



UN JOINT SDG FUND: FIRST CALL ON SDG FINANCING



A. COVER PAGE

1. Fund Name: Joint SDG Fund

2. MPTFO Project/Programme Reference Number:

3. Joint Programme title: “*Building a Bhutan Integrated National Financing Framework for the Sustainable Development Goals (SDGs) and Gross National Happiness (GNH)*”

4. Short title: BHUTAN-INFF

5. Country and region: Bhutan, South Asia

6. Resident Coordinator: Mr. Gerald Daly; gerald.daly@one.un.org

7. UN Joint Programme focal point(s): Mr. Scott Standley, RCO; scott.standley@un.org; Mr. Tandin Wangchuk, UNDP CO; tandin.wangchuk@undp.org

8. Government Joint Programme focal point: Director, Department of National Budget, Ministry of Finance

9. Short description: The Bhutan Joint Programme proposal to the SDG Fund aims to facilitate the development and implementation of critical building blocks towards an Integrated National Financing Framework (INFF), a transformative contribution to the way Bhutan finances its development priorities. This includes supporting financing solutions aligned with both responses to COVID-19 and longer-term investments in a sustainable future. The proposal is a joint initiative of UNDP and UNICEF under the leadership of the RCO developed with GNHC (equivalent to a planning commission) and the Ministry of Finance of the Royal Government of Bhutan.

By establishing a sustainable financing strategy underpinned by a coherent and coordinated financing framework, it is envisaged that Bhutan will be able to: attain optimal allocation of its limited public resources; attract private investment into sustainable development priorities, including to respond to COVID-19; facilitate a smooth and sustainable graduation from the LDC category; strengthen gender-responsive approaches to financing and promote gender equality; build resilience to threats posed by climate change and health crises; and create for its people the “*Just, Harmonious and Sustainable Society through Enhanced Decentralization*” envisaged by the 12th Five Year Plan and beyond.

10. Keywords: integrated, happiness, sustainable, private, financing.

11. Overview of budget (*based on the detailed budget in the annex*)

Joint SDG Fund contribution	USD 872,051.00
Co-funding X (<i>UNDP and UNICEF</i>)	USD 60,000.00
TOTAL	USD 932,051.00

12. Timeframe: TW/JD

Start date	End date	Duration (in months)
<u>01 January, 2021</u>	<u>31 December, 2022</u>	<u>24</u>

13. Gender Marker: 2

(the overall score (0-3) based on the Gender Marker Matrix in the annex. See instruction on Gender matrix preparation)

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14. Participating UN Organizations (PUNO) and Partners: UNDP and UNICEF

(List all entities involved in implementation with organization, Last Name, First Name, Position, e-mail, telephone)

14.1 PUNO

- Convening agency: UNDP
- Other PUNO: UNICEF


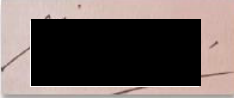

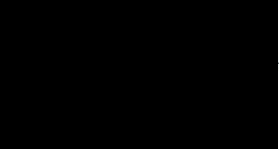
14.2 Partners

- National authorities: Gross National Happiness Commission and Ministry of Finance

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SIGNATURE PAGE

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<p>Resident Coordinator: Gerald Daly <i>Date and Signature</i></p>  <p>30 December 2020</p>	<p>National Coordinating Authority <i>Gross National Happiness Commission</i></p>  <p>Rinchen Wangdi Director</p>
<p>Participating UN Organization (lead/convening) <i>Name of PUNO: UNDP</i> <i>Name of Representative: Azusa Kubota</i></p>  <p>30 December 2020</p>	<p>Date 4th January 2021 <i>Signature and seal</i></p>
<p>Participating UN Organization <i>Name of PUNO: UNICEF</i> <i>Name of Representative: Will Parks</i></p>  <p>30 December 2020 <i>Signature and seal</i></p>	

B. STRATEGIC FRAMEWORK

1. Call for Concept Notes: SDG Financing (2/2019) – Component 1

2. Programme Outcome [pre-selected]

Additional financing leveraged to accelerate SDG achievement (Joint SDG Fund Outcome 2)

3. UNDAF Outcomes and Outputs

The theme of the United Nations Sustainable Development Partnership Framework (UNSDPF) for Bhutan 2019 – 2023 is “Leaving no one behind”. The SDG Joint Fund will directly contribute to the achievement of the following outcomes and corresponding outputs:

Outcome 2: By 2023, vulnerable and unreachd people access and receive quality health, nutrition, protection, education, water sanitation and hygiene services

Output 2.1: Enhanced protection of children and women

Output 2.2: Education and care for unreachd children and adolescents has improved

Output 2.3: Improved policies and strategies for health, nutrition, water, sanitation and hygiene

Outcome Three: By 2023, national stakeholders provide equal opportunities for all, particularly women and vulnerable groups

3.2: Parliament and justice sector capacities and approaches are strengthened with increased inclusion, transparency and accountability

Outcome Four: By 2023, Bhutan’s communities and its economy are more resilient to climate-induced and other disasters and biodiversity loss as well as economic vulnerability

Output 4.2.: National policies foster innovative financing, an inclusive business environment and improved livelihoods through climate resilient and nature-based solutions economic vulnerability.

4. SDG Targets directly addressed by the Joint Programme

The Joint Programme will accelerate progress across the SDGs, especially targets related to SDG 1 (poverty), SDG 3 (health), SDG 4 (education), SDG 8 (growth and employment) and SDG 17 (means of implementation). The programme will also support progress on critical cross-cutting themes of gender equality (SDG 5), climate action (SDG 13), and life on land SDG 15), thereby impacting progress on those specific SDGs and also a wider set of goals and targets.

Goal 1. End poverty in all its forms everywhere

1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.

1.a Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions

Goal 3. Ensure healthy lives and promote well-being for all at all ages

3.2 By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births

3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes

4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education

Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

8.10- Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.

Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

17.1 Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection

17.3 Mobilize additional financial resources for developing countries from multiple sources

17.4 Assist developing countries in attaining long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief and debt restructuring, as appropriate, and address the external debt of highly indebted poor countries to reduce debt distress

4.2 Expected SDG impact

The Joint Programme will contribute to the achievement of the SDGs by strengthening the overall financing ecosystem of Bhutan and thereby leverage more resources that can target towards SDG progress. It will also support processes around the management and allocation of resources, especially to ensure sustainable funding for Bhutan's development priorities. Specifically, the programme will assess the financing landscape, review existing policy frameworks, and consider institutional arrangements and financing mechanisms that can help to scale up support for the SDGs and Five-Year Plans of the Government. The programme's activities will target capacity and institutional

strengthening related to financing in line with the key elements of an INFF, an important support for enhanced SDG-related planning and budgeting. This includes support to diagnostics and assessments; establishment and strengthening of dialogue mechanisms; building alliances and networks between the Government, development banks, financial sector and investors; and strengthening the capacities of public authorities and the private sector to unlock additional investment aligned with national priorities. These contributions will have a demonstrable impact on the ability of Bhutan to accelerate SDG achievement, especially by increasing the level of funding available to finance core priorities such as health, education, gender equality, and climate change. Moreover, given Bhutan's imminent graduation from the LDC category, the Joint Programme will play a catalytic role in ensuring a smooth and sustainable transition to a middle-income country and contribute to the long-term objectives of self-reliance and sustainable development as the nation of the Gross National Happiness.

5. Relevant objective(s) from the national SDG framework

The Joint Programme will support the Government to identify and facilitate the mobilization of alternative sources of financing to support key milestones of the SDGs within the timeframe of the 12th Five Year Plan (2018-2023) and over the longer horizon of the 2030 Agenda. The programme's results will enhance implementation of national plans, including by recommending financing strategies (e.g., for both FYPs and/or priority sectors), strengthening the financing architecture, building constituencies for financing-related reforms, and supporting increased investment towards key results areas. The 17 National Key Result Areas (NKRA) of the 12th FYP are already closely linked with the SDGs, their targets and indicators.¹ Furthermore, the 12th plan highlights gender as a cross-cutting theme, necessitating mainstreaming it comprehensively through gender analysis in all programmes and projects. The 12th plan is also the last plan of the Royal Government before Bhutan graduates from the LDC category in 2023. Successful achievement of the Plan is expected to accelerate the progress of SDGs, which the Royal Government wishes to achieve ahead of the 2030 deadline. Through its strengthening of financing systems and approaches, the programme will also provide an important foundation for Bhutan's self-reliance beyond LDC graduation.

6. Brief overview of the Theory of Change of the Joint programme

The Joint Programme aims principally to help increase Bhutan's level of public and private financing and strengthen its financial governance systems to accelerate SDG progress and enhance Gross National Happiness. The planned activities and targeted outcomes and outputs are also aligned with and support the building blocks of an INFF. The programme's theory of change is rooted in inter-connected workstreams that together can support Bhutan's SDG achievement. Its activities aim to strengthen capacity beyond the time frame of the programme to address some of the systemic challenges for financing development in Bhutan, including to support COVID-19 recovery and long-term development needs. Acknowledging the critical role of gender equality in driving SDG progress, explicit attention is also given to the integration of gender across activities and to ensuring gender-responsive mainstreaming in the development of a national financing framework.

7. Trans-boundary and/or regional issues

Bhutan is landlocked between India in the east, west and south, and China in the north. Bhutan and India have a free trade regime and about 85% of Bhutan's total trade is with India. Most of its necessities, including food and fuel, are imported from India and hydropower is Bhutan's main export to India. It also has limited opportunities to generate wealth from its natural resources beyond hydropower exports to India. Bhutan's currency is also pegged to the Indian rupee. As a landlocked country, Bhutan depends on Indian ports, in particular the port of Kolkata, for trading with

¹ 12th Five Year Plan 2018-23, Volume I: Main Document, Royal Government of Bhutan.

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other countries. In addition to its small domestic market, limited access to other countries poses a significant challenge to diversifying its economy – both in terms of exports and trading partners. Bhutan is thus vulnerable to the economic performance and other trends in neighboring countries (especially India). This is particularly relevant in the context of the COVID-19 pandemic. While the health outbreak has so far impacted Bhutan somewhat less than other countries, the economic and social effects are already significant. The health sector will be unlikely able to cope with a major outbreak while an extended period of limited movement of people, goods, and capital will have important consequences for the economy, especially the tourism sector and related service industries. Critically, Bhutan will also likely to continue to be negatively affected by an extended economic downturn in its neighbors, especially India.

