

Joint SDG Fund
 Template for the Joint Programme
 Evidence-based Final Narrative Report

SDG FINANCING PORTFOLIO – COMPONENT 1

Cover page

Date of Report: 31/08/2023

Programme title and Country

Country: Bhutan

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

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¹ The MPTF Office Project Reference Number is the same number as the one on the Notification message. It is also referred to as “Project ID” on the project’s factsheet page on the [MPTF Office GATEWAY](#).

² The start date is the date inserted in the original ProDoc submitted and approved by the Joint SDG Fund.

³ As per approval of the original project document by the relevant decision-making body/Steering Committee.

⁴ If there has been an extension, then the revised, approved end date should be reflected here. If there has been no extension approved, then the current end date is the same as the original end date. The end date is the same as the operational closure date which is when all activities for which a Participating Organization is responsible under an approved MPTF / JP have been completed. As per the MOU, agencies are to notify the MPTF Office when a programme completes its operational activities. Please see [MPTF Office Closure Guidelines](#).

⁵ Financial Closure requires the return of unspent balances and submission of the [Certified Final Financial Statement and Report](#).

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⁶ Joint SDG Fund Contribution is the amount transferred to the Participating UN Organizations – see [MPTF Office GATEWAY](#).

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Abbreviations

ADB	Asian Development Bank
AWP	Annual Work Plan
BCCI	Bhutan Chamber of Commerce and Industry
BICMA	Bhutan InfoComm and Media Authority
BRIMS	Bhutan Revenue Integrated Management System
D MDF	Department of Macro-fiscal and Development Finance
DPBP	Department of Planning, Budget, and Performance
FAO	Food and Agriculture Organization
FYP	Five Year Plan
GNH	Gross National Happiness
HEPR	Health Emergency Preparedness and Response
IFIs	International Financial Institutions
IMF	International Monetary Fund
INFF	Integrated National Financing Framework
IP	Implementing Partner
JP	Joint Programme
LDC	Least Developed Country
MoF	Ministry of Finance
MoAL	Ministry of Agriculture and Livestock
NCWC	National Commission for Women and Children
NDC	Nationally Determined Contributions
NKRAs	National Key Result Areas
ODA	Overseas Development Assistant
PFM	Public Financial Management
PMU	Project Management Unit
PPD	Policy and Planning Division
PPP	Public-Private Partnerships
ProDoc	Project Document
PSC	Project Steering Committee
PUNO	Participating UN Organisation
RBM	Results Based Management
RNR	Renewable Natural Resources
SDG	Sustainable Development Goals
UNDP	United Nations Development Programme
UNDS	UN Development System
UNICEF	United Nations Children's Fund
UNRCO	United Nations Resident Coordinator's Office
UNSDCF	United Nations Sustainable Development Cooperation Framework

Executive Summary

The Final Narrative Report for Joint SDG Fund Project “Building a Bhutan Integrated National Financing Framework for the Sustainable Development Goals (SDGs) and Gross National Happiness (GNH)” is prepared at the closure of the Joint Programme (JP) operation. The purpose of this report is to review the activities and outcomes achieved during the project and develop an evidence-based narrative report.

The primary objective of the final report is to assess the extent to which the overall objective of JP has been accomplished. The JP aims to contribute to the achievement of the SDGs and GNH by strengthening the overall financing ecosystem of Bhutan, leveraging financing solutions aligned with both responses to COVID-19 and longer-term investments in a sustainable future. More specifically, the JP aims to 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. To achieve these objectives, the assessment process conducted extensive document reviews and consultations with JP key stakeholders, including UNDP, UNICEF, UNRCO and implementing partners led by the Ministry of Finance (MoF).

Despite the coinciding of JP implementations with a period of significant challenges in Bhutan due to the COVID-19 pandemic, it has successfully achieved the identified outputs and outcomes outlined in its result framework. The JP facilitated the deployment of diverse financing strategies intended to advance toward the SDGs by mobilizing both public and private funds. Among these notable strategies, the following stand out: Assessment of existing budgeting processes for improved allocation mechanism and optimal utilization of resources; Review and amendment of Public-Private Partnerships (PPP) Policy; Public Debt Management Policy 2023; Innovative financing strategy for the RNR Sector, and Emergency Health Financing Strategy, among others. The outputs of JP are expected to drive systematic change and have a significant impact on financing the nation's development plans and accelerating SDGs.

While the support provided by this JP primarily focused on the development of financing strategies and formulation of policy documents, the JP also triggered a mindset change among the government and other stakeholders regarding financing for development, including the need to expand financing beyond Official Development Assistance (ODA) to leverage private finance and other innovative mechanisms. One noteworthy outcome of this JP is the initiation of discussions on innovative financing, encouraging consideration of options beyond traditional mechanisms like ODAs.

Further, the JP has contributed significantly to fostering a strategic partnership between the UN systems and the implementing agencies of the government. This was achieved through intensified collaboration endeavours aimed at executing activities and concentrating on comprehensive financing for development initiatives spanning various sectors. Additionally, the JP bolstered cooperation and consistency among development partners (DPs) within the UN framework and with DPs beyond the UN context, fostering potential future collaborations in providing services to the government.

Additionally, the JP made significant contribution to the preparation of 13th FYP (2024-2029), which is a remarkable symbol of the continuity of support. Most of the outputs generated by this JP are expected to be implemented during the 13th FYP. The implementing partners of the JP hope that its continuation will assist the government in effectively executing the financial strategies and policies that originated from the JP. The support will not only help bring these initiatives to fruition but also ensure that the country experience the positive impact of these changes in the future.

Context

Bhutan made impressive progress with economic growth rates averaging over 7.5 percent per annum since the early 1980s, placing it among the world's fastest-growing economies. Despite these achievements, the country is confronted with persistent challenges, such as decline in ODA, an increasing need for more resources to address sustainable development priorities like health, education, and poverty, as well as threats posed by climate change and the consequences of the COVID-19 crisis. As Bhutan prepares to graduate from the LDC category in 2023, it finds itself at a critical juncture, facing the decision of either capitalizing on its natural resources for accelerating economic growth or staying committed to its unique development path guided by the philosophy of Gross National Happiness (GNH). Navigating these challenges will require concrete efforts from Bhutan to enhance its capacity for financing sustainable development while preserving its culture and the environment, in line with its commitment to GNH principles.

The JP's intervention was crucial for Bhutan at a critical time. Its focus was on aiding the government in achieving its short-term development plan, especially in response to COVID-19 situation by the year 2023. Additionally, the JP was dedicated to helping Bhutan reach the SDGs by 2030. This involved developing comprehensive financing strategies and reinforcing institutional and policy arrangements related to innovative financing. Furthermore, the JP aimed to support the establishment of an Integrated National Financing Framework (INFF), which would not only enhance the country's ability to tackle challenges but also accelerate progress towards the SDGs. The key areas targeted by the JP in building the INFF included: i) increasing the resource envelope for Bhutan by mobilizing capital towards SDG-aligned investments; ii) improving the governance architecture for finance; and iii) strengthening the capacities of stakeholders concerning integrated financing systems for the SDGs.

The Government of Bhutan is the primary beneficiary of the JP, with the Department of Planning, Budget, and Performance under the MoF serving as the lead agency for programme implementation. Other government agencies, including Health, Education, Agriculture and Livestock, Dratshang Lhentshog, and the film industry, actively participated in the programme. Moreover, local governments and the private sector played crucial roles in carrying out specific programme activities.

The planned activities and targeted outcomes of the JP were in close alignment with the government's development plans and the national development plan's timeframe. Notably, the 17 National Key Result Areas (NKRAs), which are high-priority multi-sector aspirational targets of the 12th Five Year Plan (FYP) are closely linked to the SDGs that the JP aimed to accelerate. The expected results of the JP's aimed to enhance the implementation of national plans. These results include the developing and recommending of financing strategies for both FYPs and priority sectors, enhancing of financing architecture, building support for financing-related reforms, and promoting increased investment towards key results areas. The JP's activities were geared towards accelerating SDG progress and establishing a foundation for Bhutan's self-reliance beyond its Least Developed Country (LDC) graduation. Overall, the program played a significant role in supporting Bhutan's sustainable development journey.

Joint Programme Results

1. Overview of Strategic Final Results

1.1. Overall assessment

- Above expectations (fully achieved expected JP results and made additional progress)
- In line with expectations (achieved expected JP results)**
- Satisfactory (majority of expected JP results achieved, but with some limitations/adjustments)
- Not-satisfactory (majority of expected JP results not achieved due to unforeseen risks/challenges)

The overall assessment of Joint Programme (JP) highlights the successful achievement of the Outputs. Throughout the implementation of JP activities, strategic adjustments were seamlessly integrated. This adaptive approach involved replacing certain activities to align with evolving government priorities and effectively addressing the unprecedented challenges posed by the COVID-19 pandemic. The core outputs envisioned during the project's inception phase have remained unchanged and resolute.

Furthermore, the JP embarked on innovative endeavours, adhering to the results framework, during the later stages of implementation, making judicious use of the available budget. Noteworthy among these initiatives, is the JP's support for development of Bhutan's 13th Five Year Plan, 2024-2029.

It is important to acknowledge that while the overarching outcome of JP is on a positive trajectory, it is yet to fully reach the pinnacle of its overall aim of increasing both public and private financing for development activities that align with the government's core priorities.

Nevertheless, the accomplishments realized through JP are commendable. These achievements encompass comprehensive policy reviews, strengthening of institutional capacity, and the strategic blueprinting of financing approaches, among others. These outputs are poised to significantly contribute to realizing the JP's long-term goal and accelerating the SDGs.

1.2 Key results achieved

The JP initiatives have generated a number of financing strategies and policy reviews that are crucial for driving transformative change in Bhutan. Each undertaken activity and its subsequent achievements under the JP umbrella carry significant and distinctive objectives, all intricately designed to bolster the government's efforts in strengthening the broader financing landscape and accelerating SDG progress. These outputs are catalytic to driving systematic shifts that will significantly impact on financing the nation's development plans and the SDGs.

