

**UN BHUTAN COUNTRY FUND**

**ANNUAL programme[[1]](#footnote-1) NARRATIVE progress report**

**REPORTING PERIOD: 1 january – 31 December 2010**

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| Programme Title & Number |  | Country, Locality(s), Thematic Area(s)[[2]](#footnote-2) |
| * Programme Title: Support to UNDAF Outcome 1 ***“By 2012, opportunities for generation of income and employment increased in targeted poor areas”*** * Programme Number *(if applicable)* * MDTF Office Atlas Number:00073261 | Bhutan,  Nationwide,  Poverty & MDGs |

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| Participating Organization(s) |  | Implementing Partners |
| FAO, UNDP, UNICEF & UNCTAD | Ministry of Labor and Human Resources; Ministry of Economic Affairs; Ministry of Agriculture and Forests; Centre for Bhutan Studies; Gross National Happiness Commission; National Statistics Bureau |

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| --- | --- | --- | --- | --- |
| Programme/Project Cost (US$) | |  | Programme Duration (months) | |
| MDTF Fund Contribution:  *FAO: $25,743; UNDP: $129,649;UNICEF: $34,000; UNCTAD: $20,000* |  |  | Overall Duration |  |
| Agency Contribution   * *by Agency (if applicable)* |  |  | Start Date[[3]](#footnote-3) : | 16th December 2009 |
| Government Contribution  *(if applicable)* |  |  | End Date or Revised End Date,  *(if applicable)* | 31st December 2013 |
| Other Contribution (donor)  *(if applicable)* |  |  | Operational Closure Date[[4]](#footnote-4) |  |
| TOTAL: $ 209,392 |  |  | Expected Financial Closure Date |  |

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| Programme Assessments/Mid-Term Evaluation |  | Submitted By |
| Assessment Completed - if applicable *please attach*  Yes **X** No Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Mid-Evaluation Report *– if applicable please attach*  b Yes **X** No Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | * Name: Pem Chuki Wangdi * Title: Head, Management Support Unit * Participating Organization (Lead): UNDP * Email address: [pem.wangdi@undp.org](mailto:pem.wangdi@undp.org) |

# Purpose

The purpose of the support 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 outputs and outcomes under the overall UNDAF framework:

1. **CT Output 1.2:** *“Farmers use of improved post harvest management facilities and practices increased”* under **CT Outcome 1:** *Access to socio-economic services, markets and information improved for smallholder and marginal farmers in targeted rural areas”*.
2. **CT Output 2.3:** *“Capacity of small farmers enhanced through formation of self-help groups and targeted extension services”* under **CT Outcome 2:** *“Food security among small holder farmers and other vulnerable groups in targeted rural areas enhanced”.*
3. **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;”*and **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,”* under **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”.*
4. **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”* under **CT Outcome 4:** *“New Micro and SMEs and jobs created with emphasis on women and youth”.*
5. **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”* under **CT Outcome 5:** *“Enhanced capacity of public sector to implement results based policy, plan and programme development especially for MDGs and poverty reduction”.*

# Resources

*Budget Revisions:*

The UN Bhutan Country Fund Steering Committee on 29th July 2010 endorsed the following requests for re-allocation of funds and no-cost extensions from UNDP and UNFPA:

* Request from UNDP for reprogramming of unspent funds amounting to $24,745.04 under UNDAF Outcome# 4: Governance to cover over expenditures incurred by UNDP under UNDAF Outcome# 5: Environment ($ 3,742.35) and UNDAF Outcome# 1: Poverty ($ 21,002.69)
* Request from UNFPA for re-allocation of unspent funds amounting to $ 20,000 under UNDAF Outcome# 4: Governance to UNDAF Outcome# 2: Health.

*Good Practices and Constraints*

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, UNDP, UNICEF, UNFPA and WFP (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 follows the Government’s fiscal year.

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

# Implementation and Monitoring Arrangements

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 UN agencies (namely UNDP, UNICEF, UNFPA and WFP) conducts periodic monitoring through assurance activities required under the HACT Framework 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 report is reported 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.

# Results

The UN Bhutan Country Fund has contributed to selected 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 information providing information on micro finance/credit and markets has contributed to “*CT Output 1.2: Farmers use of improved post harvest management facilities and practices increased”* under *“CT Outcome 1: Access to socio-economic services, markets and information improved for smallholder and marginal farmers in targeted rural areas”* as well as to*” CT Output 2.3: Capacity of small farmers enhanced through formation of self-help groups and targeted extension services”* under *“CT Outcome 2: Food security among small holder farmers and other vulnerable groups in targeted rural areas enhanced.”*