C. JOINT PROGRAMME DESCRIPTION

1. Baseline and Situation Analysis

1.1 Problem statement (max 2 pages)

Bhutan, a small Himalayan Kingdom with a population of 735,553 people is making rapid progress in terms of its economic growth and human development. The country has recorded impressive economic growth rates, averaging over 7.5 percent per annum since the early 1980s, making it one of the fastest growing economies in the world.

As it awaits its impending graduation from the LDC category in 2023, having fulfilled the criteria on per capita income and the human assets index, Bhutan is at a critical crossroads between the pressure to tap into its natural resources for accelerated economic growth and its unique development path guided by the philosophy of Gross National Happiness (GNH). In keeping with the spirit of ‘*development with values*’ as propounded by His Majesty the King, Bhutan has always believed in following the ‘*middle path*’ and has placed conservation of its environment and unique cultural identity at the center of its development pursuit. In its Intended Nationally Determined Contributions (INDC), Bhutan reconfirmed its target to remain carbon neutral at the COP 21 in Paris. Bhutan under its Constitution continues to be fully committed to maintain a minimum of 60% of land area under forest cover.

As a landlocked country with small productive capacity, Bhutan continues to face a persistent current account deficit and increasing youth unemployment. Hydropower, its main economic driver, generates limited jobs as it is capital intensive in nature. Bhutan’s priority therefore lies in measures to address its economic vulnerability amid emerging global challenges such as climate change risks, global economic fluctuations, pandemics, and technological revolution.

Although Bhutan has made significant strides in terms of policy frameworks and programmes for gender equality and empowerment, challenges remain. Bhutan ranks 131 out of 153 as per the Global Gender Gap Report 2020, wherein indicators such as women’s political empowerment, health and survival, educational attainment, and economic participation lag behind. As per the Labour Force Survey 2018, the overall unemployment rate stood at 3.4%, with a higher percent of women unemployed at 4.2% compared to men at 2.7%. Within regular paid employment, women’s participation is 18.4% compared to 33.0% for men. Meanwhile, in the agricultural and forestry sector, women’s employment is significantly higher at 63.2%, while men’s is 46.6%. However, women own only 38.8% of land while men own 52.5% (as per the National Land Commission Secretariat’s data).

To ensure a sustainable pathway from LDC graduation, the 12th Five Year Plan (2018-2023) is closely aligned with the SDGs and places high emphasis on economic diversification. The 17 National Key Result Areas (NKRAs) – high priority aspirations of the plan - are likewise highly aligned with the SDG targets and indicators. In addition, through a focus on enhanced productive capacity of the economy through harnessing state-of-the-art technology and innovation, the Royal Government of Bhutan has just begun to initiate formulation of an “*Economic Roadmap for the 21st Century*” – a long-term strategic economic plan.

The need for this economic roadmap is motivated by numerous challenges, including rising youth unemployment, limited domestic resources, and the backdrop of declining ODA linked to impending LDC graduation. Although Bhutan has met the graduation criteria related to per capita income level and the human assets index, much remains to be done to address its economic vulnerabilities. Bhutan is also experiencing rapid recurrent expenditure growth mainly due to increasing maintenance and operational costs of public infrastructure and services, personnel emoluments and interest payments on public debt. The Government has projected public debt by the end of the 12th FYP at Nu. 243,232 million (US\$ 3.47 billion), which is about 87.6 percent of the GDP. (The most recent Debt

Sustainability Analysis by the World Bank and IMF in 2018 categorized the risk of debt distress as “moderate” despite breaches in all five indicators under the baseline.) Given declining ODA, a small economic base, and low capacity of tax administration, Bhutan is facing difficulty in keeping up with the increasing rate of public expenditure and, critically, in financing its ambitious long-term SDG- and GNH-focused objectives.

The onset of COVID-19 has also come as a shock to Bhutan’s economy. It has already impacted the country through multiple channels even as this proposal is being prepared. While the ultimate impact remains uncertain, it will be significant. For example, the tourism industry, which accounts for at least 17% (2018) of direct government revenue and is a major source of national employment, has already been significantly affected through travel restrictions and may see longer-lasting impacts depending on the length and severity of the crisis. Transboundary labor movement restrictions from India have brought the construction industry to a halt and major impacts are envisaged on the infrastructure projects of the 12th plan as the crisis unfolds. The crisis will also put further pressure on the government’s fiscal space with diversion of funds towards dealing with the crisis. While the internal health impact on the population has been less severe than in other countries, risks remain to the population and to the durability of the health system. The toll of COVID-19 is also already manifesting in the increased burden of workload on unpaid care work for women. The Study on Accounting for Unpaid Care Work for Women, 2019, highlights a stark difference in men and women’s contribution: “Women in Bhutan perform 71% of unpaid care work which is 2.5 times more than what men perform and their contribution as a share of GDP is 11%, while men’s contribution is 5%”.

The following outlines some of the underlying, systemic challenges that will require concerted efforts in order for Bhutan to improve its ability to finance its sustainable development ambitions, including through increasing fiscal space and attracting private capital. The Joint Programme could be important in facilitating a whole of government response towards these aims.

Lack of data, knowledge and capacity to conduct costing and develop robust financing strategies to accelerate the progress of the SDGs. The 12th FYP, which is the last development plan before Bhutan graduates from the LDC category by 2023, has an estimated resource gap of Nu. 29.243 billion (US\$ 418 million).

The Government funding priorities and the revenue landscape have also changed significantly since the onset of the COVID-19 crisis. Specifically, the RGoB is facing new expenditure needs to support recovery at the same time that its ability to mobilize domestic resources is strained. There is also no assessment yet carried out on how much it will cost the government to achieve the SDGs by 2030. This has already been highlighted as a gap in the planning architecture. The Performance Audit Report on SDGs by the Royal Audit Authority (2018), for example, noted that “there is no assessment carried out to assess and ascertain the actual requirements in terms of financial resources for the implementation of SDGs” and recommended the government “conduct the needs assessment for financial resources to have a clear strategy for financing resource gap”. Meanwhile, the current resource allocation formula, based on which inter-governmental fiscal transfers to local governments (LG) are carried out, fails to consider the costs of attaining SDGs.

Furthermore, although there was an attempt to carry out costing of the NKRAAs in the beginning of 12th plan, it could not be completed sufficiently. New government programmes (including to respond to COVID-19) can also benefit through costing of different options. Hence, training on different methodologies of costing could enhance the capacity of officials to conduct comprehensive costing of successive plans and programmes.

Private investment in the SDGs remains limited due to constraints in the enabling environment for facilitating private investment into business opportunities in SDG-relevant sectors. Financing of Bhutan’s development is highly driven by public finance that includes domestic revenue and international grants with limited domestic and international private flows. Out of total financial resources for the 12th FYP estimated at Nu. 280,773 million, Nu. 217, 728 million will be financed through domestic revenue and Nu. 63,044 million through grants.

Although the economic development policy has identified priority sectors and provides for tax incentives to attract private sector investment, there is no investor mapping or feasibility study carried out to identify commercially viable sectors or industries under each SDG to facilitate private sector investment and greater alignment to the SDGs. This is attributable to lack of capacity in the government and challenges faced by the private sector, such as access to and the cost of finance, transport infrastructure, etc. In addition, the Five-Year Plans lack explicit guidance on how to link the plans and strategies with enhancing and leveraging private investment. The lack of a comprehensive financing strategy that incorporates private investment, both domestic and foreign, to implement the plan has sometimes impeded the ability of such plans to yield effective results.

In the same vein, support for women's economic empowerment through investment by the private sector is minimal. Efforts have mostly centered around government's drive to enhance economic empowerment through skills and capacity building. Some CSOs, such as BAOWE (Bhutan Association of Women Entrepreneurs), RENEW (Respect Educate, Nurture and Empower Women), Taryana Foundation, SABAH Bhutan (SAARC Association of Home Based Workers), and HAB (Handicraft Association of Bhutan), have also initiated programs in the pursuit of contributing to the economic status of women. There also remains a lack of disaggregated data to understand the extent of challenges and opportunities for women in the economic arena and a lack of targeted efforts to remove structural barriers faced by female-owned businesses. This is particularly exacerbated by the COVID-19 crisis.

Limited policy or regulatory guidelines for financial institutions/banking sector to finance critical sectors related to the SDGs, including climate risk. Construction, manufacturing and tourism received the highest share of credit from financial institutions, while the agriculture sector (where close to 60% of population is employed) received only 4.8% of total credit in the fiscal year 2018-19 (RMA Annual Report 2018-19). Similarly, access to finance has also been one of the main issues for SMEs in Bhutan. Access to finance will likely be more difficult due to the impact of COVID-19. High risk involved in the agriculture sector and lack of market access are cited to be the main reasons for low level of credit. On the contrary, increasing rural-urban migration and growth in the tourism sector have resulted in growth of construction industry and service sector, thus attracting higher credit. Identification of potential policy reforms in this regard is expected to unleash bank financing of critical sectors under the SDGs.

The concept of innovative financing instruments is relatively new to Bhutan, and capacity to formulate and implement appropriate policies and regulations can be strengthened. The government implements endowment funds, revolving funds and PPPs. *Jabchor*, an equity-based crowdfunding was the latest innovative financing instrument implemented to facilitate financing of SMEs in Bhutan. The Government also drafted a white paper that identified potential instruments that might be suitable to Bhutan. Many of these new instruments such as diaspora financing, impact investment, smart taxes, credit guarantee schemes and blended financing require further consideration and testing.

Nevertheless, training of public sector officials on various approaches and methods of innovative financing is needed to build capacity to assess various opportunities, develop models and mobilize alternative source of financing through private sector, both domestic and international. Furthermore, promoting gender mainstreaming is also paramount to enable an inclusive innovative financing approach which will ensure, "leaving no one behind"

Misalignment among the key financing and planning institutions and modalities has resulted in insufficient financing to support priority sectors. Part of this is attributable to limited coherence in financing policies and inadequate coordination between institutions. The Gross National Happiness Commission (GNHC) is the nodal agency for national planning, policy formulation, coordination of SDGs, external resource mobilization (grants) and resource allocation (capital expenditure). The Ministry of Finance (MOF) is responsible for implementing fiscal

instruments including taxation, budgeting and debt management. Current expenditure accounts for 63% and capital expenditure 37% of total expenditure in the 12th FYP. While the capital expenditure is allocated by GNHC according to the priorities of the plan, current expenditure (pay and allowances, maintenance and other miscellaneous costs) is mainly driven by size of organizations in the government, both at the central and local level. Therefore, current expenditure is incurred irrespective of priorities of the plan. Similarly, investment of financial institutions is driven by the commercial viability of businesses and collateral capacity of the borrowers, but less by government priorities. This has all constrained the efficient prioritization of investments towards critical priorities, including social sectors, climate change, and gender.