This segment of the report will delve into three key accomplishments, all the while fully recognizing the broader range of results achieved within the JP framework. The selection of the three strategies was based on four key criteria. Firstly, their potential to catalyze positive change to the country's financing landscape. Secondly, their potential for scalability and sustainability. Thirdly, the innovative financing

tools and mechanisms proposed to support the development of the INFF. Lastly, their contribution to accelerating progress towards the SDGs. These three achievements are as follows:

1. Financing Strategy for the RNR sector: The JP actively supported the development of an innovative financing mechanism for the RNR sector, led by the Policy and Planning Division of the Ministry of Agriculture and Livestock (MoAL). The RNR Sector Financing Strategy seeks to mobilize resources for key priorities and programs within the RNR Sector, aligning with Bhutan's Food Systems Pathways and augmenting the financing of the RNR Strategy 2030. The Strategy also notably aligns with government's preparations for the next five-year-plan (2024-2029) and informs the financing architecture of the RNR sector in the 13th FYP. It presents a comprehensive assessment of the current financing landscape, explores potential opportunities for innovative financing and assesses viability of various financing prospects. The Strategy provides short-term and long-term recommendations, focusing on stakeholder capacity building, resource mobilization, collaboration, awareness, education, and advocacy for innovative financing mechanisms, which are coherent with the MoAL's priorities to foster income generation and economic advancement. The Strategy is approved by the Technical Committee of the MoAL.

2. Enhanced Budgeting Processes: In close collaboration with the Department of Planning, Budget, and Performance under the Ministry of Finance, the JP conducted a review of the existing budgeting processes with the aim to optimize budget allocation and resource utilization. The review report recommended two main public finance management priorities for the Ministry of Finance. First one is the strengthening of the annual budget system to maximize budget utilization, curtail adjustments, and introduce a contingency reserve to accommodate unforeseen exigencies. The report suggested exploring global best practices such as the incorporation of a contingency reserve to safeguard the fiscal framework from unforeseen events and be able to accommodate reasonable requests for additional resources within the financial year. The second priority recommended transitioning towards medium-term budgeting for better planning, alignment with government priorities, and execute budget allocations with greater efficiency. The Ministry is proactively preparing to implement these recommendations, which includes prudent rationalization of the general reserve in line with long-term plans and the whole-of-the-government's transformation initiatives.

3. Emergency Health Financing Strategy: The JP collaborated with the Ministry of Health to develop an Emergency Health Financing Strategy driven by the exigent need for a robust and resilient financing system catering to Health Emergency Preparedness and Response (HEPR), which was magnified by the impact of the COVID-19 pandemic. The strategy is geared towards ensuring sustainable and adequate funding for HEPR activities in the country. Recognizing the challenges in advocating for adequate financing, the Strategy proffers five pivotal health strategies. These strategies focus on strengthening governance, resource mobilization, financial management and coordination, reforming reimbursement mechanisms, and enhancing accountability in health resource utilization. Their collective purpose is to establish a resilient framework for effectively addressing health emergencies and ensuring the availability of essential funds for critical activities. This support and initiative of the JP in formulating the health emergency financing strategy, the Government has recently created a new health financing division

within the Ministry of Health to spearhead and coordinate the implementation of key recommendations in the 13th Five Year Plan, 2024-2029.

1.3. Results achieved on Integrated National Financing Framework/SDG financing building blocks

While a specific INFF roadmap was not developed as a part of the JP initiatives in Bhutan, the central thrust of the JP was on developing several financing strategies and policy documents. These initiatives were designed to providing critical support and catalyzing key elements in fostering a paradigm shift for development of the INFF and its related financing ecosystem in the country. Annex 1.3 provides the list of these financing strategies.

The table presented below illustrates the outcomes of the JP in alignment with the INFF building blocks and stages of implementation.⁷

Implementation Stages	Planned (0%)	Emerging (1-49% progress)	Advancing (50-99% progress)	Complete (100% progress)	Previously completed	Not applicable
1. Inception phase	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Assessment & diagnostics	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Financing strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Monitoring & review	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Governance & coordination	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

This section will elaborate on the assessment made in the above table.

Inception phase: In the inception phase, a clearly outlined roadmap was formulated for development of financing strategies within the scope of the JP. All implementing stakeholders were informed about the progress and timeline for the JP activities. For example, the inaugural meeting of the Project Steering Committee (PSC) took place on March 12, 2021, with participation from a majority of implementing stakeholders. Throughout this phase, the JP activities received unanimous government support. Notably, the Prime Minister of Bhutan launched the JP in 2021, underscoring the government's early endorsement and commitment to the JP.

Assessment and Diagnostics: All the financing strategies and policy documents supported by the JP conducted a comprehensive situation analysis, identifying gaps and aligning government priorities across diverse study areas. The assessment and policy reviews under the JP employed various diagnostic tools, including literature and desk reviews, development of data collection and analytical tools, surveys, interviews with beneficiaries, and stakeholder consultations. These in-depth analyses provided pragmatic

⁷ The information is as per the requirement of the SDG Narrative Report Template.

and attainable recommendations for the government to utilize resources effectively and capitalize on potential opportunities.

For example, the Financing Strategy for the RNR Sector delved into an array of potential financial opportunities and financing options, including impact investment funds, blended financing, cost-saving schemes, crowdfunding, public-private partnerships, and thematic Bonds, among other options. Similarly, the Public Debt Management Policy 2023 placed emphasis on innovative financing options to manage the country's debt. With JP's support, the Department of Planning, Budget, and Performance (Ministry of Finance) conducted a public expenditure review of sub-national governments in 2021. This assessment gauged the efficiency of the annual grant system for local governments in achieving key result areas. The findings will guide revision to the Ministry of Finance's block grant guidelines and empower the local governments to responsibly manage financial resources. These assessments and findings also played a crucial role in the subsequent assessment of the planning and budgeting system within the JP's purview. Likewise, the assessment of the PPP Policy 2016 was conducted following comprehensive discussions involving municipalities, governmental entities and key stakeholders such as the Bhutan Chamber of Commerce and Industry. The comprehensive assessment of financing strategies catalyzed dialogue on effective resource mobilization, climate financing, green financing, and most notably innovative financing, which was previously an unexplored avenue for financing and resource mobilization in Bhutan.

Financing Strategies: These JP activities led to significant progress in exploring new financing options beyond conventional ODA financing, enabling the government to allocate scarce resources to development priorities and expedite progress towards achieving the Sustainable Development Goals (SDGs).

All the financing strategies development with JP's support were successfully completed at the time of this assessment. Based on the stakeholder consultations and in-depth discussions with the JP's focal persons, it emerged that the government is considering integrating/implementing most of the recommendations stemming from these supported financing strategies into either short-term or long-term development plans. For instance, the RNR Sector Financing Strategy report presents several innovative financing mechanisms for government agencies, aligning with the Ministry's focus on technology and innovation to drive income generation and economic development. The recommendations from this report will be integrated into the 13th Five-Year-Plan 2024-2029 and the long-term perspective plan of the Ministry of Agriculture and Livestock.

The revised PPP policy aims to streamline the approval process for PPP projects, categorize them into large or small scale, and allows unsolicited project proposals, which were previously restricted. These measures are proposed to enhance private sector participation in financing development activities and encourage innovative approaches to resource mobilization.

The importance of broadening financing avenues is emphasized in the Public Debt Management Policy 2023. This policy goes beyond the spectrum of addressing debt management to incorporating elements

related to domestic financing, innovative financing, on-lending, and exploring alternative options for external commercial borrowing beyond ODA, which were not covered in the previous Debt Management Policy. With Cabinet's approval secured, its implementation is underway. A copy of the report is available on the Ministry of Finance's website.

Likewise, the emergency health financing strategy is geared towards mobilizing both public and private funds for sustainable health financing focusing on three thematic areas: (i) strategy for resource mobilization; (ii) strengthening the management of existing funding for health emergency and preparedness and response HEPR through more responsive and flexible Public Financial Management (PFM) rules and processes; (iii) development of strategic purchasing/contracting mechanism to improve service delivery and strengthening of accountability. The Strategy explores various avenues, including increasing public funding through tax revenue, promoting private investments, introducing private membership fees with preferential healthcare services and private health contributions, as well as conducting health fund-raising initiatives.

JP supported the Central Monastic Body (also Zhung Dratshang) in developing a social security system, including a financing strategy and operation guideline for monks and nuns who are currently devoid of any such safeguards. The social security initiative holds significance as it addresses the welfare needs of the vulnerable section of the society, ensuring a secure income for monks and nuns during old age. The social security system is scheduled for formal launch in September 2023 with the Central Monastic Body committing BTN 50 million (approx. USD 600,000) as seed funds.

Additionally, JP partially supported the preparation and formulation of Bhutan's 13th Five-Year-Plan 2024-2029, which envisions developed and prosperous Bhutan and also positions for Bhutan's smooth and sustainable transition from LDC category and strengthening the coordination of development plans and financing the SDGs.

Overall, JP's support primarily focused on the development of financing strategies and policy documents. All JP-supported activities are aligned towards enhancing resource mobilization for advancing development agendas and accelerating SDG progress. Since most of the government's National Key Result Areas (NKRAs) align closely with the SDGs supported by the JP, a separate cost assessment for SDGs was deemed unnecessary and thus not pursued within the JP's scope.

Monitoring and Review: Most of financing strategies developed under JP's purview featured a dedicated section focused on monitoring and evaluating results and tracking the achievement of the targets and recommendations as outlined in the reports. These strategies highlight the responsibilities of the relevant departments, agencies, or ministries to prepare regular progress reports during the course of implementation. Furthermore, the reports also emphasize the importance of establishing a committee or monitoring team to review the implementation status and regularly assess the progress of the activities. The assessment process aims to extract valuable insights from lessons learned, evaluate sustainability, ensure accountability, and promote effective resource utilization. Many of the activities supported by JP underscore the government's need to judiciously raise, mobilize, and allocate public resources efficiently

to achieve specific objectives outlined in the Five-Year-Plan and beyond. The effective implementation of results and recommendations stemming from these JP initiatives holds the potential to guide the government towards prudent resource management in the future.

