



First Consolidated Annual Progress Report on Activities Implemented under the United Nations Bhutan Country Fund

**Report of the Administrative Agent of the United Nations Bhutan Country Fund
for the Reporting Period Ending on 31 December 2010**

Multi-Donor Trust Fund Office
Bureau of Management
United Nations Development Programme
<http://mdtf.undp.org>

31 May 2011

United Nations Bhutan Country Fund

PARTICIPATING ORGANIZATIONS



Food and Agriculture Organization of the United Nations (FAO)



International fund for Agricultural Development (IFAD)



Joint United Nations Programme on HIV/AIDS (UNAIDS)



Office for the Coordination of Humanitarian Affairs (OCHA)



United Nations Capital Development Fund (UNCDF)



United Nations Children's Fund (UNICEF)



United Nations Conference on Trade and Development (UNCTAD)



United Nations Development Programme (UNDP)



United Nations Educational, Scientific and Cultural Organization (UNESCO)



United Nations Environment Programme (UNEP)



United Nations Entity for Gender Equality and the Empowerment of Women (UN Women)



United Nations Population Fund (UNFPA)



United Nations Volunteers (UNV)



World Food Programme (WFP)

CONTRIBUTING DONORS



Expanded Delivering as One Funding Window for Achievement of the MDGs
(The Netherlands, Norway, Spain and the United Kingdom/DFID)

Abbreviations and Acronyms

List of abbreviations and acronyms commonly used in the report:

cCPAP	Common Country Programme Action Plan
GNH	Gross National Happiness
EFW	Expanded Delivering as One Funding Window for Achievement of the MDGs
FAO	Food and Agriculture Organization of the United Nations
IFAD	International Fund for Agricultural Development
MDGs	Millennium Development Goals
MDTF	Multi-Donor Trust Fund
MDTF Office	UNDP Multi-Donor Trust Fund Office
MoAF	Ministry of Agriculture and Forests
MoE	Ministry of Education
MOU	Memorandum of Understanding
OCHA	Office for the Coordination of Humanitarian Affairs
RC	Resident Coordinator
RGoB	Royal Government of Bhutan
SAA	Standard Administrative Arrangement
TOR	Terms of Reference
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCDF	United Nations Capital Development Fund
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
OCHA	Office for the Coordination of Humanitarian Affairs
UNV	United Nations Volunteers
WFP	World Food Programme

Definitions¹

Project Expenditure

Amount of project disbursement plus un-liquidated obligations related to payments due for the year.

Allocation

Amount approved by the UN Bhutan Country Fund Steering Committee for a project/programme.

Approved Project/Programme

An annual work plan, a project/programme document, etc., that is approved by the UN Bhutan Country Fund Steering Committee.

Balance of Funds

Balance of funds with the Administrative Agent refers to the cumulative, undisbursed amount in the UN Bhutan Country Fund account and includes donor contributions, returned funds and interest. Balance of funds with Participating Organizations refers to amounts with the Organizations that have not been reported as expended.

Direct Costs

Costs that can be directly attributed to programme activities.

Financial Implementation Rate/Delivery Rate

Expenditure against net transferred amount.

Indirect Cost

A general cost that cannot be directly related to any particular programme or activity.

Net Transferred Amount

Net amount transferred to a Participating Organization, taking account any refunds.

Participating Organizations

Organizations that have signed a Memorandum of Understanding with the MDTF Office and are thereby eligible to receive transfer of funds under the UN Bhutan Country Fund.

Project Financial Closure

A project or programme is considered financially closed when all financial obligations of an operationally completed project or programme have been settled, and no further financial charges may be incurred.

Project Operational Closure

A project or programme is considered operationally closed when all activities for which a Participating Organization is responsible under the approved programmatic document have been completed.

¹ Common definitions used by the MDTF Office in annual progress reporting.

Contents

Abbreviations and Acronyms	2
Definitions	3
Executive Summary	6
Introduction	9
1. Strategic Framework	9
2. Governance	12
2.1 Country Programme Board.....	12
2.2 Steering Committee	12
2.3 Theme Groups	12
2.4 UN Resident Coordinator	12
2.5 Allocation Criteria and Decision-Making Process	13
2.6 Administrative Agent	14
3. Approval and Implementation Updates	15
3.1 Programme Allocation Overview and Status.....	15
3.2 Programme Implementation Status.....	16
3.3 Implementation Achievements and Challenges.....	18
3.3.1 UNDAF Outcome 1: Poverty Reduction.....	18
3.3.2 UNDAF Outcome 2: Health.....	22
3.3.3 UNDAF Outcome 3: Education	25
3.3.4 UNDAF Outcome 4: Governance	27
3.3.5 UNDAF Outcome 5: Environment & Disaster Management.....	30
4. Financial performance	34
4.1 Financial Overview.....	34
4.2 Donor contribution	35
4.3 Interest Earned	35
4.4 Transfer of Approved Funding to Participating Organizations	36
4.5 Expenditure.....	36
4.6 Balance of funds	38
4.7 Cost Recovery.....	38
5. Transparency and Accountability of the UN Bhutan Country Fund	39
Conclusion	41

Tables

Table 1.1 - Alignment of UNDAF Outcomes to the Royal Government of Bhutan National Priorities.....	10
Table 3.1 - UN Bhutan Country Fund allocations to UNDAF Outcomes.....	16
Table 3.2 - Programme Implementation Status.....	17
Table 3.3.1 - UNDAF Outcome/Programme 1: Poverty Reduction.....	18
Table 3.3.2 - UNDAF Outcome/Programme 2: Health.....	22
Table 3.3.3 - UNDAF Outcome/Programme 3: Education	25
Table 3.3.4 - UNDAF Outcome/Programme 4: Governance	27
Table 3.3.5 - UNDAF Outcome/Programme 5: Environment & Disaster Management.....	30
Table 4.1.1 - Financial Overview	34
Table 4.2.1 - Donor Contributions	35
Table 4.3.1 - Received Interest at the Fund and Agency Levels.....	35
Table 4.4.1 - Transfer of Net Funded Amount by Participating Organizations	36
Table 4.4.2 - Transfer of Net Funded Amount by UNDAF Outcome/Programme	36
Table 4.5.1 - Expenditure by UNDAF Programme.....	37
Table 4.5.2 - Expenditure by Participating Organization.....	37
Table 4.5.3 - Expenditure by Budget Category	38

Executive Summary

Introduction

The United Nations (UN) Bhutan Country Fund was formally established on 30 June 2009 with the conclusion of the Memorandum of Understanding (MOU) between 14 Participating Organizations and UNDP's Multi-Donor Trust Fund Office (MDTF Office) in its capacity as the Administrative Agent of the UN Bhutan Country Fund. The UN Bhutan Country Fund became operational in December 2009 with a contribution from the Expanded Delivering as One Funding Window for Achievement of the MDGs².

The UN Bhutan Country Fund is consistent with the Paris Declaration on Aid Efficiency, including national ownership, alignment with national priorities, harmonization and coordination. Governed by its Steering Committee in accordance with the UN Bhutan Country Fund Terms of Reference, it also responds to the Delivering as One Initiative and the Secretary General's efforts to improve the integration of UN political, development and humanitarian activities in the UN system through an increasing network of integrated UN field offices.

The UNDP MDTF Office is the Administrative Agent (AA) of the UN Bhutan Country Fund, and has concluded a Memorandum of Understanding (MOU) with 14 Participating Organizations.

This First Consolidated Annual Progress Report on Activities under the UN Bhutan Country Fund reports on the implementation of projects and programmes approved for funding as of 31 December 2010. In line with the MOU, the Progress Report is consolidated based on information and data contained in the individual progress reports and financial statements submitted by Participating Organizations to the MDTF Office. It is neither an evaluation of the UN Bhutan Country Fund nor the MDTF Office's assessment of the performance of the Participating Organizations. However, the report does provide the Steering Committee and the Country Programme Board in Bhutan with a comprehensive overview of achievements and challenges associated with projects funded through the UN Bhutan Country Fund, enabling it to make strategic decisions and take corrective measures, where applicable.

Strategic Framework

Through the UNDAF/cCPAP the UN family in Bhutan has agreed to combine its efforts behind one overall priority of furthering the achievement of the MDGs in the country and five programmatic priorities:

- Poverty Reduction
- Health
- Education
- Governance
- Environment & Disaster Management

The overall priority and five programmatic priorities were chosen in line with the Government of Bhutan's 10th Five Year Plan and Gross National Happiness (GNH) development philosophy.

The joint Government-UN Country Programme Board is responsible for the overall implementation and supervision. The Board provides supervision and guidance to the joint Theme Groups who are responsible for monitoring and evaluating the implementation of the cCPAP through the 18 month work-plans with the implementing partners. The Steering Committee is responsible for prioritization and allocation decisions of the UN Bhutan Country Fund.

² The Expanded Delivering as One Funding Window for Achievement of the Millennium Development Goals (EFW) is a global funding facility established to support UN Delivering as One countries. Current donors to the EFW are the Netherlands, Norway, Spain and the United Kingdom/DFID.

The overall management of the UN Bhutan Country Fund is led and coordinated by the Resident Coordinator in consensus with the Heads of the Participating Organizations. In line with the overall objective of 'Delivering as One' in Bhutan, the Resident Coordinator is responsible for the strategic leadership of the UN Bhutan Country Fund on the basis of the UNDAF/cCPAP

Project Approval Status

The Steering Committee approved the first UN Bhutan Country Fund allocations in December 2009. \$670,230 was allocated across 5 programme areas (5 UNDAF Outcomes) and funds transferred to 6 Participating Organizations. An additional \$852,390 was allocated in July 2010 to the same 5 programmes and 9 Participating Organizations.

As of the end of the current reporting period, 31 December 2010, allocations amounting to a total of \$1,522,620 to 5 programmes (UNDAF Outcomes) were approved and funds transferred to 9 Participating Organizations.

Project Implementation Status

Whereas programmes will continue into the next reporting period, all planned and funded programmatic activities were completed by the end of the reporting period, reflected by the overall financial implementation rate of 96.6 per cent of transferred amounts. The programmes seek additional funding in 2011 to continue delivering against the five UNDAF Outcome objectives.

Financial Performance

As of 31 December 2010, cumulative contributions from donors to the UN Bhutan Country Fund amounted to \$1,538,000. An additional \$4,491 was earned as interest (both fund-level and agency-level interest).

Of the total gross donor contributions to the UN Bhutan Country Fund (\$1,538,000), a net amount of \$1,522,620 (99 per cent) had been transferred to Participating Organizations by 31 December 2010. The balance in the UN Bhutan Country Fund as of 31 December 2010 was \$4,491, representing the interest-earned amount.