Overall, the Joint Programme will support the government in articulating how the resource gap can be financed to advance the SDGs through a comprehensive assessment of the financing landscape and establishing the building blocks of an INFF. The project activities will build on preliminary assessments that have already been conducted in partnership with the Royal Government. The white paper on innovative financing options and the BIOFIN costing and financing strategy are good reference points to build on.

1.2 SDGs and targets (max 2 pages)

A total of five SDGs (SDG 1, 3, 4, 8 and 17) are selected as priorities for the Joint Programme. SDGs 5, 13, 15 will also be addressed in a cross-cutting manner across all activities. SDG 1 focuses on poverty reduction and the programme will consider the resources required to reduce poverty across the country. The programme's institutional strengthening efforts also all aim at enhancing systems and the government's ability to finance its development priorities, including initiatives with a demonstrable impact on poverty. SDG 3 and 4 are related to health and education, respectively, and the Joint Programme will consider the financing landscape of the social sector, including especially to sustain the current free education and healthcare system and support accelerated progress towards health and education related targets. SDG 8 is related to economic growth through innovation for employment creation and is immensely important in Bhutan given the priority of the government (as highlighted in the current FYP and summarized in Section 1.1). The Joint Programme will target specific aspects of SDG 8, including by helping facilitate private investment and building dialogue among stakeholders. A coherent framework for financing linked closely to planning can also be an important support for economic growth and job creation. Progress in SDG 8 is also expected to have positive effects on other SDGs. Finally, Goal 17 relates to building the means of implementation for sustainable development, including through strengthened partnerships, and sits at the heart of the Joint Programme. Its activities aim to leverage the resources and partnerships necessary for SDG achievement in Bhutan. In addition, gender equality (SDG 5), climate action (SDG 13), and life on land (SDG 15) will be pursued as priorities across the programme, such as through support for ensuring equal access to economic resources and financial services, increased financing available for climate change initiatives, and enhanced sustainability of forest management.

Goal 1. End poverty in all its forms everywhere

Target: 1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.

Target: 1.a Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions

Indicator: 1.a.1 Proportion of domestically generated resources allocated by the government directly to poverty reduction programmes

Indicator: 1.a.2 Proportion of total government spending on essential services (education, health and social protection)

Baseline: 27.3% (2015-16) (Source: Annual Financial Statement produced by MOF annually)

1.b Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions

Indicator: 1.b.1 Proportion of government recurrent and capital spending to sectors that disproportionately benefit women, the poor and vulnerable groups

Goal 3. Ensure healthy lives and promote well-being for all at all ages

Target: 3.2 By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births

Indicator:

3.2.1 Under-5 mortality rate

Baseline: 34 per 1,000 live births in 2017

Target: 3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

Indicator: 3.8.1 Coverage of essential health services (defined as the average coverage of essential services based on tracer interventions that include reproductive, maternal, newborn and child health, infectious diseases, non-communicable diseases and service capacity and access, among the general and the most disadvantaged population)

3.8.2 Proportion of population with large household expenditures on health as a share of total household expenditure or income

Baseline: Not available

Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Target: 4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes

Indicator: 4.1.1 Proportion of children and young people (a) in grades 2/3; (b) at the end of primary; and (c) at the end of lower secondary achieving at least a minimum proficiency level in (i) reading and (ii) mathematics, by sex

Baseline: Mean score in Reading, Math and Science in the Programme of International Student Assessment participation: Reading: 45.3; Math: 38.8; Science: 45.1 (PISA-D)

Target: 4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education

Indicator: 4.2.1 Proportion of children under 5 years of age who are developmentally on track in health, learning and psychosocial well-being, by sex

Baseline: Not available

Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Target: 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro, small and medium-sized enterprises, including through access to financial services.

Indicator: 8.3.1 Proportion of informal employment in non-agriculture employment, by sex

Baseline: 10.9 for male; 12.2 for female (Bhutan Labour Force Survey 2018)

Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

15.b Mobilize significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation

Indicator: 15.b.1 Official development assistance and public expenditure on conservation and sustainable use of biodiversity and ecosystems.

Baseline: not available

Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

17.1 Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection

Indicators:

Total domestic revenue as percentage of GDP

Baseline: 19.7 (2016-16)

Total tax revenue as percentage of GDP

Baseline: 14 (2015-16)

Total non-tax revenue as percentage of GDP

Baseline: 5.7 (2015-16)

(Source: Annual Financial Statement produced annually by MOF)

17.3 Mobilize additional financial resources for developing countries from multiple sources

Indicator: 17.3.1 Foreign direct investment (FDI), official development assistance and South-South cooperation as a proportion of total domestic budget

17.4 Assist developing countries in attaining long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief and debt restructuring, as appropriate, and address the external debt of highly indebted poor countries to reduce debt distress

Indicator: 17.4.1 Debt service as a proportion of exports of goods and services

Baseline: 25.7 (2016-17)

Source: MFCTC, MOF

1.3 Stakeholder mapping and target groups (max 2 pages)

For the Government of Bhutan, Ministry of Finance and Gross National Happiness Commission (GNHC) will lead programme implementation, with the support of sectoral agencies. UNDP will be the lead Participating UN Organization (PUNO), with UNICEF as the other PUNO. The RCO will coordinate and provide additional support.

The Department of National Budget (DNB), Ministry of Finance, the RGoB focal government agency overseeing public financial management, will take the lead role in implementing the Joint Programme. Specifically, the Ministry of Finance, especially the DNB, be responsible for reviewing the existing budgeting system and proposing new reforms (e.g., programme budgeting), conducting expenditure analyses, strengthening the quality of public spending as essential support for achieving SDGs, and programme monitoring. In addition, DNB will support coordination, including with other divisions of the Ministry of Finance as needed.

The Gross National Happiness Commission (GNHC), the RGoB focal agency for official development assistance and national development planning, will lead engagement with stakeholders, review of policies, institutional capacity building, prioritizing SDGs, assessing financing needs, identifying areas for technical assistance, and liaising with the PUNOs. It will also serve as lead convener of all partners within and outside government, including the private sector and international agencies.

The Royal Monetary Authority and the financial institutes will also be involved as and when needed in reviewing and formulating financial policies related to advancing innovative financial services and channeling bank financing towards the SDGs.

Government Line Agencies (including Health, Education, National Commission for Women and Children), Dratshang Lhentshug, local Government Authorities, and other autonomous agencies such as the Royal Audit Authority will be involved if needed in activities related to the coordination of planning and financing and development of financing strategies. The Bhutan Chamber of Commerce and Industry (BCCI), relevant CSOs and the private sector will also be critical contributors, including for investor mapping exercises, identifying new financing sources for the SDGs, and participating in new dialogue mechanisms. Local governments and the private sector can also support implementing specific programme activities.

From the UN side, UNDP and UNICEF will lead implementation of the Joint Programme under RCO leadership. While UNDP will be the lead PUNO for the programme, the two agencies will collaboratively support the Government towards achieving its key outcomes and outputs. The RCO, especially the RCO programme focal point, will also work closely with UNICEF and UNDP in providing technical guidance on both design and implementation.

The UN partners will align programme work with IFIs, including the World Bank and ADB. This will help ensure complementary programme activities. This includes the World Bank's public financial management reform support to the Ministry of Finance ("Strengthening Public Financial Management"). Similarly, the UN partners will collaborate with the ADB, for example to support complementary efforts to enhance the efficiency, stability, and inclusiveness of the finance sector and aligned with their Financial Market Development Programme. Joint

programme collaboration will also build on the UN-ADB joint partnership with the Ministry of Finance (Department of Macro Economic Affairs) aimed at strengthening macroeconomic forecasting and modelling.

2. Programme Strategy

2.1. Overall strategy (max 2 pages)

A “business as usual” approach to financing Bhutan’s development may not be sustainable in the long run, especially in the context of declining ODA, the increasing need for more resources to meet sustainable development priorities (e.g., health, education, poverty), the threats posed by climate change, and the consequences of the COVID-19 crisis. In response, the Joint Programme aims to support critical building blocks of an INFF that will support the country both in better responding to these challenges and in accelerating progress towards the SDGs. Specifically, the programme targets key pillars of an INFF including: 1) supporting an increased resource envelope for Bhutan by leveraging capital towards SDG-aligned investments; 2) enhancing the architecture for the governance of finance; and 3) strengthening capacities of stakeholders related to integrated financing systems for the SDGs.

The Joint Programme is very timely for Bhutan. The country is in the second year of implementation of its 12th FYP. The 17 National Key Result Areas (NKRAs) – high priority multi-sector aspirational targets of the plan are – are closely aligned with the SDGs. Achievement of the plan targets by 2023 will accelerate progress towards achieving the SDGs. With LDC graduation impending in 2023, a comprehensive financing strategy can also enhance Bhutan’s transition, supporting the potential diversification of resources needed to manage coming changes in the financing landscape and the targeting of support during the rest of the 12th Plan towards increased productive capacity and economic competitiveness. Finally, the COVID-19 crisis has resulted in the tightening of fiscal space for financing emergency responses and long-term development needs.

With this in mind, the overall strategy of the Joint Programme is to support the government in its delivery of the plan in the short-term (COVID-19 response and 2023) and to meet the SDGs by 2030, including through supporting comprehensive financing strategies and strengthening the institutional and policy arrangements for financing. This will help ensure that both development plans and the SDGs are at the heart of all financing policy, not just the domestic budget and ODA. An INFF will be the underpinning framework that will guide the country’s approach to financing through strengthened policies and coordinated institutions.

The entry point of the overall strategy will be to review the current plan, including any adjustments or re-prioritization necessary in the context of the COVID-19 response. The programme will also support identification of possible sources for resource mobilization and ways to strengthen the policies and institutional arrangements governing finance, including for attracting private investment. Given Bhutan’s natural constraints in terms of size and geography, significant attention and innovated approaches are needed to catalyze private sector investment and increase access to finance.

Furthermore, through the programme: stronger alignment between planning and financing systems will be promoted; investment opportunities in support of specific SDGs (e.g., health, education, climate change, gender equality) will be mapped; and systematic dialogue and networking opportunities between public and private sector entities will be strengthened. These activities support the expansion of business opportunities, creation of jobs, and achievement of SDGs. Transformative changes of such scale are less likely in the absence of the expected results from this Joint Programme.