Governance and Coordination: The JP Steering Committee functioned as the primary governing body of the JP. To facilitate the seamless implementation, the Project Management Unit (PMU) was set-up within the Department of Planning, Budget, and Performance (DPBP) under the Ministry of Finance, with its director assuming the role of Chair for the Steering Committee. The committee's composition included representatives from the Department of Macro-Fiscal and Development Finance and the DPBP under Ministry of Finance, alongside members from the Central Monastic Body, Bhutan InfoComm and Media Authority (BICMA) former National Film Commission⁸, Ministry of Health, Ministry of Agriculture and Livestock, UNDP, UNICEF, and UN Resident Coordinator's Office. The JP Steering Committee possessed the highest authority to approve and make decisions concerning the design, management, and implementation of the JP. They held regular meetings, bi-annually or more frequently as needed, to review and endorse annual work plans, provide strategic guidance and oversight, assess implementation progress, and address any emerging issues. Additionally, they provided strategic direction, reviewed reports, and communications, and took note of budget revisions or reallocations.

1.4. Contribution to SDG acceleration

The joint program had a specific focus on five priority SDGs: SDG 1 (poverty), SDG 3 (health), SDG 4 (education), SDG 8 (growth and employment), and SDG 17 (strengthening partnerships). Additionally, it addressed important cross-cutting themes, including gender equality (SDG 5), climate action (SDG 13), and life on land (SDG 15). The program's activities mainly consisted of policy reports and diagnostic studies. Thus, its impact on accelerating SDGs was assessed through qualitative analysis. The primary areas of emphasis within the JP, as guided by the ProDoc and Theory of Change, were SDGs 3, 8, and 17.

SDGs Indicators	Baseline	Expected target	Actual results achieved/to be achieved in the near future	Reasons for deviation from targets, if any
<i>Indicator: 1.a.2</i> Proportion of total government spending on essential services (education, health, and social protection)	27% (2015-16)		<ul style="list-style-type: none"> • Developed innovative financing strategy for the RNR sector • The assessment of Local Government's Annual Grant system completed. • Successful developed and finalized the Social Security System tailored for the Central Monastic Body, encompassing monks and nuns developed and completed. • 	

⁸ National Film Commission dissolved under transformation initiative and its functions have become part of Bhutan InfoComm and Media Authority (BICMA).

Indicator: 3.8.1 Coverage of essential health services 3.8.2 Proportion of population with large household expenditures on health as a share of total household expenditure	Not available		Emergency Health Financing Strategy developed and expected to implement in the 13 th Five-Year-Plan 2024-2029	
Indicator: Proportion of informal employment in non-agriculture employment, by sex	10.9 for male; 12.2 for female (Bhutan Labour Force Survey 2018)		Developed a strategic roadmap for the film industry to promote creative sector for creation of job opportunities.	
Indicators: Total Domestic revenue as percentage of GDP Total tax revenue as percentage of GDP Total non-tax revenue as percentage of GDP	19.7 (2016-16) 14 (2015-16) 5.7 (2015-16)		JP supported development of BIRMS and property tax system for strengthening domestic revenue mobilization.	
Indicator:17.3.1 FDI, ODA and South-South cooperation as proportion of total domestic budget 17.4.1 Debt service as a proportion of exports of goods and services	Not available 25.7(2016-17)		PPP Policy reviewed and awaiting Cabinet approval. Debt Management Policy revision approved and initiated implementation. Fiscal Risk Management Framework developed.	

In pursuit of achieving **SDG 3 (Health and well-being)**, the JP provided support for the development of various strategies. These strategies included:

- i. The Emergency Health Financing Strategy, aimed at establishing a resilient financing ecosystem for Health Emergency Preparedness and Response during health crises like the COVID-19 pandemic. The strategy was successfully completed at the time of assessment.
- ii. The assessment of Local Government's Annual Grant System aimed at enhancing resource utilization efficiency and empower local governments for citizen-centric local development. This assessment was successfully completed at the time of this assessment.
- iii. The Assessment of a Social Security System for the Central Monastic Body (Pension System), focusing on providing and strengthening social security for monks and nuns who currently lack such safeguards. The social security report had been completed.

The JP aimed to address the key aspects Under **SDG 8 (Growth and employment)** by conducting assessments and proposing changes in several areas: (i) Strengthening the Fiscal Risk Management Framework. (ii) Revising the PPP Policy to attract private sector financing for SDGs. (iii) Revision of the Public Debt Management Policy 2023. (iv) Enhancing Budgeting Processes to Improve Resource Allocation and Utilization. (v) Developing a strategic roadmap for the film industry to foster growth in the creative sector and create job opportunities. (vi) Developing a Financing Strategy for the RNR sector, which includes recommending cost-saving schemes and innovative financing mechanisms to promote sustainable RNR systems and support the government's food security goals. As planned, all assessments were successfully completed within the JP's timeframe.

SDG 17: Strengthening partnership: The primary objective of the JP was to enhance collaboration and partnership among key stakeholders. As part of this initiative and to support the government's preparation for the next five-year plan, a multi-stakeholder dialogue was conducted. The project achieved a significant milestone by convening a groundbreaking innovative financing workshop that brought together key stakeholders in Bhutan's development finance for the first time. Collaborating with the erstwhile Gross National Happiness Commission, the JP organized a dialogue involving around 100 participants from key sectors encompassing government, private and the civil society. The dialogue aimed to foster partnerships for innovative financing to support Bhutan's 13th Five-Year-Plan 2024-2029. The main objective was to establish a collective understanding of effective development cooperation and the need to strengthen partnerships for generating domestic resources. This pioneering partnership dialogue included participation from government ministries, institutions like the Central Bank and Securities Exchange, the Private Sector, and Civil Society Organizations. This multi-sectoral dialogue plays a vital role in pursuing Gross National Happiness (GNH) and achieving the Sustainable Development Goals (SDGs). Similarly, throughout the formulation and development of various financing strategies and policy documents, such as the PPP policy, the Public Debt Management Policy 2023, the Emergency Health Financing Strategy, amongst others, close collaboration among key experts from various partner agencies was achieved, showcasing a coordinated effort to strengthened partnerships.

1.5. Contribution to SDG financing flow

As reiterated earlier, the JP has actively supported various financing strategies aimed at unlocking both public and private financing to drive progress towards the SDGs. Among these strategies, the most noteworthy ones include: Assessment of the existing budgeting processes for improved allocation mechanism and optimal utilization of resources, review and amendment of the PPP Policy, Assessment of Local Government's Annual Grant System to improve resource utilization efficiency, Innovative financing strategy for the RNR sector, Development of Emergency Health Financing Strategy, and development of Public Debt Management Policy, and the support to preparation and formulation of Bhutan's 13th Five-Year-Plan 2024-2029 which envisions developed and prosperous Bhutan with focus on economic recovery and growth, smooth and sustainable transition from LDC category and overall aligned with achieving the SDGs.

These financing strategies, identified through comprehensive assessments and diagnostic studies, have not only pinpointed potential innovative financing mechanisms but have also presented credible solutions to leverage funds for development plans and the SDGs. For instance, the PPP policy seeks to foster coherence and coordination between the government and the private sector, enabling diversification of investment and financing sources, while encouraging private and public financing towards achieving the SDGs, particularly SDGs 8 and 17.

Likewise, the budgeting process for improved resource allocation and utilization, presented various recommendations. These included the rationalization of the country's general reserve, the introduction of program-based budgeting, and the adoption of a medium-term expenditure framework. According to

project documents, and the annual program report, the Ministry of Finance has already commenced the implementation of some of these recommendations. Notably, the rationalization of the general reserve aligning with the government's long-term plan and transformation initiatives.

The financing strategy for the RNR sector has recommended a range of financing mechanisms and tools to attract both public and private funding towards priority sectors. This financing approach encompasses cost-saving mechanisms, result-based financing, and value chain financing, all aimed at mobilizing resources from both the private and public sectors to support the RNR sector's key areas. The Ministry of Agriculture and Livestock is firmly committed to securing resources from donor agencies to fund and support the financing areas identified in the report.

In a parallel effort, the Emergency Health Financing Strategy was developed to establish a resilient financial framework for Health Emergency Preparedness and Response (HEPR) during health crises, including the COVID-19 pandemic. Similarly, the Assessment of the Local Government's Annual Grant System aimed to enhance the efficiency of resource utilization while empowering local governments to drive citizen-centric local development.

Furthermore, an assessment was undertaken for a Social Security System with a specific focus on creating and strengthening social security provisions for monks and nuns who currently lack such safeguards. The development of an extensive social security report has been completed.

1.6. Results achieved on contributing to UN Development System reform

The SDG Joint Fund project is the first JP on developing an SDG financing framework that UN system in Bhutan has implemented, where UNDP, UNICEF, RCO and the government participated jointly. UNDP served as the lead Participating UN Organisation (PUNO), with UNICEF as the other PUNO. The RCO coordinated and provided leadership supports. The Department of Planning, Budget and Performance under Ministry of Finance led the programme implementation with support of sectoral agencies. The JP brought together expertise of UN system, where UNDP took the lead of activities related to economic development, finance, and innovative financing while UNICEF led the activities with social mandates of the JP including health financing and social protection. The RCO was responsible for main coordinating work such as liaise with donors and government, which eased the two PUNOs in focussing their time and resources in implementation of activities.

Additionally, all communication and decision-making regarding JP activities took place in a joint sitting involving all stakeholders, including the PUNOs and RCO, allowing them to collaboratively determine JP-related decisions. Notably, the JP represents the first initiative in which both UNDP and UNICEF jointly managed funds from a single source.

Moreover, a significant advantage of this JP lies in its reinforcement of the reforms of UNDS,

positioning RCO at the core of the UN Development System. This enables RCO to liaise and coordinate with other UN agencies, funds and programmes who are not part of the JP but undertakes similar works in Bhutan in avoiding duplication, and enhancing coherence and collaboration.

The JP fostered collaboration among PUNOs in executing the activities, resulting in time and resource savings through the utilization of a shared project steering committee, a unified procurement system for hiring consultants, and streamlined reporting to the SDG Fund in a single report, as opposed to separate reports when handled by individual agencies. Furthermore, it facilitated the pooling of resources to achieve more significant outputs that would be challenging to attain through single agency interventions alone. For example, PUNOs collaborated and shared their technical expertise with implementing counterparts and donor agencies. This collaborative approach not only facilitated faster progress and decision-making but also resulted in time and resource savings for activity implementation. Overall, the JP played a pivotal role in breaking the tendency to work in isolation and encouraged enhanced collaboration, promoting the sharing of technical expertise, and minimizing duplicated efforts.