Activities supporting the mainstreaming of gender in trade policies contributed to 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.”* The skills training for the youth and the advocacy on the Economic Development Policy and Consumer protection has contributed to “CT Output 3.3 (a): *“Access to international markets enhanced through improved negotiation capacity and understanding of global and regional trade agreement and facilities,”* and 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,”* under *“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”* and *“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”* under *“CT Outcome 4: New Micro and SMEs and jobs created with emphasis on women and youth.”*,

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: “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;”* and *“CT Output 5.3: National capacity at central and local levels enhanced to implement RBM in planning, M & E system taking into consideration cross cutting issues such as ICT, Environment, gender & governance a) Professional staff in ministries/ agencies at central/ local levels are skilled in applying BDI (GNH based), RBM, and Simple Macro-economic framework in their planning, M&E and reporting processes”* under *CT Outcome 5: Enhanced capacity of public sector to implement results based policy, plan and programme development especially for MDGs and poverty reduction.*

The specific achievements are:

1. Under the Ministry of Agriculture and Forests (MoAF), the UN Bhutan Country Fund (UNBCF) 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 support supplemented home gardening activities in the remote areas of the country. The main objective was to support 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:

1. Training on home gardening, vegetable cultivation, compost making, IPM and post harvest techniques. 588 households participated in the 16 training programmes from 6 Dzongkhags (districts) and 12 remote gewogs (blocks).
2. 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.
3. 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 on the importance of production and consumption of vegetables for their health.

1. 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.
2. The Economic Development Policy, supported by UNDP, is an apex document of Bhutan on trade and investment sector. The policy document among others has a section that promotes small and cottage industry with special focus on creative culture industry. Small and micro businesses are being promoted as effective interventions in the poverty reduction initiatives. The funding support from UNBCF was instrumental in advocating the policy beyond Bhutan to the region.

The Ministry of Economic Affairs (MoEA) carried out high-level investment road show on 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 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 on the country as a new investment destination. The road show generated interest from investment perspective, trading or just as a tourist destination. There was appreciable interest to establish trade relations and invest in Bhutan. Interests were quite high in the hospitality sector, hydropower, and export of consumer goods to Bhutan, agro processing, construction sector, wellness and cosmetics. The show was able to generate good participation and interest from the foreign investors, which would contribute to enhancing economic growth with generation of employment opportunities.

Further, the Ministry was also able to conduct 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 remotest communities since 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 enterprise.

1. With UNCTAD, the MoEA undertook 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 aim of the seminars was to raise awareness about the rights and responsibilities of consumers, traders, Police, local government and the Media and was attended by some 300 participants. 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 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 decision allowed UNCTAD to prepare the Terms of Reference for the Policy Paper. A consultant was recruited and has undertaken the first fact finding mission to Bhutan in January 2010. The first draft report of the Guidelines of the Competition Policy paper will be completed by Mid March 2010.

1. 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 and will provide comprehensive data on some 21 MDG indicators and update the situation of women and children at district level. The survey will be critical for starting as well as scaling programmatic interventions.

200 enumerators were trained over two weeks in April 2010 on field data collection of the BMIS survey. All the enumerators were trained on important aspects of BMIS standards and protocols in gathering important data on social and economic indicators such as mortality, nutrition, child labour, disability, health and education of women and children in Bhutan.

The enumerators after having acquired relevant skills formed 40 teams comprising of enumerators, measurers, editors and supervisors conducted the field survey covering even the remotest areas. The teams have successfully collected data from all the 20 districts during the period of mid-April 2010 to mid-July 2010. The NSB is now processing the data and the results/findings are expected to be released by late October 2010.

1. Through UNDP, the UNBCF support contributed to furthering the 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. With wide circulation of the booklet, the GNH advocacy has helped spread and understand the GNH among the Dzongkha audience in districts, gewogs and in schools.

The support has further contributed 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.

# Future Work Plan (if applicable)

Under the 2011 annual work plans signed with the key national counterparts (MoAF, MoLHR, MoEA, GNHC, Tarayana Foundation and Youth Development Fund), UN will continue to support similar programmes in the area of employment generation through skills training for youth, promotion of rural enterprise, support to rural livelihood and promotion of trade. Capacity building in the area of data generation for MDG and GNH based monitoring of progress will also continue.

**VIII. INDICATOR BASED PERFORMANCE ASSESSMENT**

1. The term “programme” is used for programmes, joint programmes and projects. [↑](#footnote-ref-1)
2. Priority Area for the Peacebuilding Fund; Sector for the UNDG ITF. [↑](#footnote-ref-2)
3. The start date is the date of the first transfer of the funds from the MDTF Office as Administrative Agent. Transfer date is available on the [MDTF Office GATEWAY](http://mdtf.undp.org/) (http://mdtf.undp.org). [↑](#footnote-ref-3)
4. All activities for which a Participating Organization is responsible under an approved MDTF programme have been completed. Agencies to advise the MDTF Office. [↑](#footnote-ref-4)