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Effective implementation of the programme is expected to result in the following:

- A. Gender- and climate-responsive financing strategies developed to support implementation of COVID-19 responses, Five Year Plans, and the SDGs, including exploration of innovative financing solutions;
- B. Health sector financing strategy developed and preparedness for future pandemics strengthened;
- C. National planning, budgeting, and reporting arrangements alignment and fiscal risk management strengthened;
- D. Public Private Partnerships that support development priorities increased, including the green economy.

The Royal Government of Bhutan (RGoB) led by the Department of National Budget (DNB), Ministry of Finance will direct the inception phase. DNB will work closely with GNHC to involve key stakeholders, including other relevant government agencies (e.g., other departments of the MOF), private sector entities and relevant CSOs.

The UN will assist the government, by providing technical expertise and facilitating stakeholder engagement. UN RCO will lead engagement with the highest levels of government and convene partners, notably UN agencies, IFIs and others. UNDP will take the technical lead, engaging UNICEF and other UN agencies and working closely with the officials from the government, including ensuring programme activities build on and take advantage of existing initiatives and analyses.

2.2 Theory of Change

The Joint Programme aims principally to help increase the level of public and private financing available and to strengthen financial governance systems to accelerate SDG progress and enhance Gross National Happiness. The planned activities and targeted outcomes and outputs are aligned with and support the building blocks of an Integrated National Financing Framework (INFF).

The theory of change is rooted in inter-connected workstreams that together can support Bhutan's accelerated progress towards the SDGs. More specifically, if Bhutan develops a comprehensive strategies for identifying, mobilizing and managing the financial resources needed to reach its development aspirations, including gender equality, environmental sustainability, and gross national happiness; if Bhutanese government arrangements related to planning and financing are well coordinated and allocate funds efficiently to support core development goals; and if the enabling environment for SDG-aligned private investment is strengthened, then Bhutan will have higher and more impactful public and private financing available, thereby enhancing its COVID-19 response, accelerating SDG progress and increasing Gross National Happiness across the country.

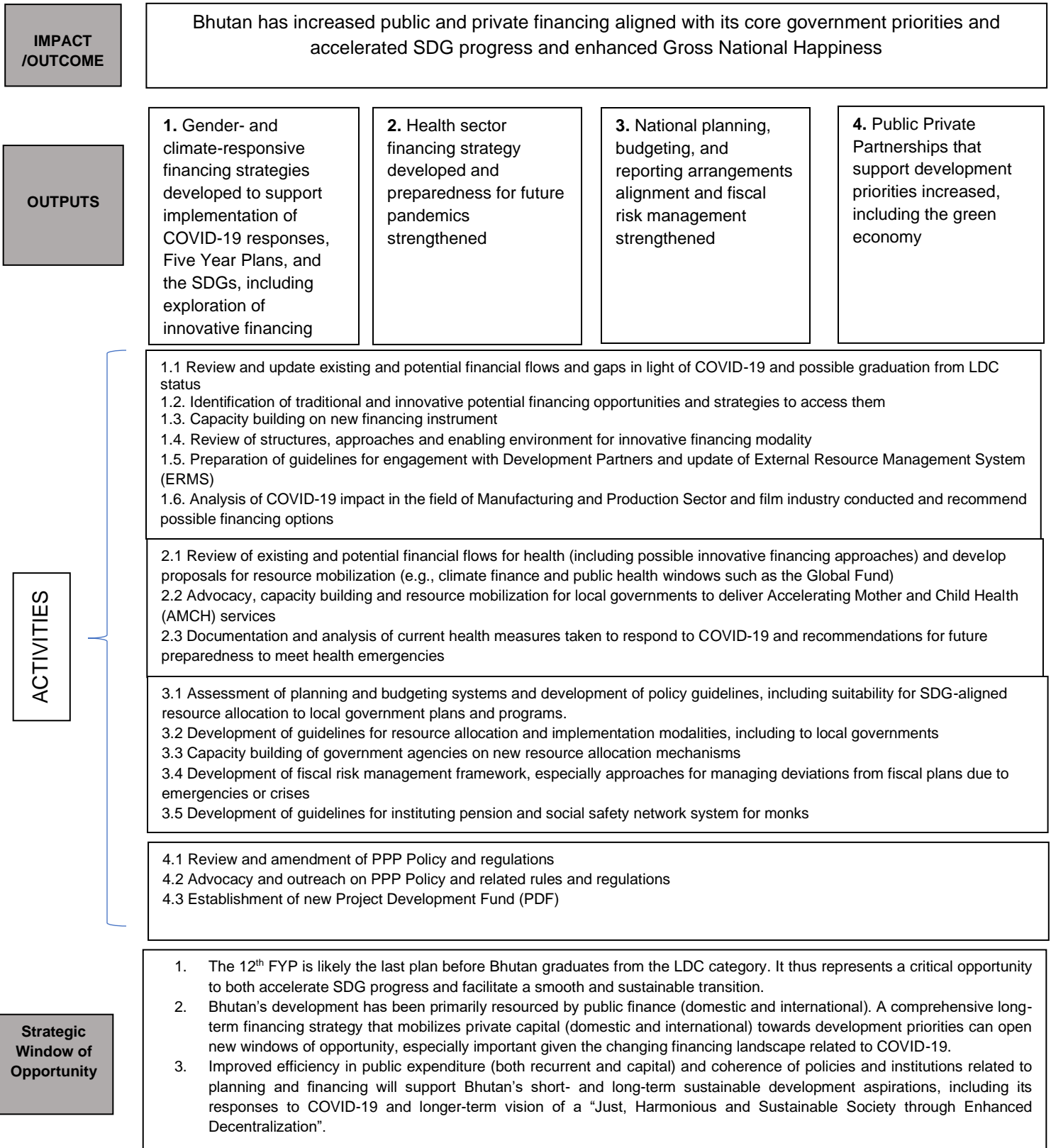
JP OUTPUT 1: Gender- and climate-responsive financing strategies developed to support implementation of COVID-19 responses, Five Year Plans, and the SDGs, including exploration of innovative financing solutions.

JP OUTPUT 2: Health sector financing strategy developed and preparedness for future pandemics strengthened.

JP OUTPUT 3: National planning, budgeting and reporting arrangements alignment and fiscal risk management strengthened.

JP OUTPUT 4: Public Private Partnerships that support development priorities strengthened, including the green economy.

Bhutan - INFF Theory of Change



The Joint Programme also prioritizes targeted support for critical population groups and in key social sectors across its outputs and activities, including especially to promote gender equality and address climate, environment and biodiversity.

This includes:

1. Budgeting, planning, and financing-related activities will prioritize the health and education sectors to support ensuring universal access and increasing quality, such as through costing sector plans, prioritizing social sector resource allocation, and mapping sector investment opportunities.
2. The programme will use sex-disaggregated data and time use data throughout its activities, including financing landscape assessments, costing exercises, and expenditure reviews.
3. Financing strategy will explicitly include targeted measures for mobilizing and directing resources towards health, education, climate and gender-related development goals.

Several assumptions also underlie the TOC and are important factors in whether the Joint Programme will meet its intended outcomes:

1. Commitment across government agencies and openness to collaboration and information sharing activities to support strengthened governance of finance, including beyond the time frame of the Joint Programme.
2. High-level government commitment, leadership, and coordination.
3. Alignment and clear linkages with other relevant processes and initiatives, including ongoing public financial management reforms.
4. Interest of the private sector in collaborating with government and investing in initiatives that support SDG progress.
5. Development and maintenance of partnerships with key national and development partner stakeholders throughout the programme and beyond.
6. Availability of necessary disaggregated data and information.
7. External actors' responsiveness to improvements in Bhutan's enabling environment.
8. Impacts of the COVID-19 crisis (including from a wider outbreak, the restricted movement of people, and decreased economic activity) will be closely monitored and assessed, with necessary shifts in approaches to planning, resource allocation, and social and economic development incorporated. (The Joint Programme will maintain flexibility and adjust as needed, including to ensure activities support changing circumstances and priorities such as for health or recovery-related financing.)

2.3 Expected results by outputs

Output 1: Gender- and climate-responsive financing strategies developed to support implementation of COVID-19 responses, Five Year Plans and the SDGs, including exploration of innovative financing solutions.

This outcome targets the development of financing strategies to help strengthen implementation of Five Year Plans and COVID-19 responses. Financing strategies are an important building block of a national financing framework and critical to effective planning and resource allocation. They thus support a country's decision-making architecture, such as by identifying the resources needed to reach development targets, understanding the landscape of available public and private finance, and formulating tangible actions to support increased resource mobilization. The envisaged financing strategies will also include an explicit focus on the integration of gender across systems and approaches, as well as introduce targeted measures for increasing and directing resources to support goals related to achieving gender

equality and support collection and use of sex-disaggregated data to better understand any potential gender-related gaps and needs.

This will also include explicit provisions related to climate and biodiversity finance, ensuring adequate resources for climate adaptation and mitigation activities and the sustainability of the natural environment. This will build on and/or complement other relevant initiatives, such as UNDP's BIOFIN, WWF's supported Bhutan for Life, and the World Bank supported Climate Finance Fund. (Individual sector or thematic-focused strategies linked to the integrated framework will also be supported.) Gender- and climate- responsive financing strategies will both help address resource gaps in the short-term and look beyond the current plan cycle to the longer-term achievement of the 2030 Agenda, including to increase resilience in the face of climate change. Finally, the development of financing strategies will be flexible to respond to the impacts of the COVID-19 crisis, including to focus attention as needed to support health and recovery-related financing.

Output 2: Health sector financing strategy developed and preparedness for future pandemics strengthened.

Bhutan's current free healthcare service is predominantly financed from RGoB general revenues. With increasing recurrent expenditure in recent Five Year Plans along with the gradual phasing out of ODA, sustainable financing of free healthcare was likely to become an increasing challenge even before COVID-19. The pandemic further restricts fiscal space for the health sector and calls for new approaches to ensure that the health sector receives required investment to provide optimum universal services. The Joint Programme will support the RGoB in developing a long-term health financing strategy and related possible interventions. This includes: review of existing and potential financial flows for health and proposals for resource mobilization; development of investment cases articulating gaps and challenges and providing recommendations for resource mobilization; support to the implementation of Accelerating Mother and Child Health (AMCH) service; and documentation and analysis of current health measures taken to respond to COVID-19 along with recommendations for future preparedness to meet health emergencies.

Output 3: National planning, budgeting, and reporting arrangements alignment and fiscal risk management strengthened.