The UN is currently preparing the United Nations Sustainable Development Cooperation Framework (short, Cooperation Framework) and the JP outputs are significant as they are directly aligned and relevant to key strategic outcome and priorities set out in the Cooperation Framework, which in turn are closely aligned with the government's 13th Five-Year-Plan 2024-2029. The policies and financing strategies developed, and diagnostic assessment conducted under this JP, including the JP's support towards 13th Five-Year-Plan preparation contributed in aligning the UN's supports with government's priorities for the 13 Five Year Plan.

1.7. Results achieved on cross-cutting issues

The outputs of the JP are mainly assessments and development of financing strategies and policy reviews, in which application of cross cutting issues like gender equality and other inclusive criteria are not directly visible as these outputs are gender neutral. However, where possible gender equality and inclusive perspectives were considered. For instance, the development of social security is a good example of addressing the gender equality and promoting their wellbeing in terms of accessing social protection by both monks and nuns. The initial plan to have social security system only for the monks was revised after the JP's intervention where the social needs for the nuns were also included. Furthermore, during the stakeholder consultations for developing strategies and in capacity development activities, equal participation opportunities were encouraged. For example, in the process of developing a Film Industry Strategic Master Plan, particular attention was given to referencing gender equality and women empowerment in the activities. Additionally, the JP also touched upon other cross-cutting issues such as climate change, which is reflected in the innovative financing strategy of the RNR sector, PPP policy, and Public Debt Management Policy 2023. Despite not always being explicitly visible, the development of financing strategies for critical sectors and policy reviews is moving towards inclusive development, providing decent work, and ensuring that no one is left behind.

1.8. Results achieved on COVID-19 recovery

The primary outputs of the JP revolve around developing financing strategies, focusing on strengthening SDG financing and rebuilding the economy post COVID-19. Notably, the emergency health financing strategy is directly addressing the lessons learned and challenges experienced during the pandemic particularly in the realm of sustainable and resilient health financing. Moreover, this strategy developed under the JP proposed potential financing mechanisms to better prepare for any future health crises. The revised PPP policy prioritize stimulating private sector investment, promoting job creation, and nurturing inclusive economic growth through infrastructure projects and services, aligning with SDG 8. The policy also aims to enhance collaboration between public and private sectors, utilize resources, and achieve sustainable development goals, and aid in post-Covid-19 recovery.

Likewise, the JP supported Public Debt Management Policy 2023 seeks to fill the gaps in the previous Public Debt Policy 2016 and offer direction on both mobilizing development financing and overseeing long-term debt. Furthermore, the Debt Management Policy 2023 is designed to provide guidance on how Bhutan can navigate the challenges of balancing the post-pandemic socioeconomic recovery and pursuing the SDGs while maintaining public debt sustainability without jeopardizing the macroeconomic stability. Most importantly JP supported development of Economic Contingency Plan shaping the post COVID era, the recommendations of which have been implemented as part of the socio-economic transformation initiative during the recovery phase.

Additionally, the JP's support in the evaluation of existing budgeting processes to enhance allocation mechanisms and optimize resource utilization, among various others, helped strengthen the recovery of the post-pandemic economy.

These accomplishments within the JP domain have also played a role in driving broader shifts, notably sparking a change in perspective among both the government and the key stakeholders leading to dialogues on innovative financing and encouraging exploration beyond conventional funding channels..

1.9. Strategic Partnerships

The JP contributed to fostering and deepening partnership between the United Nations Development System and the government, in particular, the Ministry of Finance which spearheads and coordinates all development partners in Bhutan. Additionally, the partnership has ventured into new areas of focus, like innovative financing and thinking beyond the conventional ways of financing development activities. JP (led by UNDP) for the first time has also started working with the private sector through Bhutan Chamber of Commerce and Industry to promote private sector engagement in financing development activities. Since innovative financing is relatively new to Bhutan, JP facilitated the networking on exchange of knowledge between the JP implementing partners and Indonesia, one of the pioneering countries in innovative financing. JP (led by UNICEF) also facilitated a south-south learning on public financial management and innovative financing in Kathmandu in June 2023. The participants from Bhutan were not only able to learn new ideas of social sector financing but were able to network with Finance Ministry officials from India, Nepal, Bangladesh, Maldives and Pakistan. JP also fostered partnership with Ministry of Health in developing financing strategy for emergency health, and the Central Monastic

Body, a non-traditional partner, in developing the social security system, creating a landmark social protection system for monks and nuns in Bhutan.

The JP also established strategic partnership with the Office of the Cabinet Affairs and Strategic Coordination, another non-traditional partner in facilitating the groundwork for the 13th FYP preparation, which entailed inclusive consultations with various stakeholders spanning all sectors, including the private sector and political parties in Bhutan. Furthermore, a series of capacity-building workshops were organized under the JP's umbrella. For instance, the Results Based Management and data analysis training conducted witnessed overwhelming participation from diverse government agencies, including the Local Government officials. Such capacity building also leads to fostering collaborations and partnerships. In addition, JP supported capacity building and fostering collaborations between Ministry of Finance (MoF) and the government of Maldives on Debt Management system. The participants were able to use this opportunity to explore network of funders that can help them for resource mobilization. The JP also provided support to the Ministry of Finance in enhancing its decision-making capabilities by funding the macro-models training program for finance personnel. This training empowered MoF professionals to analyze complex economic situations, assess potential outcomes, and make well-informed decisions pertaining to the nation's financial, fiscal, and monetary stability, as well as its sustainable progress. The JP's efforts contribute to advancing MoF's expertise, leading to more effective and strategic decision-making aligned with the broader objectives of the country's economic growth and prosperity.

As part of the JP initiative, the UN system initiated the exchange of information and discussions pertaining to financing mechanisms and inventive funding approaches with fellow development collaborators within the country. Within the UN framework, the establishment of the Bhutan Economic Group has paved the way for knowledge exchange, drawing participation from development partners such as the Asian Development Bank (ADB) and the World Bank. Additionally, the development of an economic model within the JP framework introduces an innovative avenue for potential collaboration with the ADB and the World Bank, particularly in generating accurate economic projections for the 13th Five-Year-Plan.

The PUNOs maintained a close collaborative relationship with various development partners. Notably, the PUNOs actively collaborated with ADB to review of the PPP Policy and collaborated closely with the World Bank to develop the Public Debt Management Policy 2023. Furthermore, the PUNOs engaged in substantial information exchange and insights with fellow members of the Bhutan Economist Working Group, which comprises of the World Bank, ADB, International Monetary Fund, UNESCAP, Japan International Cooperation Agency (JICA), among others, to gather valuable inputs. By actively engaging with this diverse array of partners, the PUNOs sought to enrich their understanding, enhance policy formulation, and ensure the successful implementation of key initiatives aimed at fostering Bhutan's economic growth and overall development.

1.10. Additional financing mobilized

Source of funding	Yes	No	Type of co-funding/co-financing	Name of organization	Amount (USD)	Comments
Government	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Cash	Film Commission	35,714	
Donors/IFIs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Cash	Department of Revenue and Customs	27.6 million	
Private sector	<input type="checkbox"/>	<input type="checkbox"/>				
PUNOs	<input checked="" type="checkbox"/>	<input type="checkbox"/>	In-Kind and cash		72,000	PUNOs have rendered additional technical services to IPs
Other partners	<input type="checkbox"/>	<input type="checkbox"/>				

The implementation of the JP has concluded, and no supplementary financing has been obtained to accelerate SDG progress at the time of this evaluation. It is worth noting, however, that the Government co-funded Nu.3 million approximately USD 35,714 for the analysis of COVID-19's impact on the film industry and the formulation of a strategic blueprint for resource mobilization within Bhutan's film sector, as part of JP output 1. Moreover, under the JP's guidance, the Department of Revenue and Customs (DRC) within the Finance Ministry initiated the development of Bhutan's Integrated Revenue Management System (BIRMS). While the JP contributed USD 35,000 for BIRMS development, the Government secured USD 27.6 million from the World Bank to develop the software and servers for BIRMS. Additionally, facilitated by the JP, the UNDP allocated \$20,000 to the Department of Revenue and Customs. This funding is intended to enhance the Property Tax System, enabling the MoF to facilitate online payments for properties, encompassing land, buildings, and other valuable assets.

Similarly, PUNO, aside from in-kind contributions, successfully harnessed additional resources as co-funding to implement various activities. For instance, UNICEF garnered USD 12,000 from its South Asia Regional Office to support the preparation of the 13th Five-Year-Plan.

The JP also facilitated numerous diagnostic and assessment efforts, including resource mapping for the health sector, RNR, social security systems, the film industry, and the 13th FYP (2024-2029) programme. These financing avenues will undergo testing and actualization over the next five years, aligning with the Government's commencement of the Plan's implementation in 2024.

2. Results by JP Outcome and Output

2.1. Results achieved by Fund's global results

The primary focus of the JP was to boost both public and private funding and enhance financial management systems. This was aimed at expediting progress towards the SDGs and elevating GNH. The JP implemented various actions that resulted in achieving desired outcomes and outputs, all of which were in line with and supportive of the essential elements outlined in the INFF.

Specifically,, the JP played a role in devising comprehensive strategies to identify, generate, and effectively handle the financial resources necessary to realize developmental ambitions. These ambitions encompassed objectives such as gender equality, environmental sustainability, and the overarching pursuit of GNH, as laid out in the forthcoming 13 FYP. This endeavor also led to improved institutional

arrangements on planning and financing. It brought about greater clarity between the MoF and sector-specific agencies concerning fund distribution processes, particularly in scenarios like health emergencies.

Notably, government entities, particularly officials from the MoF, gained a better grasp of diverse financing choices for the 13FYP. This knowledge enhancement translated into increasing efficiency in allotting funds to bolster core developmental objectives. As a direct result of the JP's support, an environment conducive to private investments aligned with the SDGs was strengthened. This, in turn, amplified the country's response to the COVID-19 crisis, expedited SDG advancement, and elevated GNH on a national scale.