As of the end of the reporting period, a total of \$1,471,008 was reported on as expenditure by Participating Organizations, representing a financial implementation rate of 96.67 per cent of transferred amounts as of 31 December 2010.

The MDTF Office's Administrative Agent fee, charged at the standard rate of 1 per cent of donor deposits, amounted to \$15,380 as of the end of the reporting period.

Transparency and Accountability of the UN Bhutan Country

The major vehicle for public transparency of operations under the UN Bhutan Country Fund during the reporting period was the MDTF Office GATEWAY (<http://mdtf.undp.org>) that was officially launched in 2010. The GATEWAY is a knowledge platform providing real-time data from the MDTF Office accounting system, with a maximum of two-hour delay, on financial information on donor contributions, programme budgets and transfers to Participating Organizations. It is designed to provide transparent, accountable fund-management services to the United Nations system to enhance its coherence, effectiveness and efficiency.

Each MDTF and JP administered by the MDTF Office has its own website on the GATEWAY with extensive narrative and financial information on the MDTF/JP including on its strategic framework, governance arrangements, eligibility and allocation criteria. Annual financial and narrative progress reports and quarterly/semi-annual updates on the results being achieved are also available. In addition, each programme has a Factsheet with specific facts, figures and updates on that programme.

The GATEWAY provides easy access to more than 5,000 reports and documents on MDTFs/JPs and individual programmes, with tools and tables displaying related financial data. By enabling users in the field with easy access to upload progress reports and related documents also facilitates knowledge sharing and management among UN agencies. The MDTF Office GATEWAY is already being recognized as a ‘standard setter’ by peers and partners.

Conclusion

Programmatic activities funded and implemented under the UN Bhutan Country Fund have fully met their targets in 2010. With a financial implementation rate of 96.6 per cent, the 9 Participating Organizations have made achievements across all five UNDAF Outcome areas, and lessons learned during the reporting period have allowed Participating Organizations to take appropriate measures within existing projects, and ensure that improved project implementation and management arrangements are in place for new programmatic activities.

The MDTF Office, in its capacity as the Administrative Agent of the UN Bhutan Country Fund, envisages that this First Consolidated Annual Progress Report on Activities under the UN Bhutan Country Fund will provide the Steering Committee the basis on which to better assess resource requirements and to advocate and mobilize additional funding in support of the five UNDAF Outcomes in Bhutan.

Introduction

The First Consolidated Annual Progress Report on Activities Implemented under the UN Bhutan Country Fund is submitted to the Steering Committee and Donors contributing to the UN Bhutan Country Fund, in fulfilment of the reporting provisions of the UN Bhutan Country Fund Terms of Reference (TOR), the Memorandum of Understanding (MOU) between the United Nations Development Programme (UNDP) and Participating Organizations, and the Standard Administrative Arrangement (SAA) between UNDP and Donors. The UNDP Multi-Donor Trust Fund Office (MDTF Office) represents UNDP as the Administrative Agent (AA) of the UN Bhutan Country Fund.

The Annual Progress Report covers the reporting period ending on 31 December 2010. It provides information on progress made in the implementation of projects funded by the UN Bhutan Country Fund, as well as on common challenges and lessons learned.

The Annual Progress Report is consolidated based on information and data contained in the individual progress reports and financial statements submitted by Participating Organizations to the MDTF Office. It is neither an evaluation of the UN Bhutan Country Fund nor the MDTF Office's assessment of the performance of the Participating Organizations – tasks that belong to an independent evaluation. However, the report does provide the Steering Committee with a comprehensive overview of achievements and challenges associated with projects funded through the UN Bhutan Country Fund, enabling it to make strategic decisions and take corrective measures, as appropriate.

Report Structure

The Annual Progress Report consists of five chapters: Chapter One provides an overview of the strategic framework of the UN Bhutan Country Fund. Chapter Two provides an overview of the UN Bhutan Country Fund's governance and fund management arrangements. Chapter Three provides an update on allocations and project approvals and the implementation status during the reporting period, as well as highlights on programme implementation, with extensive details on each of the funded programmes. Chapter Four provides an overview of the financial performance of the UN Bhutan Country Fund. Chapter Five elaborates on efforts made to ensure UN Bhutan Country Fund transparency and accountability. Chapter Six provides brief concluding remarks and observations.

1. Strategic Framework

Bhutan became the world's youngest democracy following the successful elections to the country's first democratically elected Parliament in March 2008. This major political transition requires support over the long term. Challenges remain to build a firm foundation for the smooth functioning of a democratically elected government, through further strengthening of the constitutional bodies, enhanced capacity development of local governments, and expanding the role of civil society, an independent media and continued progress in the socio-economic arena. The credibility of democratic governance, central to the achievement of human development, is dependent on the success of this new democracy.

Bhutan's unique long term vision and guiding development philosophy of Gross National Happiness (GNH) is seamlessly aligned with the MDGs. The core pillars of GNH: sustainable and equitable socio-economic development, conservation of the environment, preservation and promotion of cultural heritage and good governance cover all of the MDGs. As such, just as the MDGs serve as a practical global road map for the Millennium Declaration, in Bhutan the MDGs are viewed as a highly relevant development strategic framework contributing to realizing Gross National Happiness as the country's long term development goal. This synergy between GNH and MDGs has enabled Bhutan to be one of the few countries in the region which is on track to achieving almost all of the MDGs by 2015.

The UNDAF Action Plan for Bhutan (Common Country Programme Action Plan; cCPAP 2008-2012) was developed in response to the challenges and opportunities associated with this transition to democracy as well as the significant capacity constraints in most sectors to adequately support the country's socio-economic development. It is the result of a highly consultative and participatory process involving the Royal Government of Bhutan, key national implementing partners, all resident and non-resident UN agencies supporting Bhutan and other international partners. As per below table, the UNDAF/cCPAP is fully aligned with national development priorities laid out in the 10th Five-Year Plan of the Royal Government, and encompasses the activities of 14 UN agencies supporting Bhutan (in addition, UNCTAD joined the cCPAP signatories on 30 June 2009, and UNODC joined the UNDAF in December 2010) within the five UNDAF outcome areas of support, namely: poverty reduction; health; education; good governance and environment conservation & disaster risk management, with gender, human rights, IT4D and evidence –based planning and decision-making as cross-cutting areas for support.

Table 1.1 Alignment of UNDAF Outcomes to Royal Government of Bhutan National Priorities

National Priority	UNDAF Outcome (MDGs)
1) To halve poverty by 2013	1) By 2012, opportunities for generation of income and employment increased in targeted poor areas. (MDGs 1, 8)
2) To improve accessibility, quality and sustainability of health care delivery system	2) By 2012, increased access and utilization of quality health services with emphasis on reproductive health, maternal and child health and nutrition, HIV/AIDS, TB, malaria and non-communicable diseases. (MDGs 4,5,6)
3) To improve quality, relevance and coverage of education	3) By 2012, access to quality education for all with gender equality and special focus on the hard-to-reach population improved. (MDGs 2,3)
4) To foster good governance as a core value for development	4) By 2012, institutional capacity and people's participation strengthened to ensure good governance. (MDGs 1,3,8)
5) To enhance environmental sustainability and disaster management	5) By 2012, national capacity for environmental sustainability and disaster management strengthened (MDG 7)

The UN Bhutan's Delivering as One approach has several components:

UN Programme: The overall goal of a common CPAP, an UNDAF operational Plan is to maximize the contributions of Participating Organizations by enhancing coordination, coherence, and programmatic synergies to assist in building an equitable, prosperous and democratic Bhutan. There has already been a significant reduction in the number of work plans and project documents between the Royal Government and the UN Organizations as a result.

Common Services and Harmonized Business Practices: Taking advantage of the robust UN harmonization, both at programme and operations level, a joint Business Continuity Plan was first 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.

Joint Communication: The UN Bhutan Communications Group comprising of representatives from all six resident agencies is responsible for ensuring a One UN image. The Group provides advisory support to the UNCT and ensures UN advocacy and communications through various channels.

Common Premises: The design incorporates a one 'UN Operations Centre' as opposed to agency-specific administrations. Such a set-up is expected to achieve stronger integration of UN agencies' administration promoting more efficient work flows.

Common Budgetary Framework and Joint Resource Mobilization: The UN Bhutan Country Fund is an opportunity for the UN in the country to have a common Fund as a new pooled mechanism to mobilize and allocate additional resources at the country level, targeting the unfunded gaps in the cCPAP.

Organizational Change – Leadership, Structure, Skills and Culture: Organizational change has taken root in UN Bhutan through successful UN harmonization, both at programme and operations level. The Government has expressed its appreciation to the subsequent reduction in transaction costs as a result of the harmonized processes.

The UN Bhutan Country Fund responds to both the Delivering as One approach and commitment to Aid Effectiveness as per the Paris Declaration. It was established to channel additional donors' funding to support the underfunded portions of the UNDAF/cCPAP and new initiatives responding to emerging needs. This enhances the flexibility and responsiveness of the UN system through the UNDAF/cCPAP to adapt to national priorities. The UN Bhutan Country Fund contributes to realizing the UNDAF/cCPAP outcomes by strengthening the planning and coordination process, and channelling consistent and predictable funds towards the highest programme priorities. Contributions to the UN Bhutan Country Fund may be accepted from governments of Member States to the United Nations, from intergovernmental, non-governmental organizations, or from private sources.

2. Governance

2.1 Country Programme Board

The Country Programme Board comprises of secretaries of all relevant ministers and representatives of the UN agencies signatory to the UNDAF/cCPAP. The board is co – chaired by the secretary of the GNH Commission and the UN Resident Coordinator. The Government is fully involved at all levels of the UNDAF/cCPAP implementation. The Country Programme Board is responsible for the overall implementation and supervision of the UNDAF/cCPAP. It is kept abreast of developments under the UN Bhutan Country Fund through regular updates provided by the Steering Committee (see below).

2.2 Steering Committee

The Steering Committee is responsible for prioritization and allocation decisions of the UN Bhutan Country Fund. The initial prioritization for allocation is guided by recommendations from the Joint Theme Groups' annual review process. The Steering Committee also provides guidance on the operations and management of the Fund. The Steering Committee ensures that the Country Programme Board is informed of the allocations, and will take into consideration the Country Programme Board's strategic priorities. The Steering Committee is governed by its Terms of References.