This outcome area targets strengthening both the coordination between key development financing-related institutions and the effectiveness of resource allocation in support of sustainable development priorities. This includes especially enhancing the alignment of planning and financing processes and approaches to prioritizing public and private investments. It will also support the refinement of current resource allocation formula, review efficiency and effectiveness of block grant system for sub-national governments, and strengthen the capacity of partners on result-based budgeting. Furthermore, the Joint Programme targets strengthening fiscal risk management arrangements, including especially approaches for managing deviations from fiscal plans due to emergencies or crises.

Output 4: Public Private Partnerships that support development priorities increased, including the green economy.

This output aims to address the limited level of private capital leveraged to support SDG achievement through targeted support to the enabling environment, especially through PPPs. This aligns with the government's aim to shift the model of development financing from a traditional approach that relies heavily on public finance and Official Development Assistance (ODA) to one that also leverages private capital for key development priorities. Activities will include reviewing and amending PPP regulations; outreach and building capacity on related rules, regulations, and implementation; and providing space for collaboration between the public and private sectors. Strengthening sustainable PPP regulations and increasing implementation of new projects could support Bhutan to increase fiscal space, create business opportunities, generate employment, and—through these positive cascading impacts—contribute to achieving the SDGs.

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The Joint Programme will contribute to the achievement of the UNSDP outcomes and advancement of the prioritized SDGs as indicated in the table below.

Joint Programme Outputs	Relevant UNSDP Outcomes and outputs	Prioritized SDGs Targets
1. Gender- and climate-responsive financing strategies developed to support implementation of COVID-19 responses, Five Year Plans, and the SDGs, including exploration of innovative financing solutions	Outcome Four: By 2023, Bhutan's communities and its economy are more resilient to climate-induced and other disasters and biodiversity loss as well as economic vulnerability	17.1 Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection 17.3 Mobilize additional financial resources for developing countries from multiple sources
2. Health sector financing strategy developed and preparedness for future pandemics strengthened	Output 4.2.: National policies foster innovative financing, an inclusive business environment and improved livelihoods through climate resilient and nature-based solutions economic vulnerability.	17.4 Assist developing countries in attaining long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief and debt restructuring, as appropriate, and address the external debt of highly indebted poor countries to reduce debt distress
3. National planning, budgeting, and reporting systems alignment and fiscal risk management strengthened	Outcome 2: By 2023, vulnerable and unreached people access and receive quality health, nutrition, protection, education, water sanitation and hygiene services.	1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.
4. Public Private Partnerships that support development priorities increased, including the green economy	Output 2.3: Improved policies and strategies for health, nutrition, water, sanitation and hygiene	1.a Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions
	Outcome 3. By 2023, national Stakeholder provide equal opportunities for all, particularly women and vulnerable groups Output 3.1. Improved enabling environment for civil society to advance opportunities for, and increased resilience of targeted vulnerable groups	1.b Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions 3.2 By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births 3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all 4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes 4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro, small and medium-sized enterprises, including through access to financial services.

2.4 Budget and value for money (max 2 pages)

The Joint Programme will bring together the collective expertise of the UN system, especially UNDP and UNICEF, in support of building an INFF for the SDGs. It will add value not just in specific areas but by tackling multiple intersecting challenges at the same time, which also contributes to cost effectiveness. UNDP and UNICEF are the two resident agencies in Bhutan with the largest programme footprints and capacities that are well positioned to support the Government in developing a comprehensive financing framework planning and the SDGs. Both UNDP and UNICEF have existing tools and methodologies (e.g., costing tools, fiscal space analysis, BIA, etc.) that will enable implementation to begin with minimal start-up cost. UNDP, for example, is chair of the Inter-agency Task Team on Economic Development and Innovative Finance, a role that can support collaboration around Joint Programme activities. It has also previously supported the Government of Bhutan on specific initiatives related to planning, budgeting, and financing. This includes the Development Finance Assessment; BIOFIN project (financing for biodiversity); Poverty and Environment Initiative's public expenditure and institutional reviews for environment, climate change and biodiversity; partnership with MOF for macroeconomic forecasting; and support to GNHC for national plan development. These efforts are important foundations that the Joint Programme can build upon, having already established groundworks and partnerships with both GNHC and MOF. Meanwhile, UNICEF's technical knowledge and experience in conducting fiscal space analysis, developing investment cases (e.g., investment case on ECCD, WASH and Nutrition) and financing strategies will provide much needed expertise in analyzing and framing the financing options for the social sector, especially related to SDG 3 and 4.

The focus of the Joint Programme is on policy and institutional strengthening, including capacity development. This focus on streamlining and alignment of the national budget system with the priorities of the 12th FYP and SDGs, as well as mapping of new financing opportunities will enable the programme's impact to be scaled up far beyond the Joint Programme. In other words, a relatively small investment to support a strengthened institutional and enabling environment for investment can have important multiplier effects. Supporting the building blocks of an INFF and strengthening the governance of finance can leverage resources beyond the level of the original investment and in doing so can have a significant impact on SDG progress.

The initiative promotes increased gender equality and women's economic empowerment through gender mainstreaming across financing systems and arrangements. Gender-sensitive and responsive approaches will be a focus across the programme. Significantly, the programme targets specific gender mainstreaming in government processes through its activities, aiming for a larger and more sustained impact on gender equality. It will also budget for activities that support gender-responsive planning and financing, such as capacity and collection and use of sex disaggregated data for gender equality goals and strategies for mobilizing and directing investment into female-owned businesses. Activities that address the underlying and structural barriers that pose challenges for women business owners, such as policies and programs across the financial services, will also be supported.

Both UNDP and UNICEF have a number of projects supporting the Government in advancing the SDGs. UNDP's project on Climate Smart Agriculture, NAPA III, BIOFIN are supporting the Government in advancing SDG 1, 2, 13 and 15. Similarly, UNICEF's work on health and education will be instrumental in advancing the SDG 3 and 4. The Joint Programme aims to align its activities with these and other initiatives, including, for example, taking advantage of existing assessments, analyses, and structures. Furthermore, the PUNOs will make in-kind contributions to the Joint Programme through their staff time in managing and ensuring the deliverables on a daily basis.

The Royal Government of Bhutan recognizes that financing is of paramount importance in achieving the SDGs and to ensure its LDC graduation is sustained. Building on its recent launch of work on the 21st century economic roadmap, the government is keen on reviewing its financing framework and will contribute the necessary human resources towards this programme. However, in light of the acute fiscal pressure the government is facing in relation to

combating the ongoing COVID-19, the government will not be in position to make a financial contribution to the programme.

2.5 Partnerships and stakeholder engagement

From the Government, the Department of National Budget (DNB), Ministry of Finance (MOF) will be the lead implementing agency in close collaboration with GNHC and other implementing agencies. The financing function of the government is divided between the GNHC and MOF. The MOF oversees public financial management, including budgeting, taxation and customs, and loan financing. On the other hand, GNHC deals with overall resource allocation, resource mobilization (especially the ODA component), and overall development policy.

Since the Joint Programme will support the core areas of the INFF, the DNB, MOF as the focal government agency in public financial management will steer implementation. GNHC will also actively support the programme as the overall coordination agency for the SDGs. GNHC is also responsible for mobilizing additional financing from bilateral and multilateral agencies. DNB in close collaboration with GNHC will serve as lead convener of all partners within and outside government, including the private sector and international agencies.

Other Line Ministries including Education, Health, Economic Affairs, Gender Equality, Dratshang Lhentshog and the local government authorities will be involved in developing the financing framework, expenditure analyses and costing of the SDGs. MoF and GNHC will work with the RMA and financial institutes to support the identification of innovative financing instruments for the SDGs.

The private sector, led by Bhutan Chamber of Commerce and Industry (BCCI), will implement some of the innovative financing solutions as well as form important target groups in implementation of the programme. The BCCI and the private sector will support mapping out investment opportunities as well as identifying new financing sources for advancing the SDGs and participating in new dialogue mechanisms.

The RMA and the financial institutes will also be involved if required in reviewing and formulating financial policies related to advancing innovative financial services and channeling bank financing towards the SDGs.

The UN partners will align programme work with IFIs, including the World Bank and ADB. This will help ensure complementary programme activities. This includes the World Bank's public financial management reform support to the Ministry of Finance ("Strengthening Public Financial Management"). Similarly, the UN partners will collaborate with the ADB, for example to support complementary efforts to enhance the efficiency, stability, and inclusiveness of the finance sector and aligned with their Financial Market Development Programme. Joint programme collaboration will also build on the UN-ADB joint partnership with the Ministry of Finance (Department of Macro Economic Affairs) aimed at strengthening macroeconomic forecasting and modelling.

From the UN side, UNDP and UNICEF will implement this Joint Programme. While UNDP is the lead PUNO for this joint program, the two agencies will collaboratively support the Government towards achieving key outcomes and outputs of the joint program. Best efforts will be made by the two agencies based on its experiences and networks to mobilize experts from the region and global levels for advice and support to the government.

UN RCO role, under the leadership of the RC, will be primarily coordinating with government, the PUNOs, and other development partners, including UN agencies and IFIs. The RCO Focal Point, appointed by the Resident Coordinator, will work closely with the PUNOs in overseeing the Joint Programme implementation.

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UNDP's role and participation include, but are not limited to technical advisory support of the Country Office Economist:

- Agree on a roadmap for INFF implementation according to the four building blocks of INFF;
- Identify jointly with the government the areas where technical support is required (for example, TA support will include, developing resilient fiscal framework, developing and piloting innovative financing instruments, rationalization of public expenditure for better efficiency, etc.);
- Support conducting cost-benefit and expenditure trend analyses, public expenditure reviews (PEIRs);
- Support strategies and medium-term budget processes to integrate SDGs in strategic allocative function of the budget. Support in policy formulation to better inform budgets and prioritization criteria (e.g. on climate change);
- Support assessments of the financing landscape;
- Support the investor mapping exercise, organization and facilitation of public-private sector dialogue on SDGs investment;
- Monitor and ensure gender is adequately mainstreamed.
- Conduct advocacy on various thematic areas and SDGs, including on climate, biodiversity, gender, etc.
- Liaise with UNDP-BRH and source experts for TA support and capacity development in critical activities;
- Manage fund received for the joint program and report physical and financial progress as required.

UNICEF's role and participation include, but are not limited to:

- Facilitate dialogue towards sustainable financing of SDGs through the use of improved, more effective and equitable domestic resource mobilization to ensure adequate public financing is available for priority SDGs related to the social sector;
- Support on quality of public spending as essential for achieving SDG results through promoting efficiency, effectiveness, transparency, accountability and equity in public expenditure;
- Support policy review/alignment of budgets and policies, conduct fiscal space analyses, develop financing strategies, MTBF/FF development, prioritization, and policy/budget advocacy at various levels;
- Support Line Ministries in evidence-based budgeting and costing of social sector policies/programmes, and development of participatory budgeting mechanisms;
- Where relevant and useful, promote the effective use of public-private partnerships and blended financing to fill important financing gaps for SDG related targets, with the aim to go beyond small-scale pilots and models in order to ensure scalability, sustainability and equity in the provision of those services;
- Finally, UNICEF's work in public finance for children (PF4C) as encapsulated in the [PF4C Global Programme Framework](#) provides a useful way to choose, develop and sequence the implementation of various PF4C actions to support the development of INFF.