2.2. Results achieved by Joint Programme Outcome

The overarching outcome that the JP aimed to achieve is stated as “Bhutan has increased public and private financing aligned with its core government priorities and accelerated SDG progress and enhanced GNH”. The JP was dedicated to the formulation of financing strategies aimed at strengthening the execution of COVID-19 responses, five-year plans, and the SDGs. This encompassed the exploration of innovative financing; assessment of the existing national planning, budgeting, and reporting; conducting the public expenditure review of the sub-national governments; the review of PPP policy and capacity development; development of Public Debt Management Policy 2023 to manage Bhutan's growing debt, among others. These achievements significantly contributed to establishing a conducive environment that enhances resource availability and encourages the involvement of both the public and private sectors in supporting developmental priorities.

At the time of this assessment, all the initiatives within the JP have been completed. Some have recently been completed, such as the Health Financing Strategy, and some are under implementation such as the Public Debt Management Policy 2023. Some initiatives, including the RNR financial strategy, Resource allocation strategy and Social Security System, are in their initial implementation phases. As a result, observing the tangible and concrete impact of these JP activities in fulfilling its primary objectives of leveraging the public and private financing towards development activities, accelerating the SDG progress, and enhancing GNH, demands a substantial amount of time. Nonetheless, it is important to highlight that the achievement and accomplishments stemming from the four outputs of the JP have played a pivotal role in shaping the trajectory towards the ultimate future objective.

Additionally, the transformative influence of the JP outputs extends to systemic changes, notably sparking a shift in perspective towards financing approaches beyond traditional methods like ODAs. In this manner, the JP has effectively stimulated a shift in mindset among both the government and the populace regarding financial considerations within development endeavors. Furthermore, the JP's impact has extended to the preparation of the 13th Five-Year Plan, which holds significant importance for the sustainability and prolonged influence of the JP outputs within the national planning initiatives, ultimately culminating in the realizing the JP's ultimate objective over the long term.

2.3. Results achieved by Joint Programme Output

The JP had identified four outputs in the result framework, which includes: (i) Gender, and climate-responsive financing strategies developed to support implementation of COVID-19 responses, five-year plans, and the SGDs including innovative financing solution; (ii) Health sector financing strategy developed and preparedness for future pandemic strengthened; (iii) National planning, budgeting and reporting system alignment and fiscal risk management strengthened; and (iv) Public private partnerships that support development priorities increased, including the green-economy.

At the time of this assessment, all four primary activities outlined in Output One have been completed. Furthermore, several supplementary activities were undertaken within this output, responding to requests from the government and IPs. These new initiatives encompassed: (i) The analysis of sector-specific COVID-19 impacts on the production and manufacturing sector, coupled with recommendations for recovery pathways; (ii) Support for domestic resource mobilization, involving the creation of BIRMS and the property tax system; (iii) Assistance in formulating the 13th Five-Year Plan.

As part of JP output 2, a major activity is the development of the Emergency Health Financing Strategy, which was completed at the time of this assessment. The strategy is expected to help the Ministry of Health identify financing measures for the health sector (e.g., through existing budgetary flexibility) and have put in place clear institutional arrangements and legislation for use of public financing during emergencies. The Strategy has also contributed to strengthening institutional capabilities and framework. The Ministry of Health (MoH) took proactive steps in carrying this strategy forward within the Ministry's future programs, culminating in establishing of a novel division—the Health Financing Division, a pioneering initiative of its kind to facilitate its implementation.

Additional activities outlined within JP output two includes: (i) advocacy and capacity building for Accelerating Mother and Child Health (AMCH) services, and (ii) analysis of Covid-19 health measures and response carried out and future preparedness recommended were dropped at the latter stage of the JP. The MoH made this decision due to the unfeasibility of launching the AMCH program, primarily because of the substantial financial resources required, amounting to an annual cost of Nu. 238.97 million (approximately USD 2.9 million). The fiscal constraints arising from COVID-19 pandemic expenditures rendered this initiative untenable. Consequently, the advocacy and capacity-building program could not be executed.

Similarly, the analysis of COVID-19 health measures and response was also removed from the scope by the MoH. This was because the Government had previously undertaken a similar study titled “The People’s Pandemic: How the Himalayan Kingdom of Bhutan staged a world-class response to COVID-19”. Thus, there was deemed to be no necessity for conducting another study to document optimal health measures and responses during the COVID-19 pandemic.

JP output three encompassed five principal activities, all of which have been successfully concluded. Some outputs, such as the Debt Management Policy 2023 and the recommendations derived from the assessment of existing budgeting processes and the Local Government's Annual Grant System, have progressed to the implementation stage. This assessment proved instrumental in enabling the Ministry of

Finance (MoF) to gain deeper insights into the efficacy and potency of resource allocation, reserve requisites, and the annual grant system of local governments, particularly concerning the attainment of key national and local government objectives.

The findings arising from this assessment and reports will not only guide the MoF in revising the guidelines for block grants but will also empower local government authorities to bolster their ownership and accountability pertaining to fund utilization. Furthermore, these findings will aid stakeholders in comprehending the impact of the grant system on advancing social outcomes related to children, young individuals, and women at the grassroots level.

Furthermore, preparations were underway for an official launch of the social security system for the Central Monastic Body at the time of this assessment, having completed the JP related activities. The development of such a social security system has improved the understanding of the key government officials in the context of providing a secured income for monks and nuns who do not have such safeguards.

Initiatives for capacity development, encompassing budget processes, debt management, fiscal risk framework, RBM, and macroeconomic modeling, were set in motion. These capacity-building initiatives have significantly contributed to the enhancement of human capital and the strengthening of institutional capacities of the IPs in the preparation of the 13 FYP. As a result of JP support, the 13 FYP, unlike the past plans, has a clear articulation of the result framework, which will assist the government in implementing, monitoring and evaluating developmental activities.

The JP output four had two major activities including the review and amendment of the PPP policy and the advocacy on the policy. The amendment of the PPP policy is expected to contribute significantly to encouraging the participation of private investments in the development activities.

3. Challenges and Changes

3.1. Challenges faced by JP

The implementation of JP coincided with one of Bhutan's most challenging times. These challenges included the onset of the COVID-19 pandemic, which led to multiple lockdowns and restrictions in the country. The government's adoption of stringent COVID-19 containment and preventive measures resulted in restriction on conducting studies, assessments, and capacity building training and workshops, adversely affected the smooth implementation of the activities. Furthermore, during the post-COVID-19 period, Bhutan faced additional hurdles, as the government-imposed austerity measures, including restrictions on in-person official meetings and travels. This situation necessitated a shift to virtual meetings for most monitoring and evaluation activities. Additionally, the country's fiscal constraints became a major concern, leading to the dropping of an important activity aimed to accelerate mother and child health services due to its high implementation costs.

During the project period, public sector (whole-of-government) underwent a major transformation exercise resulting in a change in the government structures and related change in leadership of many

implementing partners. As the JP was implemented through the NIM modality, this whole-of-government reform initiative significantly hindered the implementation of JP activities. This reform led to an extensive restructuring of government agencies and ministries, causing a pause in the implementation of JP activities.

One specific consequence of this reform was the dissolution of the former Gross National Happiness Commission (GNHC), which had been the focal institution for all aid and development coordination in the country including the JP. The responsibility for the JP from the government's side was eventually shifted to the Ministry of Finance, necessitating changes in the responsibilities as an implementing partner, as well as a shift in focal persons. These alterations further complicated the smooth execution of the project's activities. Additionally, high attrition rate in the civil service impacted the implementation of JP, as focal persons of the activities changed several times. IPs were challenged with capacity and time for implementation and completion.

Most JP activities relied on input from international experts and the JP counterparts, presenting a challenge in obtaining the appropriate technical expertise. Despite efforts to seek international technical support, the timing of the JP projects necessitated virtual engagement with these experts. This approach posed significant challenges and resulted in communication gaps and initial delays in completing a few activities.

Furthermore, the Project Management Unit (PMU) which is the Department of Planning, Budget and Performance (DPAB) under the Ministry of Finance lacked prior experience in managing a project of this nature, as it marked the first undertaking of its kind for the DPBP. Additionally, there was a change in the Project Manager during the project period.

3.2. Changes made to JP (if applicable)

As previously indicated, one of the major activities of the project, the Accelerating Mother and Child Health Services, was dropped due to the change in the government priorities. The financial resources initially designated for this activity were redirected to address an urgent request from the government regarding the preparation of the 13th FYP. In addition, the funds saved were channelled into various other initiatives. These include the implementation of capacity-building efforts for local government officials in Results Based Management (RBM), advancing the macroeconomic model, and developing BIRMS and Property Tax System for the DRC. These activities were already in progress at the time of this assessment.

These new activities are the top priorities of the government in the new context, for instance, the preparation for the next development plan, the 13th FYP, is a significant activity at the national level in which the JP played a substantial role. A multitude of outputs of the JP are expected to be incorporated into the national plan.

Other activities of the JP, such as capacity building on RBM is crucial for planning, prioritizing, and for monitoring and evaluation. The capacity enhancement is significant for having an impactful planning and implementing the plans more effectively. Further, the development of the revenue system holds the potential for far-reaching transformation to modernising tax administration and improving efficiency in domestic revenue collection. The JP's support extends to capacity enhancement in debt management and macroeconomic model development, thereby substantially contributing to Public Financial Management (PFM) and resource mobilization efforts.

4. Sustainability and Country Ownership

4.1. Sustainability and country ownership

The primary components of JP outputs consist of policy reviews, assessments, and financial strategies. These elements necessitate costing, capacity enhancement, and execution to effectively conclude the initiatives. The JP has successfully delivered numerous policy reviews and financing strategies, though complete implementation relies on sustained future support. Considering that a significant portion of JP outputs is anticipated to be integrated into the 13th FYP, the sustainability and scalability of outcomes are reasonably assured. However, the precise selection of priority outputs within the 13th FYP remains uncertain as its development is ongoing. Notably, the PPP policy stands out as a focal point in the priorities of the 13th FYP.

