environment, climate change and poverty concerns into policies, plans and programmes.

The joint annual review meeting of the Country Programme Board itself is another accomplishment of the DaO – as it replaces individual annual meetings between agencies and government counterparts; and provides a forum for discussion between the UN, Government and other national partners on UN achievements and future challenges within the context of support to national development goals.

The key aspects of the proposed 2010 work plan and linkages to ongoing issues of concern within the country:

The UNCT Retreat in January 2010 enabled the planning of activities for the year. In support of national priorities and MDGs, the officials in the remaining districts will be trained in BhutanInfo in 2010. The UNCT supported the training of two Government officials from the National Statistics Bureau in the launch of DevInfo version 6 in early February 2010.

The UN system has also been supporting the Government in preparing for the Fourth LDC Conference to be held in 2011 by ensuring broad stakeholders consultation on the Brussels Programme of Action in preparation for submission of the National Report on Bhutan's status on the BPoA.

In January 2010, the 2nd UNDAF/cCPAP Country Programme Board meeting was held. Key decisions taken by the Board included the finalisation of the UNDAF M&E Framework along with strengthening the capacity of UN staff and implementing partners on M&E in 2010. It was also decided that the Government and the UN will consider the the 3rd annual review of UNDAF/cCPAP (to be held later in the year) as the mid-term review and will supplement it with outcome evaluations on decentralization, poverty and gender.

A key element of the 2010 work plan is to expand joint programme initiatives in emerging development challenges such as youth unemployment, climate change, pandemic preparedness and trade and development. The UNCT will create task groups to conduct desk reviews and formulate strategies for possible joint programmes. Through the support of UNAIDS the UNCT has committed to support the strengthening of the national M&E system on HIV/AIDS.

With the rolling out of the HACT assurance system, scheduled audits and on-site reviews will be conducted. A refresher training on HACT for UN staff and implementing partners will be held. The HACT/ M&E Group will review the possibility of aligning the timeline for the scheduled audits with the Government's fiscal cycle (July-June) in order to reduce transaction costs to the Government.

The UNCT decided to continue the mandate of the Gender Task Force for 2010 to support gender mainstreaming efforts and training of Government focal points. A gender checklist has been developed to assist the focal points and is under further elaboration to address capacity issues in its implementation.

The UN system will continue to commemorate selected international days to raise awareness and advocacy on key issues and concerns and promote the One-UN image. These include the commemoration of International Women's Day, International Day for Elimination of Violence against Women, World Aids Day, International Day for Disaster Reduction and Human Rights Day.

With the Government focusing on disaster recovery, reconstruction and risk reduction in the aftermath of the 2009 earthquakes, the UNCT will continue to support the Government's efforts in disaster recovery. In 2010, two disaster coordinators were recruited to strengthen coordination of the Department of Disaster Management and the field level, with the UN system.

Within the UN system, information-sharing will continue and be strengthened through the e-newsletters sent bi-monthly. This mechanism is particularly valuable for the non-resident agencies to keep aware of the latest developments in the country. At the UNCT retreat, NRAs were very positive of the engagement in Bhutan's UNCT which will be strengthened further in 2010, particularly through support to missions visiting Bhutan.

The UNCT will review the functioning of Solution Exchange with a view to scale up activities. The knowledge network organised a successful event with the media on demystifying climate change in mid-February 2010. An Annual Forum for Solution Exchange is planned for April 2010.

Based on the initial 2009 success of applying to the DaO Expanded Funding Window, eleven UN agencies participated in the joint 2010 resource gap estimate (as compared to six in 2009): FAO, IFAD, UNCDF, UNCTAD, UNDP, UNEP, UNESCO, UNFPA, UNICEF, UNIFEM and WFP. This funding mechanism is highly relevant for Bhutan, since few of the traditional UN donors are active in the country.

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

- It would be helpful to further streamline and simplify procedures for the use of funds jointly mobilized by one agency on behalf of the UNCT in emergency situations, without the heavy procedural burden and cost recovery weight of the joint programming with passthrough modality. .
- UN System guidelines for security, pandemic and various other contingencies planning do not take into account human resource constraints of small UNCTs/SMTs/HMTs/DMTs.
- There is a need to further streamline procedures for HACT compliance across participating agencies, including documentation requirements for advances and procedural requirements for the adoption of scheduled audits. It seems individual agency requirements continue to be superimposed on the common procedures.