3. Programme implementation

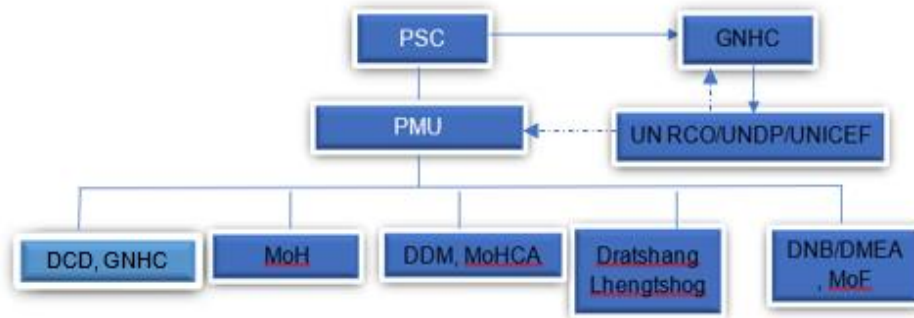
3.1 Governance and implementation arrangements

The Joint Programme offers a strategic and systematic way for the UN to provide technical and financial support to the building blocks of an INFF for the Government to accelerate SDG progress in the long run and the achievement of the 12th Plan in the short run. RCO coordination and implementation support from UNDP as the lead PUNO and UNICEF as the other PUNO will provide an efficient mechanism of interaction with minimized transaction costs to the UNCT and national partners for Joint Programme implementation, including monitoring and evaluation. Specific governance and implementation arrangements are as follows:

Programme Steering Committee – Overall decision-making

The Programme Steering Committee will be the apex program body for approval and decisions concerning the management and implementation of the Joint Programme. The Steering Committee, chaired by the Director of Department of National Budget, will meet bi-annually to review and approve annual work plans, provide strategic direction and oversight, review implementation progress and address problems, review and approve progress and evaluation reports, and note budget revisions/reallocations and audit reports.

Project Governance Structure is illustrated below:



Lead PUNO (UNDP) – Overall Programme Management

UNDP as the lead PUNO will be the Lead Agent for this Joint Programme, with the responsibility of day-to-day management. In this capacity, UNDP will identify a focal point from within the UNDP Bhutan team to support the programme on a day-to-day basis.

The Lead Agent will facilitate and strengthen coordination and harmonize approaches and quality assurance in close collaboration with GNHC, MOF, other government Ministries and counterparts and participating UN organizations, especially UNICEF. The Managing Agent will be tasked with developing a work plan in cooperation with MOF, GNHC, IPs and UNICEF; coordinating implementation of the work plan; supporting preparation of Programme Board meetings; and serving as the Programme Board Secretariat.

It is also the responsibility of the Managing Agent to consolidate both the narrative and financial reports of the PUNOs, (including UNICEF) for submission to the Programme Board and the SDG Joint Fund Secretariat. The Lead Agent will be fully accountable to the Programme Board and the SDG Joint Fund Secretariat for satisfactory execution of the entire programme in accordance with UN’s National Implementation Modality (NIM) and will be responsible for meeting the government obligations.

Project Manager and Project Officer

DNB and GNHC will provide leadership and strategic guidance for the formulation and implementation of the Joint Programme in close partnership with relevant implementing partners and UNICEF. DNB as PMU will appoint a Project Manager to lead and coordinate implementation activities.

The DNB, MoF as the PMU will also recruit a Project Officer to manage the day-to-day implementation of the relevant Joint Programme interventions and also to liaise between the partners, UNICEF, UNDP, UNRCO and the GNHC.

The Project Manager's duties and responsibilities are listed below. The Project Officer will provide administrative, technical and operational support:

- Overall management;
- Supervise and coordinate the production of key milestones as per the joint programming document;
- Ensure the technical coordination;
- Finalize the ToR for the consultants and subcontractors (if relevant);
- Supervise and coordinate the work of consultants (if relevant);
- Prepare and revise programme work and financial plans, as required by the Government and the PUNOs;
- Manage procurement of goods and services under RGOB and or UN guidelines as appropriate and oversight of contracts;
- Ensure proper management of funds consistent with UN and government's requirements, and budget planning and control;
- Report progress of respective component to the Board;
- Oversee the exchange and sharing of experiences and lessons learned with relevant conservation and development programmes nationally and internationally; and
- Preparing a detailed annual work plan.

The Project Officer will report to the Project Manager of DNB and Focal Officials of participating UN agencies.

Focal Officer in Partner Agencies

All relevant partner agencies of the government will appoint a Focal Officer who will be responsible for coordination of activities related to their agencies. For instance: GNHC will appoint a Focal Officer to oversee and coordinate activities related to GNHC (e.g., Activity 1.1). Likewise, Department of Macroeconomic Affairs (DMEA) will appoint a Focal Officer who will oversee and coordinate activities related DMEA (e.g., Activity 4.1). All Focal Officers will work closely with the Project Officer and Project Manager in DNB.

3.2 Monitoring, reporting, and evaluation

Reporting on the Joint SDG Fund will be results-oriented, and evidence based. Each PUNO will provide the Convening/Lead Agent with the following narrative reports prepared in accordance with instructions and templates developed by the Joint SDG Fund Secretariat:

- *Annual narrative progress reports*, to be provided no later than one (1) month (31 January) after the end of the calendar year, and must include the result matrix, updated risk log, and anticipated expenditures and results for the next 12-month funding period;

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- *Mid-term progress review report* to be submitted halfway through the implementation of Joint Programme²; and
- *Final consolidated narrative report*, after the completion of the Joint Programme, to be provided no later than two (2) months after the operational closure of the activities of the Joint Programme.

The Convening/Lead Agent will compile the narrative reports of PUNOs and submit a consolidated report to the Joint SDG Fund Secretariat, through the Resident Coordinator.

The Resident Coordinator will be required to monitor the implementation of the Joint Programme, with the involvement of Joint SDG Fund Secretariat to which it must submit data and information when requested. As a minimum, Joint Programmes will prepare, and submit to the Joint SDG Fund Secretariat, 6-month monitoring updates. Additional insights (such as policy papers, value for money analysis, case studies, infographics, blogs) might need to be provided, per request of the Joint SDG Fund Secretariat. Joint Programme will allocate resources for monitoring and evaluation in the budget.

Data for all indicators of the results framework will be shared with the Fund Secretariat on a regular basis, in order to allow the Fund Secretariat to aggregate results at the global level and integrate findings into reporting on progress of the Joint SDG Fund.

PUNOs will be required to include information on complementary funding received from other sources (both UN cost sharing, and external sources of funding) for the activities supported by the Fund, including in kind contributions and/or South-South Cooperation initiatives, in the reporting done throughout the year.

PUNOs at Headquarters level shall provide the Administrative Agent with the following statements and reports prepared in accordance with its accounting and reporting procedures, consolidate the financial reports, as follows:

- Annual financial reports as of 31st December each year with respect to the funds disbursed to it from the Joint SDG Fund Account, to be provided no later than four months after the end of the applicable reporting period; and
- A final financial report, after the completion of the activities financed by the Joint SDG Fund and including the final year of the activities, to be provided no later than 30 April of the year following the operational closing of the programme activities.

In addition, regular updates on financial delivery might need to be provided, per request of the Fund Secretariat.

The Joint Programme will be subjected to a joint final independent evaluation. It will be managed jointly by PUNOs as per established process for independent evaluations, including the use of a joint evaluation steering group and dedicated evaluation managers not involved in the implementation of the Joint Programme. The evaluations will follow the United Nations Evaluation Group's (UNEG) Norms and Standards for Evaluation in the UN System, using the guidance on Joint Evaluation and relevant UNDG guidance on evaluations.

The management and implementation of the joint evaluation will have due regard to the evaluation policies of PUNOs to ensure the requirements of those policies are met and the evaluation is conducted with use of appropriate guidance from PUNOs on joint evaluation. The evaluation process will be participative and will involve all relevant programme's stakeholders and partners. Evaluation results will be disseminated amongst government, development

² This will be the basis for release of funding for the second year of implementation.

partners, civil society, and other stakeholders. A joint management response will be produced upon completion of the evaluation process and made publicly available on the evaluation platforms or similar of PUNOs.

3.3 Accountability, financial management, and public disclosure

Standard text – do not change

The Joint Programme will be using a pass-through fund management modality where UNDP Multi-Partner Trust Fund Office will act as the Administrative Agent (AA) under which the funds will be channeled for the Joint Programme through the AA. Each Participating UN Organization receiving funds through the pass-through has signed a standard Memorandum of Understanding with the AA.

Each Participating UN Organization (PUNO) shall assume full programmatic and financial accountability for the funds disbursed to it by the Administrative Agent of the Joint SDG Fund (Multi-Partner Trust Fund Office). Such funds will be administered by each UN Agency, Fund, and Programme in accordance with its own regulations, rules, directives and procedures. Each PUNO shall establish a separate ledger account for the receipt and administration of the funds disbursed to it by the Administrative Agent.

Indirect costs of the Participating Organizations recovered through programme support costs will be 7%. All other costs incurred by each PUNO in carrying out the activities for which it is responsible under the Fund will be recovered as direct costs.

Funding by the Joint SDG Fund will be provided on an annual basis, upon successful performance of the Joint Programme.

Procedures on financial transfers, extensions, financial and operational closure, and related administrative issues are stipulated in the Operational Guidance of the Joint SDG Fund.

PUNOs and partners must comply with Joint SDG Fund brand guidelines, which includes information on donor visibility requirements.

Each PUNO will take appropriate measures to publicize the Joint SDG Fund and give due credit to the other PUNOs. All related publicity material, official notices, reports and publications, provided to the press or Fund beneficiaries, will acknowledge the role of the host Government, donors, PUNOs, the Administrative Agent, and any other relevant entities. In particular, the Administrative Agent will include and ensure due recognition of the role of each Participating Organization and partners in all external communications related to the Joint SDG Fund.