The Steering Committee is comprised of the signatories to the UN Bhutan Country Fund MOU who have contributed to the resource gap analysis in any given year and the Gross National Happiness (GNH) Commission. Other UN signatories to the UNDAF/cCPAP may participate as observers.

Similarly to the Country Programme Board, the Steering Committee is co-chaired by the Secretary of the GNH Commission and the UN Resident Coordinator. The Steering Committee makes decisions by consensus. Prior to presenting their position on a significant issue to the Steering Committee, its UN members have to make sure that it is endorsed internally by their Agencies and is in line with their Agencies' regulatory requirements. Decisions on programme/project proposals will only be taken upon completion of a review by the appropriate thematic clusters, sector working groups or other Steering Committee agreed review bodies.

2.3 Theme Groups

The Country Programme Board provides supervision and guidance for the joint Theme Groups who are responsible for policy dialogue, planning of joint work plans and monitoring of the UNDAF/cCPAP through the 18 month work-plans with their implementing partners (i.e. Ministries, Commissions and NGOs). The 18 month work-plans are a functional compromise to adapt to the national fiscal cycle and are in accordance with the Paris Declarations on Aid Effectiveness. These work-plans are derived from the budgetary framework of the UNDAF/cCPAP. The UNDAF/cCPAP have five priority areas; Poverty Reduction, Health, Education, Governance and Environment & Disaster Management. The joint Theme Groups submit their priorities for funding based on the updated funding gap matrix, finalized at their annual review meetings in the month of November each year.

2.4 UN Resident Coordinator

The overall management of the UN Bhutan Country Fund is led and coordinated by the UN Resident Coordinator in consensus with the Heads of the Participating Organizations. In line with the overall objective of 'Delivering as One' in Bhutan, the UN Resident Coordinator is responsible for:

- Strategic leadership of the UN Bhutan Country Fund on the basis of the UNDAF/cCPAP;
- Advocating and mobilizing resources for the UN Bhutan Country Fund in collaboration with Participating Organizations;
- Lead a consultative process on allocations from the UN Bhutan Country Fund, and make final decision if consensus cannot be reached, with documented process and rationale for these decisions;
- Signing the Memorandum of Understanding with Participating Organizations and the Standard Administrative Agreement(s) as a witness; and
- Implementation of the programme activities funded by the resources from the UN Bhutan Country Fund will be the responsibility of the Participating Organizations, as stipulated in the Memorandum of Understanding. The RC will hold the Heads of Participating Organizations accountable for their Organization's components of the results of initiatives funded through the UN Bhutan Country Fund.

2.5 Allocation Criteria and Decision-Making Process

The allocation criteria for the UN Bhutan Country Fund provide an objective basis for resource allocation decisions by the Steering Committee to allocate resources to the respective outcomes/outputs of the UNDAF/cCPAP. The criteria for initial allocation are mainly related to UNDAF/cCPAP relevance, Delivering as One, resource gaps and agency's comparative advantage. Additional criteria for subsequent allocation are related to absorption capacity. The Joint Theme Groups are responsible for ensuring that their proposed activities meet the fund allocation criteria. The requests should preferably not be below \$10,000 in order to encourage programmatic approaches and ensure operational efficiency.

The UN Bhutan Country Fund is open to all agencies that have signed to the UNDAF/cCPAP, and become Participating Organizations by concluding a Memorandum of Understanding with the MDTF Office. Organizations can access the funds upon signing the Memorandum of Understanding and upon submission of their annual funding gaps based on the UNDAF/cCPAP Results Matrix.

Criteria for initial allocation:

- UNDAF/cCPAP relevance
- Unfunded gap at outcome level
- Joint AWP i.e. 2 or more Participating Organizations implementing
- Implementation Capacity³
- Comparative advantage in implementing the activities
- Priorities which would otherwise not be funded
- Activities which support core UN development priorities⁴ on the MDGs, such as gender, human rights and capacity development supplemented by priorities identified by the Steering Committee and Country Programme Board at the start of the annual programme cycle
- Realistic Outcome Budget

Subsequent allocations will in addition to the above include the following:

- Implementing partners and Participating Organizations' absorption capacity
- Previous track record: i) Results; ii) Expenditure rate and financial management; and iii) Reporting – timeliness and quality of reporting

³ This includes available human resources and financial contributions of the organizations to the result, in addition to the UN Bhutan Country Fund contributions.

⁴ UNDG has identified 5 core mandate areas for UN development interventions include human rights, gender, MDGs and capacity development.

2.6 Administrative Agent

The United Nations Development Programme's Multi-Donor Trust Fund Office (MDTF Office) is the Administrative Agent for the UN Bhutan Country Fund. Its responsibilities as Administrative Agent include the receipt, administration and management of contributions from Donors; disbursement of funds to the Participating Organizations in accordance with instructions from the Steering Committee, through the RC, and consolidation of narrative and financial reports produced by each of the Participating Organizations as well as the provision of these reports to the Steering Committee and Donors. The MDTF Office performs the full range of Administrative Agent functions in accordance with the UNDG-approved "Protocol on the Administrative Agent for Multi-Donor Trust Funds and Joint Programmes, and One UN Funds".

In line with the Memorandum of Understanding (MOU) concluded between Participating Organizations and the MDTF Office, a clear delineation, including distinct reporting lines and an accountability framework, has been established and will be maintained within UNDP between its functions as an Administrative Agent and its functions as a Participating Organization.

3. Approval and Implementation Updates

3.1 Programme Allocation Overview and Status

The Steering Committee approved the first UN Bhutan Country Fund allocations in December 2009. \$670,230 was allocated across 5 programme areas (5 UNDAF Outcomes) and funds transferred to 6 Participating Organizations. An additional \$852,390 was allocated in July 2010 across the same 5 programmes to 9 Participating Organizations. As of the end of the current reporting period, as of 31 December 2010, allocations amounting to a total of \$1,522,620 across 5 programmes were approved and funds transferred to 9 Participating Organizations. Apart from two main rounds of allocations (December 2009 and April 2010), the Steering Committee in July 2010 endorsed a request for re-allocation of funds and no-cost extensions from UNDP and UNFPA, resulting in return of funds to the UN Bhutan Country Fund account and new transfers out to Participating Organizations in October 2010.

Table 3.1, below, provides a brief overview of transfer of funds as of the end of the reporting period.

Table 3.1 UN Bhutan Country Fund allocation to UNDAF Outcomes / Programmes as of 31 December 2010			
Transfer Dates	UNDAF Outcomes / Programmes	Participating Organizations	Net Total Amount Transferred (USD)
16 Dec 2009, 16 Apr 2010, 1 Oct 2010	1. Poverty Reduction	FAO, UNCTAD, UNICEF, UNDP	209,392
16 Dec 2009, 16 Apr 2010, 1 Oct 2010	2. Health	UNFPA, UNICEF	198,099
16 Dec 2009, 16 Apr 2010	3. Education	UNFPA, UNICEF, WFP	410,370
16 Dec 2009, 16 Apr 2010	4. Governance	UNCDF, UNDP	304,199
16 Dec 2009, 16 Apr 2010	5. Environment & Disaster Management	UNEP, UNESCO, UNICEF, UNDP	400,560
Total			1,522,620

3.2 Programme Implementation Status

Allocations to the five programmes were made in December 2009 and April 2010, with a minor re-allocation taking place in October 2010. Well targeted priorities and diligent follow-up by Participating Organizations contributed to the high financial implementation rate (96.6 per cent). The below table provides a brief summary of the status of each programme, with further details provided under each programme section under 3.3 Implementation Achievements and Challenges.

The UN in Bhutan operates in a National Implementation (NIM) environment. The Government implements the projects and accordingly handles almost all procurement related activities within their respective programmes. The UNDG ExCom agencies (UNDP, UNICEF, UNFPA and WFP) conduct periodic monitoring through joint assurance activities required under the HACT Framework (see below) such as field visits and onsite reviews conducted by UN staff, and scheduled/HACT audits by the Royal Audit Authority, Bhutan's Supreme Audit Institution. The financial reporting is handled through the FACE (Funding Authorization & Certification of Expenditure) form and the progress is reported through Standard progress reports quarterly. Joint mid-year and annual reviews are also conducted as part of monitoring and evaluation of progress and performance. These reporting formats are aligned to the Government's planning and monitoring system. In addition joint field visits, where applicable, are conducted to the project sites.

In line with the UN General Assembly Resolution 56/201 on the triennial policy review of operational activities for development of the United Nations system, UNDG ExCom agencies adopted a common operational framework (known as the Harmonized Approach to Cash Transfers (HACT) Framework) for transferring cash to government and non-government Implementing Partners. Its implementation is expected to significantly reduce transaction costs and lessen the burden that the multiplicity of UN procedures and rules creates for its partners. As a HACT compliant country since 2008, the UN System (namely UNDP, UNICEF, UNFPA and WFP) in collaboration with the Royal Government of Bhutan (RGoB) have taken the necessary steps to ensure the effective implementation of the Framework in the country.

With the goal of reducing transaction costs on part of the Government and to address the issues related to the fund request and release to and from the UN agencies to the Implementing Partners, the UN agencies with the Ministry of Finance and the Gross National Happiness Commission developed a guidance note on the Financial Procedures for UN Assisted Projects directed towards streamlining and shortening the fund request and release process between the UN agencies and the Implementing partners. In addition, in a move towards using existing government reporting procedures, the UN agencies have adopted the Standard Progress Report template used by the government as the standard reporting format for the UN. Furthermore, in a strategic move to address problems related to the non-matching of financial years between the UN and the Government, the UN agencies adopted the 18 month rolling work plan, covering the months of January through June of the following year. This allows the Implementing Partners to incorporate UN supported activities into their respective sector work plans which follow the Government's fiscal year.

Yearly trainings are organized for both implementing partners and UN staff to refresh and redress problems faced in financial transactions.

Table 3.2, below, provides a brief overview of the programme implementation status as of the end of the reporting period.

Table 3.2 Programme Implementation Status as of 31 December 2010				
UNDAF Outcomes	Participating Organizations	Transferred Amount (USD)	Programme Implementation Status	Financial Implementation Status (Delivery Rate)
1. Poverty Reduction	FAO, UNCTAD, UNDP, UNICEF	209,392	All planned and funded programmatic activities completed by the end of the reporting period. The programme continues with the UN supporting similar support to the Government.	99.5%
2. Health	UNFPA, UNICEF	198,099	Whereas the overall programme was on-going at the end of the reporting period, the planned and funded programmatic activities were all completed.	103.5% ⁵
3. Education	UNFPA, UNICEF, WFP	410,370	All planned and funded programmatic activities completed. Programme to continue providing similar support	91.9%
4. Governance	UNCDF, UNDP	304,199	All planned and funded programmatic activities completed. Programme to continue providing similar support with a UN resource requirement estimated at about \$371,000	96.1%
5. Environment & Disaster Management	UNEP, UNESCO, UNICEF, UNDP	400,560	All planned and funded programmatic activities completed. Programme to continue providing similar support in 2011.	96.9%
Total				96.6%

⁵ Over-expenditure reported by Participating Organizations will be corrected in 2011 financial reporting.