The UN system is committed to seeing the fulfillment of reforms and the effective execution of developed SDG financing strategies. The subsequent stages of assistance need to encompass cost estimation for the Health Financing Strategy, formulation of implementation blueprints, and capacity enhancement for successful execution. The financial strategies and plans formulated through the JP have time-bound recommendation, with the anticipation that they will be put into action with requisite backing from the UN system. Should the upcoming funding themes align with these strategies, the continuity of support can be reasonably assured.

Although the level of ownership varies depending on the activities carried out, in general, the level of ownership and buy-in by the implementing partners is relatively high, as most of the JP outputs are aligned with the government's priorities. The implementing partners played key and active roles in all activities, be it reviews of policies such as PPP, developing a Strategic Master Plan for the film sector, developing social security system for the Central Monk Body and financial strategies in the key sectors. For instance, the Central Monk Body has committed the seed money contribution of BTN 50 million to the social security scheme, which is to be administered by the new institution called Geyrab Nyod Yon, an investment arm of the Central Monk Body.

Additionally, the government has taken proactive steps by establishing an independent division recently dedicated to health financing within the MoH to coordinate the implementation of the recommendations. This strategic move ensures the consistent execution and long-term viability of the healthcare financing strategy. Simultaneously, the recommendations stemming from the innovative financing strategy in the RNR sector have been seamlessly incorporated into the framework of the 13th FYP, and they also

contribute to shaping the foundational principles of the MoAL's comprehensive long-term perspective plans.

The revised Public Debt Management Policy 2023 supported by the JP, has embarked on its implementation phase. The existing Public Debt Policy 2016 in Bhutan is comprehensive but lacks coverage of important aspects of public debt management, such as domestic financing, innovative financing, on-lending, and external commercial financing. The new Public Debt Management Policy 2023 will replace the 2016 policy and is intended to address these gaps. This new policy aims to expand the financing scope by combining external and domestic loans. Therefore, the implementing the new Public Debt Management Policy 2023 signifies a proactive step toward enhancing debt and fiscal management.

Within the broader spectrum, PPPs have emerged as a pivotal focal point within the strategic roadmap of the 13th FYP. Equally paramount is the emphasis placed on strengthening PFM, reinforcing debt management, and orchestrating fiscal reforms. These collective efforts serve as linchpins for efficient resource mobilization, prudent allocation practices, and the optimal utilization of public resources, consequently fostering sustainable economic growth and developmental prosperity.

Despite facing challenges related to ownership and organizational changes during implementation, the PMU has shown resilience. Key personnel shifts and consistent leadership changes have occurred. However, the PMU's adaptability and commitment remain strong, and the PMU has displayed commendable adaptability and commitment. While changes in personnel and leadership dynamics might have posed difficulties, these changes have not stopped the PMU from monitoring and assessing the JP's activities. The unit's ability to navigate these shifts highlights its commitment to success. The PMU remains dedicated to achieving goals and positive outcomes, by embracing changes and overcoming challenges.

While the focus of the JP in Bhutan was primarily directed towards the development and review of financing strategies and policies, it also engaged in supporting a various capacity development initiatives. Four significant activities aimed at enhancing capacity were carried out under the JP: fiscal framework management, budget process and Results-Based Management (RBM), debt management system, and macroeconomic modeling.

However, a substantial need for capacity building persists, especially in the areas of implementing the developed financing strategies effectively. Notably, the innovative financing concept, being a relatively recent introduction, demands both awareness creation and capacity building among officials for successful implementation. Similarly, implementing health financing requires significant capacity building (e.g., on costing), as does the PPP policy, where augmenting the knowledge and capabilities of the PPP division staff is essential due to their limited understanding of the PPP concepts. The creative industry sector has also pinpointed several capacity development activities as essential.

In essence, the JP has undertaken various capacity development initiatives. Nevertheless, significant efforts are essential to enhance capabilities across a range of sectors. This notably encompasses the

proficient execution of financing strategies and the adept implementation of innovative concepts such as Public-Private Partnerships (PPPs) and health financing.

It is evident that stakeholders and partners require the support of the United Nations (UN) to effectively undertake capacity building while ushering in the realization of JP outputs. Whether it pertains to refining financing strategies, conducting policy reviews, aligning with strategic master plans, or establishing a comprehensive social security system, UN backing is pivotal in driving these reforms towards complete and successful implementation.

5. Communications

5.1 Communication products

While a communication strategy was devised for the JP, the inherent nature of the activities is primarily focused on assessments and capacity building, which may not necessarily result in prominent public awareness. Moreover, deliberate efforts have been made to maintain a restrained approach to communication and visibility within the JP. This approach aligns with the government's priority to exercise fiscal prudence, particularly during the COVID-19 pandemic, which prompted austerity measures. Consequently, the JP activities have been deliberately kept low-key. However, the development of a social security system for the Central Monastic Body did introduce some measured visibility initiatives, including creating a logo at the outset of the initiative. As part of unveiling the health financing strategy and social security system, there are plans to execute select visibility endeavors, aimed at highlighting the fact that these activities are financially supported through the JP.

5.2 Events

Type of event	Yes	No	Number of events	Brief description and any highlights
JP launch event (mandatory)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	The launched of JP on 22 February 2021, which was graced by the Prime Minister of Bhutan and the senior government officials. The launch event was broadcasted live through the Ministry of Foreign Affairs' Facebook page. The news was covered by Kuensel, the national newspaper.
Annual donors' event* (mandatory)	<input type="checkbox"/>	<input type="checkbox"/>		
Partners' event ** *(optional)	<input type="checkbox"/>	<input type="checkbox"/>		

6. Lessons and Best Practices

6.1. Key lessons learned, best practices, and recommendations on SDG financing

The JP, while relatively modest in terms of its funding, has undertaken a diverse range of activities that extend across multiple sectors. This has consequently placed a substantial administrative load on both the PMU and PUNOs, in addition to creating significant time constraints for the implementing agencies. Several noteworthy lessons have been gleaned from this experience:

- i. It is recommended to prioritize and choose a smaller set of activities rather than scattering efforts across multiple sectors. The JP's engagement across several significant sectors, which include the

Ministry of Finance, Central Monastic Body, erstwhile GNHC Commission, Ministry of Health, the Cabinet Office, and the Creative Industry Sector, has somewhat diluted its focus. Considering the substantial time required for policy and strategy formulation, as evidenced by the current JP, channeling efforts into a more limited scope would have contributed to a more streamlined implementation process.

- ii. Establishing a close alignment with government priorities is critical to cultivating a robust sense of ownership and endorsement of all the JP activities. The insights garnered from the JP suggested that those activities that are in AWP of implementing partners are relatively faster to implement and have a higher level of buy-in.
- iii. A judicious project scoping, involving all relevant stakeholders comprehensively, holds significance in defining boundaries clearly. This also helps in understanding the risks and to account the remedial measures, including adaptability to unforeseen factors.
- iv. JP activities heavily relied on international experts, lacking a full grasp of the local context. While diverse viewpoints and global practices were beneficial, they occasionally overlooked intricate local conditions and challenges. As a result, there were instances where the applicability and effectiveness of certain recommendations or solutions needed further adaptation and tailoring to suit the local environment. A balanced approach that combines international expertise with a deeper engagement of local knowledge could have further enhanced the relevance and success of JP activities, ensuring a more contextually sensitive and responsive implementation.

Recommendations are:

- i. The projects should pinpoint a select number of pivotal thematic sectors, accompanied by well-defined objectives. The identification of these key themes, coupled with precise objectives, will ensure a suitable degree of focus, and elevate the likelihood of notable accomplishments. This entails comprehending the diverse needs across various economic sectors and harmonizing them with the capabilities and resources development partners can provide.
- ii. Activities should closely align with the government's established priorities. For instance, upcoming proposals could be derived from the outcomes or indicators of the country's 13th Five-Year-Plan. This method has the capacity to produce relevant interventions, resulting in significant impacts on the execution of the national agenda. This approach also liberates valuable government resources, which can then be directed towards other crucial initiatives. Adopting this strategy ensures a heightened level of dedication and ownership from implementing partners, as these activities seamlessly harmonize with their existing roles and responsibilities.
- iii. Identification of pertinent implementing partners should stem from sector-specific requirements. These partners must ensure ownership and assign dedicated personnel for the duration of the project.
- iv. Future assistance should give precedence to executing the outcomes of this JP. As mentioned, most JP outputs consist of assessment and developing financial strategies, and policies. These outputs necessitate ongoing support to ensure successful implementation and their consequential effects on the economy and society. Therefore, sustained support is imperative to bring the interventions to fruition.

- v. The project steering committee should adopt a more comprehensive approach by involving a wide array of stakeholders to address cross-cutting matters. For instance, by encouraging gender-balanced participation among implementing partners during committee meetings, the project's outputs could effectively address gender-related considerations. Such a setup would also foster the establishment of coherence across various sectors.
- vi. Responsive learning of all participating agencies must be encouraged through the opportunities like in this JP. Such learning enhances the ownership and contributes to the sustainability and effective knowledge transfer.
- vii. It is crucial to give precedence to providing support during the follow-up phase to advance the subsequent stages of the developed financing strategies. For instance, the Health Financing Strategy requires cost analysis and capacity enhancement. Similarly, other outputs of this JP have outlined their ensuing support requirements. Moreover, the alignment of activities with the objectives of the 13th Five-Year Plan is essential.
- viii. In forthcoming projects, it is imperative to avoid designating all activities or sectors as priorities. Instead, a well-defined scope should be established through meticulous scoping, rooted in national needs and priorities.

6.2. Key lessons learned and best practices, and recommendations on Joint Programming (max 300 words)

This is the first JP on SDG financing implemented by the UN system in Bhutan and it serves as a pioneering model, showcasing how the collective expertise of the UN can be harnessed to reduce transaction costs and duplication that might arise if interventions were pursued individually by distinct agencies, funds and programmes. Despite the varied distribution of JP activities across multiple sectors, it yields substantial value and successfully achieved the intended outputs. The key lessons learned are:

- i. Collaborative resource pooling within the JP proves more efficient than individual agency efforts in attaining outcomes.
- ii. PUNOs fully committed their time to implementation, minimizing duplicated efforts through RCO's central role in coordination, liaising with the government and other development stakeholders.
- iii. Collaborations and partnerships strengthened beyond the PUNOs. The JP under RCO leadership fostered collaboration with development partners and IFIs such as the World Bank and the Asian Development Bank (ADB) and with non-PUNO UN agencies. For instance, piloting of PPP project could potentially be taken up by the ADB and some recommendations from the financing strategy for RNR sector could be taken up by FAO as part of Bhutan's Food Systems Pathways investment plan.