3.4 Legal context

Agency name: UNDP
Agreement title: Standard Basic Assistance Agreement
Agreement date: 14 July 1978

Agency name: UNICEF
Agreement title: Basic Cooperation Agreement
Agreement date: 17 March 1994

D. ANNEXES OF THE JOINT PROGRAMME TEMPLATE

Annex 1. List of related initiatives

Complete the table below

Name of initiative/programme	Key expected results	Links to the joint programme	Lead organization	Other partners	Budget and funding source	Contract person (name and email)
Biodiversity Finance Initiative (BIOFIN)	Leveraging new financing for the biodiversity sector	The joint programme will build on the BIOFIN's work on policy, institutional and expenditure review. Furthermore, BIOFIN's white paper on the innovate finance will be revalidated for an implementation of select innovative financing instruments.	UNDP		NORAD	ngawang.gyeltshen@undp.org
Poverty Environment Initiative	Strengthen capacity of the key Government agencies in mainstreaming gender, environment, climate, disaster and poverty in the plans and programmes of the Government.	The PEI's work on public expenditure review will be a reference guidance for the prioritized SDGs related expenditure analyses, including the realignment of expenditures.	UNDP	UNEP	UNDP and UNEP	sonam.rabgye@undp.org
Public Finance for Children (PF4C) framework	The overarching goal of the PF4C Framework is to contribute to the realization of children's rights by supporting the best possible use of public budgets.	UNICEF's work in PF4C provides a useful way to choose, develop and sequence the implementation of various PF4C actions to support the development of INFFs. UNICEF PF4C framework is directly linked to the joint programme as it supports data and evidence generation; engages in the budget process to influence allocation decisions and improve public spending performance; empowers citizens to track spending and participate in budgeting Processes and supports domestic resource mobilization.	UNICEF		UNICEF	jdorji@unicef.org
Multi Donor Fund Programme	Strengthening the public financial management (PFM)	Strengthening the PFM will be a critical component of the joint programme and, therefore, will further upscale the PFM reforms.	Ministry of Finance	World Bank	EU and Austria	stobgyel@mof.gov.bt

Annex 2. Results Framework

2.1. Targets for Joint SDG Fund Results Framework

Set targets in the tables below, if relevant

Joint SDG Fund Outcome 2: Additional financing leveraged to accelerate SDG achievement

(set the targets, if relevant) – deferred according to Joint Fund secretariat’s clarification via email.

Indicators	Targets	
	2021	2022
2.1: Ratio of financing for integrated multi-sectoral solutions leveraged in terms of scope ³	n/a	n/a
2.2: Ratio of financing for integrated multi-sectoral solutions leveraged in terms of scale ⁴	n/a	n/a

Joint SDG Fund Output 4: Integrated financing strategies for accelerating SDG progress implemented

(set the targets, if relevant)

Indicators	Targets	
	2021	2022
4.1: #of integrated financing strategies that were tested (disaggregated by % successful / unsuccessful)	1	1
4.2: #of integrated financing strategies that have been implemented with partners in lead ⁵	1	1
4.3: # of functioning partnership frameworks for integrated financing strategies to accelerate progress on SDGs made operational	1	1

Activities and targets will be reviewed based on the findings of initial assessment at programme beginning.

Joint SDG Fund Operational Performance Indicators

(do not change or add – this is for information only so that teams know what they will be assessed against)

- Level of coherence of UN in implementing programme country⁶
- Reduced transaction costs for the participating UN agencies in interaction with national/regional and local authorities and/or public entities compared to other joint programmes in the country in question
- Annual % of financial delivery
- Joint programme operationally closed within original end date
- Joint programme financially closed 18 months after their operational closure
- Joint programme facilitated engagement with diverse stakeholders (e.g. parliamentarians, civil society, IFIs, bilateral/multilateral actor, private sector)
- Joint programme included addressing inequalities (QCPR) and the principle of “Leaving No One Behind”
- Joint programme featured gender results at the outcome level
- Joint programme undertook or draw upon relevant human rights analysis, and have developed or implemented a strategy to address human rights issues
- Joint programme planned for and can demonstrate positive results/effects for youth
- Joint programme considered the needs of persons with disabilities
- Joint programme made use of risk analysis in programme planning
- Joint programme conducted do-no-harm / due diligence and were designed to take into consideration opportunities in the areas of the environment and climate change

³Additional resources mobilized for other/ additional sector/s or through new sources/means

⁴Additional resources mobilized for the same multi-sectoral solution.

⁵ This will be disaggregated by (1) government/public partners (2) civil society partners and (3) private sector partners

⁶ Annual survey will provide qualitative information towards this indicator.

2.2. Joint programme Results framework

Result/Indicators	Baseline	2021 Target	2022 Target	Means of Verification	Possible Partners
Impact: Bhutan has increased public and private financing aligned with its core government priorities and accelerated SDG progress and enhanced Gross National Happiness					
Output 1: Gender- and climate-responsive financing strategies developed to support implementation of COVID-19 responses, Five-Year Plans, and the SDGs, including exploration of innovative financing solutions.					
Indicator 1.1: Number of financing strategies developed in priority areas (e.g., sectors, themes, sources of financing)	TBC	1	1	Relevant financing strategies	GNHC
Indicator 1.2: Number of innovative financing instruments piloted	UNDP Discussion Paper on Innovative Financing Options in Bhutan	0	1	Evaluation report on the pilot innovative financing instrument	MOF
Indicator 1.3: Number of agencies trained on recommended innovative financing instruments	0	0	2	Training/event reports	MOF
Indicator 1.4: Analysis carried in the field of production and manufacturing sector and film industry conducted & recommend with possible financing options	3 (Tourism, CSI, hotel industries)	1	0	Report and recommendation on possible financing in the field of production and manufacturing & film industry	GNHC
Output 2: Health sector financing strategy developed and preparedness for future pandemics strengthened					
Indicator 2.1: Number of health financing strategies/proposals developed with recommendations for resource mobilization	0	0	1	Health financing strategy report	Ministry of Health
Indicator 2.2: Number of agencies trained on AMCH programmes	0	5	5	Training/event reports	Ministry of Health
Output 3: National planning, budgeting, and reporting systems alignment and fiscal risk management strengthened					
Indicator 3.1: Guideline for integrated planning and budgeting	0	0	1	Guideline for integrated planning and budgeting	GNHC

Indicator 3.2: Guideline for managing fiscal risk	0	1	0	Guideline on fiscal risk management	MOF
Output 4: Public Private Partnerships that support development priorities increased, including the green economy					
Indicator 4.1: PPP policy reviewed	PPP policy in place but has not been significantly implemented	1	0	PPP regulations	MOF
Indicator: 4.2: Number of PPP projects initiated	PPP policy in place but has not been significantly implemented (3 PPP projects nationwide)	0	1	Signed PPP project document	MOF

Annex 3. Gender marker matrix Complete the table below, using the instruction for gender marker provided separately.

Indicator		Score	Findings and Explanation	Evidence or Means of Verification
N ^o	Formulation			
1.	Context analysis integrate gender analysis	2	The context and background in the problem statement and narratives cover the analysis and status of gender inequality in terms of the status of women's economic empowerment. The underlying reasons for the inequality is also highlighted, with sex-disaggregated data wherever available.	Gender Analysis is mainstreamed in the context analysis MoV: Analysis of challenges and the lack of disaggregated data identified in the problem statement to understand However available sex-disaggregated data included to highlight gaps.
2	Gender Equality mainstreamed in proposed outputs	2	Output 1: Strengthened capacities and institutional processes related to costing, especially for the national plan and the SDGs: This ensures gender is mainstreamed, ensuring the review of existing estimates of the resource gap, including through sex-disaggregated data. This output will also analyze the systemic challenges in the financial services that pose barriers for women's economic empowerment. Output 2: The major component under output 2 on health sector financing strategy is also to support the implementation of Accelerating the Mother and Child Health programme, focusing on the 1,000 golden days. This will not only address the financial needs of the mothers working in the sector but will go a long way in ensuring the economic empowerment of the women through the conditional cash transfer programme.	Gender is mainstreamed in outputs, especially SDG 5.A and 5.B "Undertake reforms to give equal rights to economic resources as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with laws". "Enhance use of technology, in particular information and communications technology"
1. 3	Programme output indicators measure changes on gender equality	2	Output indicators aim to measure changes on gender equality	Over 10% of indicators as indicated in the Results Framework MOV: % of indicators measuring gender equality.
2. 1	PUNO collaborate and engage with Government on gender equality and the empowerment of women	1	The PUNO has already consulted two key government partners (i.e., GNHC and MOF) who are key agencies in socio-economic policy development and implementation. In particular, having consulted GNHC from the outset as the key partner ensures gender equality and women's empowerment is considered as it is the central policy and coordination agency spearheading the development and M&E of the 12FYP which is aligned to the SDG goals, including goal 5.	Meeting minutes
2. 2	PUNO collaborate and engage with women's/gender equality CSOs	2	The PUNO has already identified 5 CSOs and consulted 2 CSOs such as HAB and RENEW to engage in the economic empowerment to advance gender equality and rights. This will strengthen GEWE CSO participation and engagement in gender related SDGs localization and/or implementation	Meeting minutes
3. 1	Program proposes a gender-responsive budget	1	15% of the budget will be allocated to GEWE. Gender mainstreaming, ensuring collection of sex disaggregated data, identifying systematic gaps to address barriers for women' economic empowerment, inclusion of women and gender focal persons in all activities related to capacity and skills building, adopting inclusive approach including gender nodal agency and CSOs in planning, implementation and monitoring stage is will require budget and is costed with all relevant activities. Besides one activity is dedicated and budgeted solely for women's health and social development.	Ca. 15% of the total budget allocated is allocated to gender equality MOV: percentage of budget

Annex 4. Budget and Work Plan

4.1 Budget per UNSDG categories

UNDG BUDGET CATEGORIES	PUNO 1 (UNDP)		PUNO 2 (UNICEF)		TOTAL	
	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)
1. Staff and other personnel	25,000	30,000		30,000	25,000	60,000
2. Supplies, Commodities, Materials	60,000		32,000		92,000	
3. Equipment, Vehicles, and Furniture (including Depreciation)	30,000		21,000		51,000	
4. Contractual services	100,000		75,000		175,000	
5. Travel	50,000		30,000		80,000	
6. Transfers and Grants to Counterparts	194,000		148,530		342,530	
7. General Operating and other Direct Costs	29,470		20,000		49,470	
Total Direct Costs	488,470		326,530		815,000	
10. Indirect Support Costs (Max. 7%)	34,193		22,858		57,051	
TOTAL Costs	522,663		30,000		349,388	
1st year	215,000	15,000	165,000	15,000	380,000	30,000
2nd year	307,663	15,000	184,388	15,000	492,051	30,000

Resources Required to Achieve the Expected Results

The Joint Programme budget estimate is articulated at US \$932,051.00 including the in-kind contribution of USD 60,000.00 from the PUNOs over two years, with potential to mobilize the resource envelope to advance the 2030 Agenda that will emanate from the costing of the prioritized SDGs, assessing the financial needs and gaps of Five Year Plans, and mapping of potential resources (including innovative financing instruments and leveraging private funding streams).