3.3 Implementation Achievements and Challenges

The sections below provide an overview of the main implementation achievements and challenges encountered during the implementation of programmes, as reported by the respective Participating Organizations. Additional information on the programmes, including future work plans, is available in individual programme reports posted on the MDTF Office GATEWAY (<http://mdtf.undp.org>).

3.3.1 UNDAF Outcome 1: Poverty Reduction

Table 3.3.1, below, provides a brief overview of UNDAF Outcome 1: Poverty Reduction as of 31 December 2010.

Table 3.3.1 UNDAF Outcome/Programme 1: Poverty Reduction		
Participating Organizations	Net Transferred Amount (USD)	Financial Implementation Status (%)
FAO	25,743	107.0 ⁶
UNCTAD	20,000	92.5
UNICEF	34,000	100.0
UNDP	129,649	98.9
Total	209,392	99.5

Purpose

The purpose of the support under this programme is to provide supplementary fund to on-going activities related to enhancing rural livelihood, providing skills to unemployed youth, and developing pro-poor policy frameworks and M&E system with an overall objective of reducing poverty in the country.

Specifically, the support contributed to the following outcomes and outputs under the overall UNDAF framework:

CT Outcome 1: “Access to socio-economic services, markets and information improved for smallholder and marginal farmers in targeted rural areas” through:

- CT Output 1.2: “Farmers use of improved post-harvest management facilities and practices increased”.

⁶ Over-expenditure reported by FAO will be corrected in 2011 financial reporting.

CT Outcome 2: “Food security among small holder farmers and other vulnerable groups in targeted rural areas enhanced” through:

- CT Output 2.3: “Capacity of small farmers enhanced through formation of self-help groups and targeted extension services”.

CT Outcome 3: “Capacity of the RGOB strengthened to formulate policy framework for Private Sector Development to respond to economic constraints and vulnerabilities with focus on employment generation and pro-poor growth” through:

- CT Output 3.1: “Capacity of RGoB enhanced to formulate industrial and trade policies that are pro-poor, gender sensitive and cultural and heritage based”;
- CT Output 3.3(a): “Access to international markets enhanced through improved negotiation capacity and understanding of global and regional trade agreement and facilities”;
- CT Output 3.3(b): “Capacity of relevant government agencies to prepare and enforce a Consumer Protection Act and a Fair Trading and Competition law developed”.

CT Outcome 4: “New Micro and SMEs and jobs created with emphasis on women and youth” through:

- CT Output 4.1: “Community based MSMEs and cooperatives, particularly those of women and youth, supported through improved access to micro-finance, business development services, marketing, group formation and post-harvest management services”.

CT Outcome 5: “Enhanced capacity of public sector to implement results based policy, plan and programme development especially for MDGs and poverty reduction” through:

- CT Output 5.1: “MDG based monitoring and evaluation system integrated into the national M&E System through operationalization of the MIS such as GPIS, DrukInfo and VAM”;
- CT Output 5.1 (a): “Data systems support enhanced utilization of disaggregated data for MDGs and national priorities based development”;
- CT Output 5.2: “National capacity at central and local levels for collection, analysis and production of timely, reliable and disaggregated statistical data enhanced”;
- CT Output 5.3: “National capacity at central and local levels enhanced to implement RBM in planning, M&E system in applying BDI (GNH based), RBM, and Simple Macro-economic framework in their planning, M&E and reporting processes”.

Achievements and Results

The UN Bhutan Country Fund has contributed to selected CT Outputs but covers all the five CT Outcomes under UNDAF Outcome # 1: “By 2012, opportunities for generation of income and employment increased in targeted poor areas”.

The farmers training on home gardening, post-harvest management, supplies of improved varieties of seeds and providing information on micro finance/credit and markets has contributed to CT Output 1.2, as well as to CT Output 2.3.

Activities supporting the mainstreaming of gender in trade policies contributed to CT Output 3.1, whereas the skills training for the youth and the advocacy on the Economic Development Policy and Consumer protection contributed to CT Output 3.3(a) and CT Output 3.3(b). Similarly, activities to strengthening capacity to promote domestic and foreign direct investment to foster sustainable development also contributed to CT Output 3.3(a); and advocacy on the Economic Development Policy, Competition and Consumer protection policy, and activities for the preparation of the Competition Policy Framework contributed to CT Output 3.3(b).

The support provided to GNH related activities and the implementation of the Bhutan Multiple Indicator Survey (BMIS 2010) has contributed to CT Output 5.1, CT Output 5.1(a), CT Output 5.2 and CT Output 5.3.

The specific achievements include:

Under the Ministry of Agriculture and Forests (MoAF), the UN Bhutan Country Fund contributed towards improving the livelihoods of farmers in the targeted remote rural communities supplementing on going UNDP and FAO programmes on enhancing food security and rural income generation.

The main objective was to help the farmers increase their household food security status by establishing home gardens, where nutritious vegetables can be grown for consumption, as well as cash income generation.

The activities carried out through the financial support were:

- Training on home gardening, vegetable cultivation, compost making, Integrated Pest Management (IPM) and post-harvest techniques. 588 households participated in the 16 training programmes from 6 Dzongkhags (districts) and 12 remote gewogs (blocks).
- Farmer to farmer learning was encouraged through organization of farmers study tours within the country. Farmers not only visited other farms, but also important research and development institutes to update themselves on new technologies. 2 farmer groups in Trongsa and Samtse participated in the study trip.
- Basic inputs like seeds, small farm implements were provided to the farmers as starter kits to help establish the gardens.

This has resulted in the establishment of home gardens in all the 588 households, and remote farming communities are more aware of the importance of production and consumption of vegetables for their health. Youth unemployment is an emerging issue. UNDP works closely with the Ministry of Labour and Human Resources (MoLHR) in particularly building its capacity for generating labour market information, and in supporting its skills development programme. Through the support made available by the UNBCF, the Ministry was able to provide skills training to 74 out of school youth (45 F and 29M) in hotel management and hospitality. The training was conducted in view of the increasing number of job seekers vis-à-vis a steady growth in the hotel industry and the increasing number of tourist arrivals every year. All trained candidates are expected to be absorbed by the hotel industry. An employment officer was also trained in the Management of the Employment Service System providing the Ministry with the capacity to improve its service delivery to job seekers.

The Economic Development Policy, supported by UNDP, is an apex document of Bhutan focused on the trade and investment sector. The policy document among others has a section that promotes small and cottage industry with special focus on creative and culture-based industry. Small and micro businesses are being promoted as effective interventions to reduce poverty. The funding support from the UN Bhutan Country Fund was instrumental in enabling the Ministry of Economic Affairs (MoEA) to carry out a high-level investment road show on the Economic Development Policy (EDP), to show case Bhutan as an investment destination for the foreign investors. The first ever investment road show, led by high-level delegation members was organized in Dhaka, Kolkata, Mumbai, Singapore and Bangkok. A similar road show was also organized in Austria and Norway. The primary objectives of the road show was to create awareness on Bhutan as a new investment destination; highlight the types of incentives/opportunities offered to the investors by the Royal Government and sensitize various initiatives of the Government to facilitate investment in the country.

Attended by close to 500 prominent businessmen, the seminars were well received and the delegation was able to create awareness of the country's investment opportunities. The road show generated appreciable interest among foreign investors, particularly in the hospitality sector, hydropower, export of consumer goods to Bhutan, agro-processing, construction sector, wellness and cosmetics, with the potential of future investments contributing to enhancing economic growth and creation of employment.

Further, the Ministry was also able to conduct a business advocacy workshop at the district and block level, aimed to promote rural enterprises through its six regional offices to advocate for entrepreneurial culture among the unemployed youths and women. The workshops were conducted in the remotest communities where the majority of the rural people are illiterate and lack confidence in taking up business opportunities. Through these workshops the Ministry was able to sensitize and generate interests among unemployed youths and women in taking up income-generating activities and self-employment through rural enterprises. With UNCTAD, the MoEA undertook a number of activities in the area of consumer protection and competition law and policy. In the area of consumer protection, two seminars to disseminate the findings of the market survey on the status of consumer protection in Bhutan were organized.

The seminars raised awareness among some 300 participants about the rights and responsibilities of consumers, traders, police, local government and the media. The market survey collected information about (a) consumer goods and services items, in relation to their safety, quality and fairness to consumers in designated Dzongkhags (districts) of Bhutan (b) knowledge of consumers in relation to their rights on for instance the safety and quality characteristics of these consumer items and knowledge on consumer redress issues. The study identified the channels for consumer redress available to consumers in Bhutan per district, the extent to which consumers are aware of their rights and obligations as stipulated in the Consumer Protection Bill of Bhutan, the means available to them to exercise redress and the extent to which these rights and obligations and recourse to redress are exercised by consumers. The study made specific recommendations aimed at enhancing consumer protection in Bhutan as part of the consumer protection policy of the country.

A consultative meeting was also organized to discuss the objectives, scope and principles of a competition Policy that could be suitable to the economic and social conditions of Bhutan. One of the outcomes of the consultations was the decision to prepare a competition policy Framework paper which could assist the government in preparing a competition policy and law during 2011. This has since led to the elaboration of draft Guidelines for Competition Policy Paper.

In support of Output 3.3(a), the investment promotion component focused on capacity-building activities for officials of the Department of Industry of the Ministry of Economic Affairs through i) participation at UNCTAD's 2nd Investment, Enterprise and Development Commission, which included a seminar on the role of investment promotion to in enhancing local productive capacities through business linkages programmes; and ii) the organization of a study tour to India for four Bhutanese officials of the same Department. The study tour was hosted by India Branding Equity Foundation and included one seminar, meetings and site visits, all related with key elements of investment promotion.

In support of Output 3.1, UNCTAD also conducted activities to support the mainstream of gender in trade policy, including the completion of an analytical report on the gendered impacts of trade liberalization/facilitation in Bhutan and assessment of the real beneficiaries from trade liberalization/facilitation in Bhutan from a gender perspective; the development of a methodology to promoting capacity-building in data analysis and awareness raising activities. These activities, included in the AWP were fully financed by UNCTAD.