Recommendations to improve future interventions:

- i. The practice of utilizing JPs should be sustained in the future for effective implementation of interventions. JPs not only enhance coherence and efficiency within the UN system but also exercise considerable influence on implementing partners. Moreover, fostering JPs involving

both development partners within the UN system and international financial institutions (IFIs) such as the IMF, World Bank, and ADB is recommended. This approach infuses diverse technical expertise, particularly in fiscal and debt matters, which can greatly aid the government.

- ii. UN support should prioritize selecting key sectors to facilitate government processes and create visible impacts. Encouraging well-defined project scoping involving relevant stakeholders is crucial to ensure a better alignment with government and sectoral needs and priorities, promoting enhanced ownership.
- iii. In forthcoming UN support endeavors emphasis should be placed on ideas that can be piloted or tested in collaboration with local entities. For instance, one or more outputs from this JP could be piloted for eventual rollout by either the public or private sector.
- iv. Enhance and streamline the procurement process to mitigate potential delays. For instance, the engagement of a consultant for a few JP activities exceeded the typical procurement timeline, resulting in significant activity implementation setbacks.

Annex 1: Consolidated results framework

1 JP contribution to global programmatic results (full programme duration)

Joint SDG Fund Global Outcome 2: Additional financing leveraged to accelerate SDG achievement (Complete table below)

Indicators	Baseline 2021	Target (end of JP)	Result (end of JP)	Notes
2.1: US\$ & Ratio of financing for integrated multi-sectoral solutions leveraged disaggregated in terms of public and private sector funds	n/a	n/a	n/a	No additional financing was leveraged to accelerate SDG achievement as of now at the time of this assessment.

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

Indicators	Baseline 2021	Targets (end of JP)	Results (end of JP)	Notes
4.1: #of integrated financing strategies/instruments that were tested	0	1	1	See section 2.2 for the explanation
4.2: #of integrated financing strategies that have been implemented with partners in lead	0	1	1	See section 2.2 for the explanation
4.3: # of functioning partnership frameworks for integrated financing strategies to accelerate SDG progress	0	1	1	See section 2.2 for the explanation

2. Selected global operational effectiveness indicators (full programme duration)

2.1. Did your Joint Programme contribute to the improvement of the overall UNCT coherence?

Yes, considerably contributed.

Yes, contributed

No

Explain briefly: It is the first JP on developing SDG financing framework that UN system in Bhutan has implemented, where UNDP, UNICEF, RCO and the government participated jointly.

2.2. Did your Joint Programme contribute to avoiding duplication of efforts for the participating UN agencies in interaction with national/regional and local authorities and/or public entities?

Yes,

No

N/A (if there are no other joint programmes in the country)

Explain briefly: The JP brought together expertise of UN system, where RCO took the responsibility of main coordination and liaise with donors and the government while PUNOs fully focussed in implementing the activities.

3. Results as per JP Results Framework

Result / Indicators	Baseline	Original Target (as per ProDoc)	Revised Target (if applicable)	Result (end of JP)	Reasons for variance from original target (if any)
Output 1: Gender- and climate-responsive financing strategies developed to support implementation of COVID-19 responses, Five Year Plans, and the SDGs, including innovative financing solutions					
Indicator 1.1: Number of financing strategies developed in priority areas (e.g., sectors, themes, sources of financing)	YES		NA	YES	NA
Indicator 1.2: Innovative financing strategy for the RNR Sector developed	YES		NA	YES	NA
Indicator 1.3: Preparation of guidelines for engagement with Development Partners and update of External Resource Management System.	YES		NA	YES	NA
Indicator 1.4: Analysis of sector specific impacts of COVID-19 in the field of production and manufacturing sector and recommend recovery options	NA		YES	YES	See section 2.3 for the reasons
Indicator 1.5: Analysis of COVID-19 impact in the field of film industry and develop strategic blueprint for resource mobilization.	YES		NA	YES	
Indicator 1.6: Support to domestic resource mobilization: Development of the Bhutan Integrated Revenue Management System (BIRMS), for the DRC's Revenue Division to manage its operation; and development of property tax payment system ⁹	NA		YES	YES	See section 2.3 for the reasons
Indicator 1.7: Support to development of Bhutan's smooth transition from LDC, Economic Recovery, and SDG acceleration plan (13th Five Year Plan formulation)	NA		YES	YES	See section 2.3 for the reasons
Output 2: Health sector financing strategy developed and preparedness for future pandemics strengthened					
Outcome 2.1: Development of Emergency Health Financing Strategy.	YES		NA	YES	
Outcome 2.2: No of advocacy and capacity building for Accelerating Mother and Child Health (AMCH) services	YES		YES	NO	See section 2.3 for the reason
Outcome 2.3: analysis of Covid-19 health measures and response carried out and future preparedness recommended.	YES		YES	NO	See section 2.3 for the reason
Output 3: National planning, budgeting, and reporting systems alignment and fiscal risk management strengthened					
Indicator 3.1: Assess and institute social security system for Zhung Dratshang (i.e Pension System).	YES		NA	YES	
Indicator 3.2: Assessment of existing budgeting processes for improved allocation mechanism and optimal utilization of resources.	YES		NA	YES	

⁹ Concern expressed by the IP on completion of the development of property tax system on time due to technical difficulties during the consultation.

Indicator 3.3: Assessment of Local Government's Annual Grant System to improve resource utilization efficiency.	YES		NA	YES	
Indicator 3.4: Capacity building of government agencies on resource allocation mechanisms	YES		NA	YES	
Indicator 3.5: Development of fiscal risk management framework, especially approaches for managing deviations from fiscal plans due to emergencies or crises	YES		NA	YES	
Output 4: Public Private Partnerships that support development priorities increased, including the green economy					
Indicator 4.1: Review and amendment of PPP Policy	YES		NA	YES	
Indicator 4.2: Advocacy and outreach on PPP policy	YES		NA	YES	

Annex 2: List of strategic documents

1.Strategic documents that were produced by the JP

Title of the document	Date (month; year) when finalized	Document type (policy/strategy, assessment, guidance, training material, methodology etc.)	Brief description of the document and the role of the JP in finalizing it
Diagnostic Report: An Assessment of existing budgeting process for improved allocation mechanism and optimal utilization of resources	December 2022	Assessment	It is diagnostic report of the existing budgeting process. JP funded the assessment
Public Debt Management Policy 2023	June 2023	Policy	The 2016 Debt policy was reviewed and revised. JP funded the policy development
PPP Policy 2023 (Draft)	Awaiting Cabinet approval	Policy	The 2016 PPP policy was reviewed. JP funded the policy development
Proposed Fiscal Risk Management Framework: Framework and Operational Guide (Draft)	November 2016	Guidance/Framework	It is a fiscal risk management framework & operational guide. JP funded the policy development
Fiscal Risk Diagnostic Assessment Report	October 2022	Assessment	It is a diagnostic assessment report and analysis of fiscal risk management. JP funded the policy development

Innovative Financing mechanism for RNR sector in Bhutan	December 2022	Strategy	It is an innovative financing strategy for RNR sector. JP funded the policy development
Financing Strategy for Health Preparedness & Responses	April 2023	Strategy	It is a financing strategy for emergency health preparedness and responses. JP funded the strategy development
Strategic Master Plan for a vibrant and globally recognized film sector in Bhutan (Action 2033 SMP)	2023	Strategy	Strategic master plan for film sector. JP funded the strategy development
COVID 19 Impact Report	2022	Report	COVID 19 Impact report prepared as a baseline and situational assessment to develop a strategy for film sector. JP funded the Report
Recognizing security in old age: Introduction of Social Security Scheme for Monks and Nuns under Central Monastic Body	November 2021	Scheme	It is a feasibility study on the social security scheme for monks and nuns. JP funded this plan development, including financing strategy and operational guideline
Assessment of Annual Grants for Local Governments	2021	Assessment	It is an assessment of Annual Grants for Local Governments. JP funded the assessment.
Development of Cooperation and Coordination Manual	2021	Guidance	Manual for enhancing coordination and collaboration with the DPs and Implementing Agencies

2. Strategic documents to which the JP directly contributed to

Title of the document	Date (month; year) when finalized	Document type (policy/strategy, assessment, guidance, training material, methodology etc.)	Brief description of the document and the role of the JP in finalizing it
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Bhutan's preparation for development of 13 th Five Year Plan	March-April 2023	Training	It is a 13 FYP preparation Labs. JP funded the training and provided the TA. Around 100 participants from the key government agencies, private sectors and institutions attended the training.
Report of Training on Multidimensional Poverty measurement	July 2023	Training	It is a Multidimensional poverty measurement using the Alkire-Foster method. JP funded the training.
Macro-Economic Model Development Training	August 2023	Training	Training on economic modelling for a realistic projection. JP funded the training.
Training on Debt Management in Maldives	July 2023	Training	Training on Debt Management for efficient PFM. JP funded the training
Training on Evaluation (IPDET)	Ongoing	Training	Evaluation training. JP partially funded the training.
Economic Contingency Plan (Series II)	2022	Report	Developed Economic Contingency Plan for shaping the post COVID. JP partially funded the Report.
Results Based Management and data Analysis training	July 2022	Training	60 officials from the central government agencies, sector heads and elected leaders of Paro and Punakha district were trained on RBM and data analysis

Annex 3. Communications materials

Five stories of change that are attributed to the project

Partnership and multi-stakeholder approach leading to a pragmatic policy

The PPP policy review was aimed at making the policy more user friendly and implementable based on the lessons and feedbacks received from the advocacies done in the past. The review team changed the approach of reviewing policy taking an inclusive view, engaging multiple stakeholders including both private and public sector representatives with diverse background comprising of both senior and young officials. This shift towards inclusivity marked a departure from the previous practice of a division-driven approach to PPP policy. Further, including multi-stakeholders enabled creation of a stronger ownership among individual stakeholders. The drafting and reviewing a policy necessitate such inclusive approach to make it more pragmatic as a policy impacts the population at larger scale. A policy review committee was established, featuring representatives from various entities. Among them, Thimphu Thromde (capital city), with its experience in implementing a PPP through the Thimphu multilevel car park project, played a crucial role. Their insights, drawn from both successful and less successful experiences, proved invaluable in shaping the policy into a more pragmatic and user-friendly document.