The joint fund will also be used for diagnostics and assessments, development of financing strategies (including for the health sector), identification of resource mobilization options, and capacity building of relevant agencies (including the private sector). The programme will also review the policy and institutional arrangements related to the Government's planning and budgeting systems to help ensure greater efficiency in the utilization of limited resources based on the national development priorities. It will also support systematic dialogue and collaboration between financing-related institutions. Finally, a range of innovative financing mechanisms for the SDGs will be explored and the necessary capacity of public officials will be strengthened to implement new financing instruments.

Participating UN organizations will provide both technical and in-kind financial support towards the Programme's objectives, based on their comparative advantages, leveraging capacity in their Country Offices as well as additional support where feasible from national, regional and global policy experts.

4.2 Budget per SDG targets

Use the table template in excel and, after finalizing it, insert it here. Provide brief (max 1 page) justification for the overall table.

SDG Targets	%	USD
1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.	11%	100,000
1.a Ensure significant mobilization of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions	9%	80,000
1.b Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions	9%	80,000
3.2 By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births	9%	80,000
3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all	9%	80,000
4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes	8%	70,000
4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education	9%	80,000
8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro, small and medium-sized enterprises, including through access to financial services.	13%	120,000
17.1 Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection	10%	90,000
17.3 Mobilize additional financial resources for developing countries from multiple sources	9%	80,001
17.4 Assist developing countries in attaining long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief and debt restructuring, as appropriate, and address the external debt of highly indebted poor countries to reduce debt distress	8%	72,050
TOTAL	100%	932,051

4.3 Work plan

Use the table template in excel and, after finalizing it, insert it here.

Annual target/s		List of activities	Time frame								PLANNED BUDGET				PUNO involved	Implement partners involved	
2021	2022		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Overall budget description	Joint SDG Fund (USD)	PUNO Contributions (USD)	Total Cost (USD)			
has increased public and private financing aligned with its core government priorities and accelerated SDG progress and enhanced Gross National Happiness																	
g	1 Financing strategy developed in priority areas (e.g., sectors, themes, sources of financing)	Resource mobilization plan and financing strategy, including innovative financing developed to achieve the national and SDG goals	1.1 Review and update existing and potential financial flows and gaps in light of COVID-19 and possible graduation from LDC status.														
			1.2. Identification of traditional and innovative potential financing opportunities and strategies to access them.	X	X	X	X										
			1.3. Capacity building on new financing instrument														
		Innovative financing instrument piloted	1.2 Review of structures, approaches and enabling environment for innovative financing across relevant institutions				X	X	X	X	X	Consultancy and capacity building	35,000	5,000	37,500	UNDP	MOF, DoFPS & Bhutan For Life
		Guidelines for engagement with Development Partners developed	1.4 Preparation of guidelines for engagement with Development Partners and update of External Resource Management System		X	X	X					Consultancy	37,500	2,500	40,000	UNICEF	GNHC
	Analysis of sector specific impacts of COVID-19 in the field of including production and manufacturing and film industry conducted	1.5 Analysis of sector specific impacts of COVID-19 in the field of production and manufacturing sector and recommend possible financing options	X	X	X	X					Consultancy and workshop	80,000	2,500	82,500	UNDP	GNHC	
		1.5 Analysis of COVID-19 impact in the field of film industry and develop strategic blueprint for resource mobilization					X	X	X	X	Consultancy and workshop	60,000		60,000	UNDP	National Film Commission	

	Health financing strategies developed with recommendations for resource mobilization	2.1 Review of existing and potential financial flows for health (including possible innovative financing approaches) and develop proposals to support resource mobilization						X	X	X	X	Consultancy and workshop	30,000	5,000	35,000	UNICEF	Ministry of Health
Implementation of AMCHPA	Implementation of AMCH	2.3 Advocacy, capacity building and resource mobilization for Accelerating Mother and Child Health (AMCH) services	X	X	X	X	X	X	X	X	X	Consultancy, workshop and capacity building	70,000	5,000	75,000	UNICEF	Ministry of Health
Documentation and analysis of current health measures taken to respond to COVID-19 completed with recommendations for preparedness		2.4 Documentation and analysis of current health measures taken to respond to COVID-19 and recommend for future preparedness to meet health emergencies jointly with DDM, MoHCA				X	X					Consultancy and workshop	46,530	5,000	51,530	UNICEF	Ministry of Health and DDM, MoHCA
Guideline for integrated planning and budgeting		3.1 Assessment of planning and budgeting systems and development of guidelines						X	X	X	X	Consultancy and workshop	40,000	5,000	45,000	UNDP	MOF, GNHC and GPMID
	Assessed the effectiveness of the current resource allocation method, including the block grant system and develop resource allocation guidelines	Assessment of Local Governments potential for resource generation and development of Roadmap					X	X	X	X		Consultancy and workshop	30,000	5,000	35,000	UNICEF	MOF
Planning and budget officials in all the 20 districts trained on resource allocation framework and result based budgeting		3.3 Capacity building of government agencies on new resource allocation mechanisms	X	X	X	X	X	X	X	X		Consultancy and workshop	35,000	5,000	40,000	UNICEF	DNB, MoF

Guideline for managing fiscal risk		3.4 Development of fiscal risk management framework, especially approaches for managing deviations from fiscal plans due to emergencies or crises						X	X	X	X	Consultancy and workshop	39,000	5,000	44,000	UNDP	MOF
Pension system, for monks developed		3.5 Assess and institute social security system for Zhung Dratshang (i.e. Pension and Provident Fund).		X	X	X	X					Consultancy and workshop	68,201	2,500	70,701	UNICEF	Dratshang Lhengtshog
PPP regulations reviewed/ amended		4.1 Review and amendment of PPP Policy and regulations			X	X	X					Consultancy	25,000	2,500	27,500	UNDP	MOF
	Relevant government agencies and private sector participated in trainings or advocacy workshops on PPP regulations and project design	4.2 Advocacy and outreach on PPP Policy and related rules and regulations							X	X	X	Workshop	45,000	5,000	47,500	UNDP	MOF
		Programmed Management Cost	X	X	X	X	X	X	X	X	X		51,999		51,999	UNDP	DNB, MoF
		Monitoring, reporting, and strategic communications (includes advocacy)	X	X	X	X	X	X	X	X	X		9,971		9,971	UNDP	
		Monitoring, reporting, and strategic communications (includes advocacy)	X	X	X	X	X	X	X	X	X		9,299		9,299	UNICEF	
		Auditing of the Joint Programme									X		20,000		20,000	UNDP	MoF
		Final Evaluation of the Joint Programmed								X	X		25,000		25,000	UNDP	
		Indirect Support Costs (Max. 7% for the UNDP)	X	X	X	X	X	X	X	X	X		34,193		34,193	UNDP	
		Indirect Support Costs (Max. 7% for the UNICEF)	X	X	X	X	X	X	X	X	X		22,858		22,858	UNICEF	
Total													872,051	60,000	932,051		

Annex 5. Risk Management Plan

Risks	Risk Level: (Likelihood x Impact)	Likelihood: Certain - 5 Likely - 4 Possible - 3 Unlikely - 2 Rare - 1	Impact: Essential - 5 Major - 4 Moderate - 3 Minor - 2 Insignificant - 1	Mitigating measures	Responsible Org./Person
Contextual risks					
Economic instability of the country due to emerging threats of the Covid 19.	High - 16	likely - 4	major - 4	The PUNOs will closely work with the Government and get regular updates on the economic situations of the country and update the contingency plan accordingly	UNDP/Tandin Wangchuk as the focal point of the lead PUNO
Programmatic risks					
Lack of data, knowledge and capacity to conduct costing and develop robust financing strategy to accelerate the progress of SDGs.	Medium - 9	Possible - 3	Moderate - 3	The PUNOs will leverage the technical experts from other COs, regional offices and HQ. They will also support collaboration across government agencies, including to promote data collection and sharing.	UNDP/Tandin Wangchuk; UNICEF/Jigme Dorji
Government staff turn-over, especially trained technical staff, may affect the joint programme negatively.	Medium - 6	Possible - 3	Minor - 2	The Joint Programme will support strengthening of institutional capacity of the GNHC and MOF as the agencies in charge of the INFF. UNDP and UNICEF will also together with the GNHC and MOF recruit a project officer and nominate agency focal persons in order to reduce a negative impact from possible staff turnover.	UNDP/Tandin Wangchuk; UNICEF/Jigme Dorji
The period of the programme may be too short to achieve the key milestones of the joint programme.	Low - 2	Unlikely - 2	Insignificant - 1	The Joint Programme will build on already on-going collaboration, agreement and discussions as far as possible. The Joint Programme will have a workplan for the two years, with key deliverables and responsible partners identified to ensure accountability.	UNDP/Tandin Wangchuk; UNICEF/Jigme Dorji

Institutional risks					
Weak coherence of policy or regulations requiring financial institutions/banking sector to finance critical sectors related to SDGs, including climate risk prevents adequate financing of SDGs.	Medium - 9	Possible - 3	Moderate - 3	The Joint Programme will support systematic dialogue and collaboration between financing-related institutions – MOF, GNHC, RMA and other financial institutes. It will also support review of policies and regulatory arrangements.	UNDP/Tandin Wangchuk; UNICEF/Jigme Dorji
Limited vertical coordination necessary for SDG localization, particularly in view of the evolving LGA revision and greater fiscal decentralization.	Medium - 9	Possible - 3	Moderate - 3	The Joint Programme will support mechanisms for systematic dialogue and collaboration between levels of government and capacity strengthening as needed for local government entities to support implementation.	UNDP/Tandin Wangchuk; UNICEF/Jigme Dorji
Fiduciary risks					
Funds are not used for the intended purposes by the implementing partners; do not achieve value for money; and/or are not properly accounted for.	Low -1	Rare - 1	Insignificant - 1	The PUNO will ensure that funds are utilized for the intended purpose through regular monitoring and spot checks. The fund utilization will be reported in the programme board meeting on a regular basis.	UNDP/Tandin Wangchuk; UNICEF/Jigme Dorji