The study: "Who is benefitting from trade liberalization in Bhutan? A gender perspective" has produced a series of recommendations (policy tools) targeting poverty alleviation and women's empowerment, notably regarding the use of Intellectual Property Instruments to increase the appeal and the value in foreign markets of crafts and agricultural products produced in Bhutan, as well as to ensure that the cultural heritage that these products reflect its fully protected. Such an approach would become part of the overall strategy "Brand Bhutan".

UNICEF supported the National Statistics Bureau to implement the Bhutan Multiple Indicator Survey (BMIS 2010) which is UNICEF’s global Multiple Indicator Cluster Survey (MICS) with add-on of UNFPA’s Demographic Health Survey (DHS). The survey covered over 15,000 households in all the 20 districts. It has provided comprehensive data on some 21 MDG indicators and updates the situation of women and children at district level. The survey will be critical for deepening the understanding of challenges in achieving the MDGs at the local level.

200 enumerators were trained over two weeks in April 2010 on field data collection of the BMIS survey, including important aspects of BMIS standards and protocols in gathering data on social and economic indicators such as mortality, nutrition, child labour, disability, health and education of women and children in Bhutan. The enumerators were then integrated in 40 teams comprising enumerators, measurers, editors and supervisors, which conducted the field survey covering even the remotest areas in all the 20 districts during the period of mid-April 2010 to mid-July 2010. The National Statistics Bureau is expected to release the results/findings by June 2011.

Through UNDP, the UN Bhutan Country Fund allocation also contributed to furthering Bhutan’s unique development philosophy of Gross National Happiness (GNH). The Centre for Bhutan Studies developed and published a booklet on GNH (in Dzongkha). The booklet explains, for the first time in Dzongkha, the development philosophy, nine domains, indicators under each domain, and their relevance in policy making. The wide circulation of the booklet has helped spread the understanding of the GNH concept among the Dzongkha audience in districts, blocks and in schools.

The support has extended to the nationwide GNH survey. The survey will result in generation of measurable indicators along the nine domains of GNH on: i) Psychological Well-being; ii) Community Vitality; iii) Health; iv) Education; v) Living Standard; vi) Good Governance; vii) Cultural Diversity and Resilience; viii) Time Use; and ix) Ecology.

3.3.2 UNDAF Outcome 2: Health⁷

Table 3.3.2, below, provides a brief overview of UNDAF Outcome 2: Health as of 31 December 2010.

Table 3.3.2 UNDAF Outcome/Programme 2: Health		
Participating Organizations	Net Transferred Amount (USD)	Financial Implementation Status (%)
UNFPA	141,453	104.9
UNICEF	56,646	100.0
Total	198,099	103.5

⁷ Financial data appears differently in this section compared to in chapter 4 “Financial Performance”. See disclaimer on page 34.

Purpose

The purpose of the support under this programme is to provide supplementary fund to the on-going activities related to increasing access to and delivery of quality health services for reproductive and maternal health, new-born care, nutrition (including infant and young child feeding), vaccine preventable diseases; and monitoring and supervision under the overall UNDAF Framework.

UNICEF and UNFPA jointly supported the Reproductive Health Assessment contributing to CT Output 1.1: “Reproductive health and safe motherhood policies and strategies reviewed and revised” under “Capacity of RGoB to formulate and implement evidence based policies and strategies that create an enabling environment for reproductive health, maternal and child health, STI, HIV/AIDS, TB and malaria programmes strengthened.”

UNICEF and UNFPA support to the Ministry of Health for enhancing its quality service provision contributed to the following:

CT Outcome 2: “Capacity of the RGoB strengthened to increase access to and delivery quality health services for all including reproductive health, maternal and child health and nutrition, TB, malaria and other non-communicable diseases” through:

- CT Output 2.1: “Improved availability of essential commodities, equipment and modification of facilities for RH and MCH programmes”;
- CT Output 2.2: “Capacity of health managers and providers enhanced to deliver comprehensive and client oriented services on RH, MCH and youth friendly services”;
- CT Output 2.2(a): “All hospital and BHU health workers provide quality IMNCI, immunization services and nutrition package (vitamin A, iron and folic acid, supplements, deworming, growth monitoring, IYCF);
- CT Output 2.2(b): “Increased number of infants receive exclusive breastfeeding and proper feeding practices”.

Achievements and Results

The UN Bhutan Country Fund allocation to the UNDAF Outcome 2 has contributed to increasing the access and utilization of quality health services with emphasis on reproductive health, maternal and child health and nutrition, HIV/AIDS, TB, malaria and other non-communicable diseases through:

- UNICEF training of four neonatal nurses in critical neonatal care which has helped the Ministry of Health to expand its Comprehensive Emergency Obstetric and New-born Care Centres (CEmONC) and improve the skills of the nurses; enabling them to deliver better neonatal care services.
- Participation of four officials (MP, Paediatrician, CHU in-charge, lecturer of Royal Institute of Health Sciences) at the One Asia Breastfeeding Partners Forum-6 held in Sri Lanka in 2009. These officials have contributed to the development of the Infant and Young Child Feeding (IYCF) Strategy and Protocol. The MP has also sensitized the other National Assembly and National Council members on appropriate IYCF. These officials will also contribute in drafting the Marketing Code of Breast Milks Substitute while will be developed soon.
- Supporting the participation of two Programme Officers in a training course on Supervision and monitoring of expanded programme on Immunization (EPI) Programme in Thailand. Through this training, the participants enhanced their capacity to monitor and supervise EPI programme at the district hospital and basic health units. These officials also contributed in the development of a supervision and monitoring check list to be used while visiting the health facilities. Through the

supportive supervision by these trained health officials, health workers have received constructive feedback which has helped them improve their performance.

- Supporting the participation of two health officials including a paediatrician at a week-long advanced vaccinology course in South Korea. These officials have been able to contribute and provide technical guidance in different aspects of vaccine related issues and in the revision of the EPI manual for health workers.
- Training of one EPI Technician on Basic Maintenance of Cold Chain Equipment and Storage of Vaccine in India. The technician is able to read the Tiny-tag and the Q-tag (cold chain monitoring device) recordings and monitor the range of temperature in which vaccines are exposed during transport and storage. Through such monitoring, the technician has been able to reduce the vaccine wastage due to exposure to abnormal temperatures.

Specific achievements under UNICEF's component include:

- Neonates with serious problems are benefiting from the services of the skilled neonatal nurses through improved and timely nursing care services.
- Two more CEmONC centres strengthened with the nurses skilled in providing new-born care services.
- IYCF Strategy and Protocol in place. National Assembly and National Council members aware of appropriate IYCF practices.
- Health facility supervision and monitoring checklist in place. Better supervision and monitoring of health facilities with improved feedback to the health workers on their performance.
- The trained and sensitized officials have been able to contribute and provide technical guidance on introduction of new vaccines, revision of EPI manual etc.

Specific achievements under UNFPA's component include:

- Provided technical assistance for the joint Reproductive Health assessment in collaboration with UNICEF, WHO and the Ministry of Health. The report is currently waiting to be finalized.
- Complemented UNFPA's procurement of RH commodities ensuring uninterrupted supply of contraceptives in 31 hospitals, 181 BHUs and 518 ORCs spread over 205 gewogs (blocks).
- Human resources within the health system was strengthened through the training of 2 paediatricians and a member of the National Commission on Immunization Practices vaccinology in Seoul; 2 EPI technicians on basic maintenance of cold chain equipment and transportation of vaccines in India; 2 health officials on child health supervision and monitoring in Thailand; 4 nurses on critical neo-natal care management in Thailand; and participation of health authorities and a member of parliament in the South Asia Breastfeeding forum.
- Interpretation of Tiny-tag and Q-tag recordings initiated. Vaccine wastage due to exposure to abnormal temperatures reduced.

3.3.3 UNDAF Outcome 3: Education

Table 3.3.3, below, provides a brief overview of UNDAF Outcome 3: Education as of 31 December 2010.

Table 3.3.3 UNDAF Outcome/Programme 3: Education		
Participating Organizations	Net Transferred Amount (USD)	Financial Implementation Status (%)
UNFPA	29,729	100.0
UNICEF	153,363	100.0
WFP	227,278	85.4
Total	410,370	91.9

Purpose

Under the UNDAF 2008-2012, one of the outcomes is to mutually support and help create the conditions for a more effective contribution to the development of Bhutan, to improve access to quality education for all with gender equality and special focus on the hard-to-reach population.

The additional fund enabled to undertake some of the activities planned under the Joint Annual Work Plan for 2010 of Quality Education Programme. It contributed to the following outputs and outcomes under the overall UNDAF Framework:

CT Outcome 1: “Improved quality of education delivered by relevant stakeholders” through:

- CT Output 1.2: “Capacity of MOE and other partners at all levels including community in community/primary schools strengthened to manage child friendly schools and school feeding”.

CT Outcome 3: “School enrolment, particularly for girls, increased through improved facilities, school feeding and target advocacy” through:

- CT Output 3.1: “Community, primary, secondary and monastic schools/nunneries provided with water and sanitation facilities as well as health, nutrition and hygiene education”;
- CT Output 3.2: “School feeding and infrastructures in selected primary/secondary schools provided”.

CT Outcome 4: “National capacity strengthened to address the emerging challenges faced by young people” through:

- CT Output 4.1: “Capacity of key partners to promote healthy and positive behaviour among young people through life skills education strengthened”.

Achievements and Results

Activities like training of teachers, principals, curriculum officers and education monitoring officials as core trainers to integrate human values in education; alignment of the School Self-Assessment Tool to performance management system by monitoring officials, incorporating human values-based educational practices and management tool contributed to CT Outcome 1 and CT Output 1.2.

Construction of toilets in schools for girls and boys contributed to CT Output 3.1. Study visits outside Bhutan by participants from the Ministry of Education and the Ministry of Agriculture and Forests to learn vegetable farming with organic principles, constructions of hostels including shower blocks and toilets for girls and boys, and quarters for matrons and wardens in a remote school; and food commodities purchased for schools mostly in remote areas have contributed to CT Output 3.2.

Training of teachers, principals, school health coordinators and counsellors contributed to CT Output 4.1.

Specific achievements include:

- Supply of 257 mt. of rice and 37 mt. of yellow split peas (YSP) to the Ministry of Education provided some 35,500 students with two meals a day of rice for a month, and one meal a day of YSP for 52 days. The commodities were distributed to all 221 schools assisted by WFP in 2010. 70% of these schools are inaccessible by road and located in remote food insecure areas.
- 3 students, 6 teachers and 2 programme officers from the Ministry of Education (MoE) and the Ministry of Agriculture and Forests (MoAF) learnt vegetable farming with organic principles and other technologies during a two- week study trip to West Bengal districts and Sikkim. In Sikkim with similar climatic conditions to Bhutan, the participants had the opportunity to see agricultural activities carried out with EM applications and organic farming, which could be replicated in their own school gardens. In addition, the programme officer from MoAF studied the database used by Maple Org Tech India Ltd, in Kolkata and learnt how to manage and keep track of various agricultural tools, seeds, etc. that are being distributed to the schools by the MoAF.
- The Training of Trainers programme on Life Skills Educations was conducted in 141 schools in 5 districts. A total of 3,350 teachers underwent the 5 days training programme equipping them with the skills to deal with complex youth issues in schools. In addition, 36 titles of Life skills education materials were developed and disseminated targeting out of school youths through Non-formal Education programmes.
- Supporting efforts to reach the government's target of achieving 70% literacy rate by 2013, 16 head teachers, 8 Gups (village head men), Dzongdas (district administrators) and non-formal education (NFE) instructors in 10 districts, including districts with low literacy rates were involved in the development of strategic plans for increasing the literacy rate. In addition, the International Literacy Day was observed through publications, advocacy and a competition in reading, writing and extempore among NFE learned from remote areas. Most of them were female learners.
- Toilets were constructed in 15 schools in Zhemgang, Chukha and few other districts benefiting over 1000 girls and boys. In addition, hostels constructed in one of the remote schools of Zhemgang district, is benefiting 75 girls and 57 boys. They now enjoy the hostel facilities inclusive of toilets and shower blocks. The school also has a matron's and warden's quarters attached to the hostels.
- Seventy persons consisting of Teachers, Principals, Curriculum Officers and Education Monitoring Officials were trained as core trainers at Sathya Sai School in Thailand on integrating human values in education. The practice at Sathya Sai School is very similar to Bhutan's Educating for Gross National Happiness (GNH). After their return from the training the principals and teachers implemented some of the practices experienced in Thailand in their schools. The monitoring officials aligned the School Self-Assessment Tool to the performance management system, incorporating human values-based educational practices and management tool. The curriculum officials have

begun looking at realigning school curriculum to human values-based education both through curricular and co-curricular activities. These core trainers will now be responsible for rolling out educating for GNH national initiative to all the teachers in Bhutan during 2011-12, using the three day training module developed previously.

- The Ministry of Education has launched a website called www.educatingforgnh.com as a platform to share practices on educating for GNH initiatives amongst wider stakeholders in and outside Bhutan. UNICEF provided technical assistance to train the web administrators on maintenance of the website. The website is accessed frequently by many users, especially school teachers. The national initiative of educating for GNH has received positive feedback from people within and outside the country.

Future Work Plan

Under the 2011 Annual Work Plan signed with key national counterparts (MoE and MoAF), the UN will continue to support similar programmes in the area of quality education through capacity building in life skills, educating for GNH, non-formal education, school feeding and other service delivery activities

3.3.4 UNDAF Outcome 4: Governance⁸

Table 3.3.4, below, provides a brief overview of UNDAF Outcome 4: Governance as of 31 December 2010 as of 31 December 2010.

Table 3.3.4 UNDAF Outcome/Programme 4: Governance		
Participating Organizations	Net Transferred Amount (USD)	Financial Implementation Status (%)
UNCDF	20,000	93.3
UNDP	284,199	96.3
Total	304.199	96.1

Purpose

The support from the UN Bhutan Country Fund was to complement the on-going programmes under good governance within the areas of gender, local elections, e-governance and decentralization and local governance outputs. The support contributed to the UNDAF CT Outcome 4: ‘By 2012, institutional capacity and people’s participation strengthened to ensure good governance’.

⁸ Financial data appears differently in this section compared to in chapter 4 “Financial Performance”. See disclaimer on page 34.

Within this overall framework, the support was provided to:

CT Outcome 4.1: “Transparency, efficiency, effectiveness, participation and accountability strengthened at all levels” through:

- CT Output 4.1.1: “Increased access to services and information through promotion and implementation of e-governance and e-literacy”.

CT Outcome 4.2: “Strengthened national capacity and systems to formulate, review and implement national legislations in line with ratified international conventions” through:

- CT Output 4.2.3: “Strengthened capacity of relevant institutions to enhance knowledge and information on ratified conventions among partners and the public”.

CT Outcome 4.3: “Capacity of key institutions to support parliamentary democracy strengthened” through:

- CT Output 4.3.2: “Enhanced capacity of key organizations in conducting free & fair elections at national & local levels”; and
- CT Output 4.3.3: “Enhanced public awareness on gender inclusive democratic governance, rights and duties through civic education”.

CT Outcome 4.4: “Local governance systems and capacity strengthened with increased participation of women” through:

- CT Output 4.4.1 “Strengthened capacity of local governments to plan, implement and monitor their development progress in pursuit of poverty reduction and MDGs”;
- CT Output 4.4.2: “Increased and effective participation of women in particular, and communities in general, in decision making and in development activities”; and
- CT Output 4.4.3: “Local capacity for development & sound financial management enhanced through annual grants and integrated approach at gewog (block) level”.

Achievements and Results

The support to the National Commission for Women and Children (NCWC) has contributed to CT Outcome 4.2 and CT Output 4.2.3, more specifically to 4.2.3d): “Government, parliamentarians, communities, and families have increased awareness on CRC and CEDAW and particularly on abuse, exploitation and violence against children and women”.

The support to the localization of E-Governance and Community Information Centres (CICs) has contributed to CT Outcome 4.1 and CT Output 4.1.1.

The support to the local elections and gender sensitization has contributed to the CT output 4.3.2 Enhanced capacity of key organizations in conducting free & fair elections at national & local levels. CT output 4.3.3 Enhanced public awareness on gender inclusive democratic governance, rights and duties through civic education.

The technical assistance provided to develop the local government Capacity Development Strategy has contributed to the CT Outcome 4.4. Therefore, providing this support contributed to CT Outputs 4.4.1, 4.4.2 and 4.4.3.

The specific achievements reported by UNDP include:

Through the NCWC, the Forensic Medicine Unit at the Jigme Dorji Wangchuck National Referral Hospital (JDWNRH) in Thimphu had reported an increasing number of domestic violence cases over the last six years. The number of reported cases for 2005 through 2010 was 81, 112, 237, 334, 389 and 310 respectively.

The unit had been severely constrained by lack of human resource and infrastructure. With the support made possible by the UN Bhutan Country Fund, capacity building as well as equipment was provided for the one stop crisis centre at JDWNRH. In total 36 health workers comprising doctors, clinical officers and nurses were trained. The activities under this support included:

- Training of health workers of the Forensic Medicine unit of JDWNRH on domestic violence and sexual assault management.
- Sensitization on the medico-legal and ethical responsibilities when dealing with victims of violence and the need and procedure for systematic documentation and referrals.
- Equipment was provided for the one stop crisis centre.

This training has increased the participants' knowledge about the characteristics of violence against women including domestic violence and sexual assaults; and the concept of a multi-disciplinary approach to helping victims of violence. They are now more sensitive about the victims needs and are oriented with ethical and medico-legal responsibilities and can also provide victims with friendly healthcare services.

To ensure that CICs can provide affordable services to rural communities on a sustained basis, a UNV Specialist was hired to assist the Ministry of Information and Communications to develop a sustainable – a business model for the CICs. In addition, operators of six CICs (in Mongar and Zhemgang districts) were trained by the UNV Specialist on the usage of the business model and the delivery of services.

The activities conducted under this support included:

- Development of a business model and operations manual for CIC operators by the UNV Specialist (adopted by Department of Information Technology, DIT).
- Six CIC operators from Mongar and Zhemgang were trained on the usage of the manual and business model and delivery of services to the rural communities.
- A quick assessment of the services provided through the CICs was carried out and it was reported that farmers each at Challi and Yadi, in Mongar District noted that the lack of Xerox and fax facilities and access to information locally was having an impact on their livelihoods as time and money was lost traveling one day to Mongar simply to copy and fax one-page documents, often important government forms. The CICs have certainly responded to this need as all beneficiaries welcomed the improved access with one respondent using the money and time saved frequently traveling to Mongar to invest in agricultural production (Source: HSF End of Project Evaluation).

The results of the support to the Election Commission of Bhutan to increase awareness and sensitization on gender has resulted in more targeted campaigns in their local elections advocacy posters addressing women as candidates. There are concerted efforts made in their briefings and information sharing with the public while educating them on the rules and regulations on the upcoming local elections.

The activities conducted under this support included:

- Six election officials were trained in election management and inclusive electoral processes to enhance women's participation in elections
- Support was provided to develop an asset and inventory management system. A two-week end-user training was conducted for 30 officials from the ECB to ensure that a functional, effective and transparent mechanism was established.
- A week-long Training of Trainers was conducted using the BRIDGE module for gender sensitized voter education programmes to be conducted in four municipalities.
- 16 election officials participated in an Election mission to India to learn and observe gender inclusive local elections.

The specific achievements reported by UNCDF include:

The support to the Local Governance Support Programme (LGSP) under the decentralization and local governance intervention was utilized for technical assistance to develop the Capacity Development Strategy. The capacity development for the local governments until now is supported through training and curriculum services on a need basis identified by the central agencies for planning, implementation and M&E skills.

The achievements include:

- The current LGSP support enabled the Department of Local Governments (DLG) supported by the GNH Commission to assess and formulate an action plan for a Capacity Development Strategy and Vision.
- The Strategy will enable agencies and local governments to coordinate, train and identify the capacity needs for local governments to improve planning, budgeting and implementation of activities.
- The action plan developed under the Strategy will be implemented under the LGSP with other subsequent funds and activities till the programme ends in 2013.
- The strategy also looks at a more demand driven approach to capacity rather than the current supply driven approach and needs.

Future Work Plan

Under the local governance and decentralization, through the LGSP multi-year programme 2008-2013, the UN is expected to provide about \$371,000 in the annual work plan for 2011, representing about 28 per cent of the total \$1,342,264 committed by development partners.

3.3.5 UNDAF Outcome 5: Environment & Disaster Management

Table 3.3.5, below, provides a brief overview of UNDAF Outcome 5: Environment & Disaster Management as of 31 December 2010.

Table 3.3.5 UNDAF Outcome/Programme 5: Environment & Disaster Management		
Participating Organizations	Net Transferred Amount (USD)	Financial Implementation Status (%)
UNEP	48,165	99.6
UNESCO	25,000	85.2
UNICEF	70,935	100.0
UNDP	256,460	96.6
Total	400,560	96.9

Purpose

The programme contributed to UNDAF Outcome 5: “By 2012, national capacity for environmental sustainability and disaster management strengthened”. Support was allocated to five main activities contributing to various outputs and implemented by three different agencies of the Royal Government of Bhutan and four UN agencies (UNDP, UNICEF, UNEP, and UNESCO).

The specific outcome, outputs and objectives under each activity are listed below:

- 1) The objective of the **Disaster Preparedness** component (DDM-MoHCA / UNDP, UNICEF) is to contribute to the establishment of better preparedness and response systems to reduce natural disaster risks in fulfillment of:

CT Outcome 5.2: “National capacity for disaster risk management strengthened” through:

- CT Output 2.1: “Capacity of national focal agencies, relevant sectors and disaster management authorities at all levels strengthened to implement disaster management framework”.
- CT Output 2.2: “Preparedness and response systems to reduce risks, mitigate and cope with disasters/climate change operationalized”.

- 2) The objective of the **Implementation of Bhutan Human-Wildlife Conflict Management Strategy** component (MoAF / UNDP) is to adopt mitigation measures to address human-wildlife conflict issues, thereby protecting crops from wildlife depredation in fulfillment of:

CT Outcome 5.4: “Conservation of bio-diversity and ecosystems enhanced” through:

- CT Output.4.2: “Sustainable land management, biodiversity Conservation, and utilization of natural resources promoted/strengthened”.

- 3) The objective of the **Awareness on Climate Change** (UNDP) component was pursued through support to the SAARC Art Camp on Climate Change as a side-event to the 16th SAARC Summit on Climate Change in fulfillment of:

CT Outcome 5.1: “National capacity to address current environmental challenges and mainstream environmental concerns into policies, plans and programs enhanced” through:

- CT Output 1.1. Capacity of national and local authorities/agencies to mainstream environmental concerns strengthened.

- 4) The objective of the **Development of the Bhutan Environment Outlook and Integrated Water Resources Management Plan** (UNEP) is to support the development of the Outlook and the Integrated Plan in fulfillment of:

CT Outcome 5.1: “National capacity to address current environmental challenges and mainstream environmental concerns into policies, plans and programmes enhanced” through:

- CT Output 1.2: “Environment mainstreaming tools developed”.

- 5) The objective of the **International Conference on Disaster management and Cultural Heritage - Living in Harmony with the Four Elements** (DDM-MOHCA / UNDP, UNESCO) is to provide technical support to the conference in fulfillment of:

CT Outcome 5.2: “National capacity for disaster risk management strengthened” through:

- CT Output 2.1 Capacity of national focal agencies, relevant sectors and disaster management authorities at all levels strengthened to implement disaster management framework.

Results

1. Disaster Preparedness:

As planned, the programme contributed to the establishment of better preparedness and response systems to reduce risks of the Bhutanese populations from disasters. Key outputs include:

- Emergency response kits consisting of basic equipment and supplies were procured by the Department of Disaster Management and distributed to 4 districts (Sarpang, Samtse, Mongar and Trashigang).
- Specific emergency search and rescue equipment was distributed to the Royal Bhutan Police.
- A comprehensive search and rescue training was conducted for 30 national key stakeholders from the government, Royal Bhutan Police, Royal Bhutan Army and Body guards, and corporations.
- Disaster preparedness and response capacities were strengthened through a Safe School program conducted for 90 teachers in Trashigang district.
- Community Based Disaster Risk Management (CBDRM) training of trainers was conducted for more than 160 district and block officials under Bumthang, Trashigang and Trashigang districts.
- Finalization of the guidelines on the Bhutan Disaster Assessment (BDA) tools.
- Finalization of Standard Operating Procedures (SOPs).
- Finalization of BDA tools.

Some delays occurred in programme implementation due to time constraints of district officials to implement disaster management activities and unavailability of community members to attend CBDRM-trainings during farming seasons. Lessons learnt from the CBDRM-trainings were used to revise the curriculum.

2. Implementation of Bhutan Human-Wildlife conflict Management Strategy:

As a result of the programme, communities are adopting mitigation measures to address human-wildlife conflict issues, thereby protecting crops from wildlife depredation (a very common problem in rural Bhutan). The main output of the support was an exposure visit of 9 community leaders and 4 forestry personnel to two national parks in Thailand. The leaders and forestry personnel were exposed to various mitigation measures and functioning of village committees for the resolution of human wildlife conflicts. They were also exposed to potential livelihood and income generation activities through the sustainable use of natural resources. The community leaders demonstrated a keen interest in taking up mitigation measures like alarm fencing and adopting the idea of forming village-level human wildlife conflict management committees in their villages, as well as improving their existing natural wealth and selling it for nature tourism initiatives. They consider this a possible means to sustainably finance some of the mitigation measures under the Human Wildlife Conflict Management Strategy.

3. Awareness on Climate Change

The support contributed towards organization of the SAARC Art Camp on Climate Change as a side-event to the 16th SAARC Summit on Climate Change held in Thimphu in April 2010. Artists from all eight SAARC member states were invited to the Art Camp to depict Climate Change, interact, and expose their works for the Summit delegates. In addition to the formal exhibition at the Summit, the diverse art works created during the Art Camp – some using provocative expressions and ways - received great attention from media and the general public as an innovative way to address development issues in the Bhutanese setting.

4. Dev't of Bhutan Environment Outlook and Integrated Water Resources Management Plan for Bhutan

Process for the development of the Bhutan Environment Outlook and its way forward was adopted following a three day inception workshop/training (17-19 May 2010) in Thimphu. The scope of the report will include

the link between the assessment and relevant policy and decision-making processes. The workshop/training also contributed to the enhanced capacity of the environmental and policy-making community on Integrated Environmental Assessment and its participatory process. Leading towards an Integrated Water Resources Management Plan for Bhutan, a concept paper for a more detailed water resources inventory has been developed. The paper contains a review of existing statistical data and information systems on water resources and stakeholders involved in water management.

5. International Conference on Disaster management and Cultural Heritage

The support contributed towards the organization of the “International Conference on Disaster Management and Cultural Heritage - Living in Harmony with the Four Elements” which was held in Thimphu from 12-14 December 2010 and brought together 153 participants from 24 countries including Bhutan. The conference addressed the linkages between disaster management and both tangible and intangible aspects of culture. The main outcome of the conference deliberations (“Thimphu document”) holds a set of universal principles and practical recommendations, which will assist governments and practitioners in drawing on synergies between Disaster Management and Cultural Heritage, while also strengthening national, regional and global disaster management frameworks.

Future Work Plan

1. Disaster Preparedness: In 2010, the efforts to strengthen the national capacity for disaster risk management continue under the Bhutan Recovery and Reconstruction project (\$194,700). The project will expand and draw on the successful lessons learnt in the area of search and rescue equipment and trainings.

2. Human-Wildlife Conflict Strategy: In 2011, implementation of the Human-Wildlife Conflict Management Strategy continues with the target of forming Gewog Conservation Committees, establishing a pilot crop insurance scheme, training staff in conflict and database management and construction of solar powered electric fencing (\$90,000).

3. Awareness on Climate Change: Climate Change is on the forefront of the agenda for both the government of Bhutan and UNDP. In 2011, UNDP is amongst other supporting the government in the following activities related to Climate Change: NAPA revision and programme formulation, Finalization of the Second National Communication to UNFCCC and organization of a sub-regional Climate Summit taking place in Bhutan in October 2011 for Bhutan, India, Bangladesh and Nepal as follow-up to the SAARC Summit on Climate Change. The total support in this area amounts to \$373,700. In addition, UNDP is also advocating for climate change mainstreaming in all sectors under various programmes.

5. International Conference on Disaster management and Cultural Heritage: The recommendations of the conference were taken forward at the Global Platform for Disaster Risk Reduction organized by UNISDR in Geneva in May 2011 where the delegation of Bhutan, assisted by the UNRC in Bhutan, played a visible role. Bhutan will continue to take the recommendations forward in future DRR forums.

4. Financial Performance

This Financial Performance section includes key financial data on the UN Bhutan Country Fund. Financial information is also available on the MDTF Office GATEWAY (<http://mdtf.undp.org>). Due to rounding, totals in the tables may not add up. All amounts *in the tables* are stated in US\$ thousands.

Disclaimer: In 2010, UNFPA refunded \$20,000 against the transfer made in 2009 for the Governance Programme. This refund was incorrectly recorded against the Health Programme. As a result, the transfer and remaining balance against these projects is not appearing correctly in this Financial Performance chapter. The correction of the error has been done in 2011. The correct UNFPA-data for these Programmes is therefore: Governance Programme: net transfer amount \$0. Health Programme: net transfer \$141,453. Total expenditure \$148,418. Financial delivery-rate: 100.05 per cent (over-expenditure of \$6,965.12). Over-expenditure reported by Participating Organizations will be corrected in 2011 financial reporting.

4.1 Financial Overview

The below table provides a financial overview of the UN Bhutan Country Fund as of 31 December 2010, highlighting the key figures as well as the balance available, both with the Administrative Agent (MDTF Office) and with Participating Organizations.

Table 4.1.1 - Financial Overview (\$000)

	Prior Years as of 31 Dec 2009	Current Year (2010)	TOTAL
Sources of Funds			
Gross Donor Contributions	677	861	1,538
Fund Earned Interest Income	-	2	2
Interest Income Received from Participating Orgs	-	2	2
Refunds by Administrative Agent (Interest/Others)	-	-	-
Other Revenue	-	-	-
Total - Sources of Funds	677	865	1,542
Uses of Funds			
Transfers to Participating Organizations	670	897	1,567
Refunds Received from Participating Organizations	-	(45)	(45)
Net Funded Amount to Participating Organizations	670	852	1,523
Administrative Agent Fees	7	9	15
Direct Costs (Steering Committees etc.)	-	-	-
Bank Charges	-	-	-
Other Expenditures	-	-	-
Total - Uses of Funds	677	861	1,538
Balance of Funds Available with Administrative Agent	-	4	4
Net Funded Amount to Participating Organizations	670	852	1,523
Participating Organizations' Expenditure	100	1,371	1,471
Balance of Funds with Participating Organizations	570	(518)	52

Apart from donor contributions, the UN Bhutan Country Fund also receives funds from the interest earned income. The two sources of interest income are: (1) Interest earned by the MDTF Office on the balance of funds with the Administrative Agent's (Fund) account; and (2) Interest Income from the Participating Organizations, which is the amount earned by the Participating Organizations on the undisbursed balance of the UN Bhutan Country Fund. By the end of 2010, the fund-earned interest amounted to \$2,233. The Administrative Agent fee is charged at an approved rate of 1 per cent on deposits to the UN Bhutan Country Fund, amounting to a cumulative total of \$15,380 as of 31 December 2010 (2009: \$6,770 and 2010: \$8,610).

4.2 Donor Contribution

Table 4.2.1 displays the breakdown of the contributions received. Total contribution received as of 31 December 2010 is \$861,000 (from the Expanded DaO Funding Window). Cumulatively, as of 31 December 2010, donor contributions to the UN Bhutan Country Fund therefore amounted to \$1,538,000.

Table 4.2.1 - Donor Contributions (\$000)

Donor	Prior Years as of 31 Dec 2009	Current Year (2010)	TOTAL
Expanded DaO Funding Window	677	861	1,538
Total	677	861	1,538

4.3 Interest Earned

Fund-Earned Interest: Fund earned interest (i.e. interest earned by the UN Bhutan Country Fund Administrative Agent; the MDTF Office) amounted to \$2,233 in 2010. This amount is an additional source of income for the UN Bhutan Country Fund and increases the amount of funds available for project funding.

Agency-Interest Earned by Participating Organizations: All interest earned by the Participating Organizations is expected to be credited to the UN Bhutan Country Fund unless the governing bodies of the said organization has approved decisions that govern the specific use of interest earned on donor contributions. The refunded interest will be used to augment the availability of funds for project funding. In 2010, the interest generated by Participating Organizations was \$2,258.

Table 4.3.1 - Received Interest at the Fund and Agency Levels (\$000)

	Prior Years as of 31 Dec 2009	Current Year (2010)	TOTAL
Fund Earned Interest (Administrative Agent)	-	2	2
Total - Fund Earned Interest	-	2	2
UNDP	-	2	2
UNFPA ⁹	-	0	0
Total – Interest Income Received from PO	-	2	2
Total Interest Earned	-	4	4

⁹ UNFPA reported and returned \$50 in interest during the reporting period.

4.4 Transfer of Approved Funding to Participating Organizations

As of 31 December 2010, the UN Bhutan Country Fund had funded approved projects/programmes for a net total of \$1,522,620. In 2010, UNDP received the largest share of funding, followed by WFP and UNICEF. The distribution of approved funding by Participating Organizations is summarized in the below tables.

Table 4.4.1 - Transfer of Net Funded Amount by Participating Organizations (\$000)

Participating Organization	Net Funded Amount		
	Prior Years as of 31 Dec 2009	Current Year (2010)	TOTAL
FAO	-	26	26
UNCDF	20	-	20
UNCTAD	-	20	20
UNDP	354	317	670
UNEP	48	-	48
UNESCO	-	25	25
UNFPA	50	121	171
UNICEF	166	149	315
WFP	32	195	227
Total	670	852	1,523

Table 4.4.2 – Transfer of Net Funded Amount by UNDAF Outcome / Programme (\$000)

UNDAF Outcome / Programme	Net Funded Amount		
	Prior Years as of 31 Dec 2009	Current Year (2010)	TOTAL
Education	116	293	410
Environment & Disaster Management	191	209	401
Governance	240	84	324*
Health	57	121	178*
Poverty Reduction	65	143	209
Total	670	852	1,523

* See important disclaimer on page 34 regarding refund and transfer from/to UNFPA under these Programmes.

4.5 Expenditure

As of 31 December 2010, a total of \$1,471,008 was reported by Participating Organizations as expenditure, which is the equivalent to a delivery rate of 96.6 per cent.

All expenditure reports were submitted by the Headquarters of the Participating Organizations through the MDTF Office's UNEX Financial Reporting Portal, and extracted and analysed by the MDTF Office. The below tables provide different cuts on this expenditure data. Additional tables on expenditure, including

expenditure tables by Participating Organization with breakdowns by budget category are available on the MDTF Office GATEWAY (<http://mdtf.undp.org>).

Any over-expenditure reported by Participating Organizations, and reflected in the tables below, will be corrected in Participating Organizations' 2011 financial reporting.

Table 4.5.1 below displays transfers and expenditures of the UN Bhutan Country Fund in 2010 and presents the financial delivery rates. Financial delivery rates are measured in terms of expenditure as a proportion of the amount transferred.

Table 4.5.1 - Expenditure by UNDAF Outcome / Programme (\$000)

UNDAF Outcome / Programme	Net Funded Amount	Expenditure			Delivery Rate (%)
		Prior Years as of 31 Dec 2009	Current Year (2010)	TOTAL	
Education	410	35	342	377	91.94
Environment & Disaster Management	401	17	371	388	96.86
Governance	324*	-	292*	292*	90.18*
Health	178*	48	157*	205*	115.14*
Poverty Reduction	209	-	208	208	99.48
Total	1,523	100	1,371	1,471	96.61

* See important disclaimer on page 34 regarding refund and transfer from/to UNFPA under these Programmes.

Table 4.5.2 - Expenditure by Participating Organization (\$000)

Participating Organization	Net Funded Amount	Expenditure			Delivery Rate (%)
		Prior Years as of 31 Dec 2009	Current Year (2010)	TOTAL	
FAO	26	-	28	28	107.7
UNCDF	20	-	19	19	93.3
UNCTAD	20	-	19	19	92.5
UNDP	670	-	650	650	96.9
UNEP	48	-	48	48	99.6
UNESCO	25	-	21	21	85.2
UNFPA	171	-	178	178	104.1
UNICEF	315	98	217	315	100.0
WFP	227	2	192	194	85.4
Total	1,523	100	1,371	1,471	96.6

Table 4.5.3 - Expenditure by Budget Category (\$000)

Budget Category ¹⁰	Expenditure			Delivery Rate (%)
	Prior Years as of 31 Dec 2009	Current Year (2010)	TOTAL	
Supplies, Commodities, Equipment	-	544	544	39.50
Personnel	-	346	346	25.16
Training of Counterparts	61	236	297	21.58
Contracts	31	145	179	12.76
Other Direct Costs	-	14	14	0.99
Total - Programme Costs	92	1,285	1,376	100.00
Indirect Support Costs	9	86	95	6.87
Total	100	1,371	1,471	

4.6 Balance of funds

As per the Financial Overview (Table 4.1.1), as of 31 December 2010, a net amount of \$1, 567, 365 had been transferred to Participating Organizations. This is 99 per cent of gross donor contributions to the UN Bhutan Country Fund, with the remaining 1 per cent representing the AA-fee. The available balance of \$4,491 represents the interest earned by the Administrative Agent and Participating Organizations as of 31 December 2010, and may be allocated by the Steering Committee to programmatic activities. The unutilized balances remaining with Participating Organizations as of 31 December 2010 was \$51,612 (or 3.6 per cent of transferred amount).

4.7 Cost Recovery

The cost recovery for the UN Bhutan Country Fund is guided by the applicable provisions of the Terms of Reference, the MOU concluded between the Administrative Agent and Participating Organizations, and the SAAs concluded between the Administrative Agent and Donors.

Cost recovery, as of 31 December 2010, was as follows:

- **The Administrative Agent fee:** One per cent charged at the time of donor deposits and is for the entire duration of the UN Bhutan Country Fund. In the reporting period this amounted to \$15,380.
- **Indirect Costs of Participating Organizations:** As per the UN Bhutan Country Fund TOR, Participating Organizations may charge 7 per cent indirect costs. As of the end of the reporting period indirect costs across all programmes and projects amounted to 6.87 per cent of reported programme cost.
- **Direct Costs:** May be charged to the Fund to cover costs associated with the Steering Committee etc. In 2010, no direct costs were charged to the UN Bhutan Country Fund.

¹⁰ Standard UNDG Budget Categories used in all MDTFs to enable standardized financial reporting across all Participating Organizations

5. Transparency and Accountability of the UN Bhutan Country Fund

The major vehicle for public transparency of operations under the UN Bhutan Country Fund during the reporting period was the MDTF Office GATEWAY.

In 2010, the MDTF Office officially launched the MDTF Office GATEWAY (<http://mdtf.undp.org>). It is a knowledge platform providing real-time data from the MDTF Office accounting system, with a maximum of two-hour delay, on financial information on donor contributions, programme budgets and transfers to Participating Organizations. It is designed to provide transparent, accountable fund-management services to the United Nations system to enhance its coherence, effectiveness and efficiency.

Each MDTF and JP administered by the MDTF Office has its own website on the GATEWAY with extensive narrative and financial information on the MDTF/JP including on its strategic framework, governance arrangements, eligibility and allocation criteria. Annual financial and narrative progress reports and quarterly/semi-annual updates on the results being achieved are also available. In addition, each programme has a Factsheet with specific facts, figures and updates on that programme.

The GATEWAY provides easy access to more than 5,000 reports and documents on MDTFs/JPs and individual programmes, with tools and tables displaying related financial data. By enabling users in the field with easy access to upload progress reports and related documents also facilitates knowledge sharing and management among UN agencies. The MDTF Office GATEWAY is already being recognized as a 'standard setter' by peers and partners.

Conclusion

This First Consolidated Annual Progress Report on Activities under the UN Bhutan Country Fund reports on the implementation of the projects approved for funding up to 31 December 2010. The Progress Report is consolidated based on information and data contained in individual progress reports and financial statements submitted by Participating Organizations to the MDTF Office.

In line with its mandate, in its first year of operation, funds channelled through the UN Bhutan Country Fund have contributed to providing resources to under/unfunded components of the UNDAF/cCPAP's five Outcome areas: Poverty Reduction, Health, Education, Governance and Environment & Disaster Management.

Programmatic activities funded and implemented under the UN Bhutan Country Fund have fully met their targets in 2010. With a financial implementation rate of 96.6 per cent, the nine Participating Organizations have made achievements across all five UNDAF Outcome areas. Whereas all planned and funded programmatic activities were completed by the end of the reporting period, the Participating Organizations' programmes continue into 2011 in support of similar activities. Similarly, lessons learned during the reporting period have allowed Participating Organizations to take appropriate measures within their existing programmes, and ensured that improved project implementation and management arrangements are in place for new programmatic activities.

The MDTF Office, in its capacity as the Administrative Agent of the UN Bhutan Country Fund, envisages that this First Consolidated Annual Progress Report on Activities under the UN Bhutan Country Fund will provide the Steering Committee the basis on which to better assess resource requirements and to advocate and mobilize additional funding in support of the five UNDAF Outcomes in Bhutan.