Pension scheme for monks and nuns, a landmark achievement for an ancient institution in the country under this JP

The social security scheme for monks and nuns was a significant milestone accomplished under the JP. This achievement holds particular importance for the Central Monastic Body, which stands as one of the oldest institutions in the nation. The JP's contribution to this endeavor is noteworthy. The social security scheme is aimed to provide monks and nuns income security in their old age. Monks and nuns become vulnerable in old age as they leave the institution after investing their prime age when they are young and healthy in the monasteries. After leaving the institutions, a few of them are taken care by family members and relatives but all are not fortunate to have this boon. There are stories that even few high ranking monks after their retirement not having a proper place to live in. There are elderly homes for retired monks but when they are too old and fragile, they cannot adjust as there are rules to be followed even in these homes. Recognising this insecurity, having a social security system for monks and nuns became critical. These vulnerable groups will retire peacefully now as the scheme will help them to take care of their basic needs. The social security system will be formally launched in September by His Holiness, the Chief Abbot of the Central Monastic Body with a committed seed fund of BTN 50 million.

New perspective for planning and prioritising for local leaders

JP supported the enhancement of local leaders' capabilities in preparing for the 13th Five-Year Plan (FYP). Historically, national plans, including the five-year plans, have predominantly emphasized infrastructure development, while local leaders have lacked an understanding of the importance of prioritizing social sector concerns within their plans. If this practice remains uncorrected, it could detrimentally affect prospects

for social investments. Recognizing these challenges, JP took the initiative to bolster the capacity of local leaders in integrating priority social sector issues into the national plan, specifically the 13th FYP. The funding from the JP facilitated capacity building for local leaders in three districts (Samdrup Jongkhar, Paro and Punakha). In the prevailing approach to national planning, there tends to be an inclination towards prioritizing infrastructure projects, often overshadowing the significance of addressing social concerns. The training delivered a fresh perspective to local leaders' planning methods, fostering an awareness of how to identify and effectively incorporate social sector issues into their local plans. This training equipped them with a new lens through which to view and address these critical societal matters.

Navigating Challenges and Gaining Insights:

The development of a fiscal risk management framework was a significant undertaking within the JP that yielded valuable insights. This endeavour commenced early in the JP's implementation, with the Ministry of Finance (MoF) taking the lead through the Department of Macroeconomics and Development Finance. While this activity encountered a few challenges, each hurdle also provided an opportunity for growth. Initially, there were changes in the designated focal person from the MoF due to reforms in the civil service sector and staff attrition. Although this led to delays, it also underscored the importance of adaptability and continuity in project execution. The government's ongoing transformation exercise also impacted project delivery, revealing the need for robust contingency plans in the face of external shifts. Moreover, the unforeseen family emergency of a consultant introduced further delays and communication gaps. Unforeseen factors, including COVID-19 protocols and public service restructuring, presented additional challenges. These difficulties, while testing, provided a valuable lesson in resilience and proactive planning. Despite the challenges faced, the collaborative efforts and feedback from both the MoF and the PUNOs were instrumental, and the experience brought to light crucial lessons. These lessons encompassed the importance of vigilant progress monitoring, early identification of warning signs, meticulous documentation, and consistent communication – particularly when changes in focal persons occur. This experience, while presenting challenges, ultimately serves as a platform for growth and continuous improvement in future endeavors.

Strategical distribution of project activities across various sectors

The JP marked an exceptional collaboration among UNDP, UNICEF, RCO, and MoF, pioneering financing strategies in Bhutan. These strategies, coupled with innovative financing methods, introduced novel dimensions to the Bhutanese context, sparking crucial discussions. The project's scope extended to encompass diverse activities such as policy reviews, system assessments, strategic master plans, pension system evaluations, capacity building, and interventions across multiple sectors. Amidst these comprehensive accomplishments, it is important to recognize the commendable success and strategic foresight of the PUNOs, implementing partners, and the PMU in devising such a multifaceted array of activities during a challenging period and within a relatively condensed project duration. For forthcoming initiatives, nurturing expanded collaboration and bolstering partnerships with a diverse spectrum of stakeholders is likely to yield even more effective outcomes, ultimately benefiting various government sectors holistically.

New perspective of planning National Five-Year Plan

The JP accomplished a significant milestone by aiding and organizing lab sessions for the preparation of Bhutan’s 13th Five-Year Plan. The session took place between March 27 and April 10, 2023, where JP skillfully facilitated a comprehensive dialogue that engaged approximately 100 participants from the government, including the senior officials and head of agencies. A prominent highlight of these sessions was the active participation of the Prime Minister and Cabinet Ministers. The objectives of the labs were to bring a shared understanding towards the long-term vision of the plan, which included developing theory of change, identifying, and agreeing on strategic objectives, and finalizing programmes, projects, and major transformative interventions along with KPIs to ensure evaluability of the plan. JP provided the technical support through two international experts in the plan preparation process, co-designing and running the lab sessions, and developing communication strategy with an aim to put citizen at the forefront to accelerate implementation of the plan activities. Both the PUNOs collaborated closely in this undertaking, signifying a unified effort between UNDP and UNICEF.

1. Communication products

Title of the document	Date when finalized (MM/YY)	Brief description and hyperlink (if it exist)
Launch of the Commemoration of the 50 th Anniversary of Bhutan’s Membership to the United Nations	February 22 nd 2021	Launch of the JP covered by the National Newspaper, Kuensel as part of Bhutan and UN’s 50 years of Partnership https://kuenselonline.com/launch-of-the-commemoration-of-the-50th-anniversary-of-bhutans-membership-to-the-united-nations/
Pension scheme under discussion for monks and nuns	October 1 st 2021	The Central Monastic Body organized a workshop to introduce social security system for monks and nuns http://www.bbs.bt/news/?p=158454
Social Media post on innovative financing workshop (GNHC and UNDP).		Leveraging Partnerships for Innovative Financing for the 13th Plan 21-22 April 2023: In partnership with the former GNHC, the UNDP organized a dialogue that engaged approximately 100 participants from the government led by senior management including head of agencies. The objectives of the session were to bring a shared understanding towards the long-term vision of the plan, develop theory of change, identify, and agree on

strategic objectives, and finalize major programmes, projects, and major transformative interventions along with KPIs to ensure evaluability of the plan.



Annex 4: Stakeholder feedback

No	Name of entity	Name of Representative	Title	Contact information	Role in the programme
1	UNDP	Tshering Lhamo	Economist	17974115	PUNO Focal Point
2	UNDP	Dr Chandra S. Dhakal	Technical Expert	77969666	Technical expert services
2	UNICEF	Jigme Dorji	Social Specialist	17613780	PUNO Focal Point
3	UNRCO	Tashi Tshering Dukpa	Partnerships and Development Finance	17375484	RCO Focal Point
4	Department of Revenue Customs	Nidup Gyeltshen Tshering Yangzom Tenzin Yuden,	Collector	17811530 17968484 17911821	IP
5	D MDF: ICGD	Rinzin Pemo	CPO	17660370	IP
6	Dratshang Lhentshog	Lam Choten	Secretary	17301139	IP
7	D MDF: MPCSD	Thinley Yangdon	CPO	17584873	IP
8	DPBP	Deki Wangmo	Director		Focal IP
9	BICMA Film Sector	Tenzin Gyeltshen		17485675	IP
10	MoAL	Sonam Eduen	PPD	77113223	IP
11	Cabinet Office	Sonam Norbu		17586197	IP
12	D MDF: Debt Management	Yeshey Lhendup	OCPO	17918921	IP
13	DPBP: Local Government	Tandin Wangmo	CPO	17423785	IP
14	DPBP: PMU	Dechen Zangmo	PMU	17345774	PM

Note: Feedback from PUNOs, RCO, PMUs and IPs in general covered about the status, achievement, contribution to the objectives of the JP, challenges, lessons learned and recommendations for future programmes and projects.

Annex 5: List of documents referred

Sl.no	Title of the document	Year	Document type
1	Revised Project Document	2023	Report
2	Diagnostic Report: An Assessment of existing budgeting process for improved allocation mechanism and optimal utilization of resources	2022	Assessment
3	Public Debt Management Policy 2023	2023	Policy
4	PPP Policy 2023 (Draft)	2023	Policy
5	Proposed Fiscal Risk Management Framework: Framework and Operational Guide (Draft)	2023	Guidance/Framework
6	Fiscal Risk Diagnostic Assessment Report	2022	Assessment
7	Innovative Financing mechanism for RNR sector in Bhutan	2022	Strategy
8	Financing Strategy for Health Preparedness & Responses	2023	Strategy
9	Action! 2033 Strategic Master Plan for a vibrant and globally recognized film sector in Bhutan	2023	Strategy
10	COVID 19 Impact Report	2022	Report
11	Action! 2033: Concept Plan for Film Development Fund	2022	Concept Plan
12	Action! 2033: Concept Plan for the Royal Academy of Film	2022	Concept Plan
13	Recognizing security in old age: Introduction of Pension Scheme for Monks and Nuns under Zhung Dratshang	2021	Scheme
14	Assessment of Annual Grants for Local Governments	2021	Assessment
15	Development Cooperation Coordination Manual	2021	Guidance
16	Business Plan for Zhung Dratshang Pension Plan	2023	Concept Plan
17	Policy Brief PPP	2022	Policy Brief
18	Establishing and Operationalising an Effective Fiscal risk Management framework in Bhutan	2022	Policy Brief
19	Fiscal Risk Diagnostic Assessment Report (Version 1.0)	2022	Assessment
20	Proposed Fiscal Risk Management, 2022: Framework and Operational Guide (Updated Draft Version 0.1)	2022	Strategy
21	Minutes of the PSC meetings (1-7)	2021-2023	Minutes
22	Economic Contingency Plan (Series II)	2022	Strategy
23	Project Concept Note BIRMS	2022	Concept Note
24	Background note on Economic Policy Support to 13 th FYP	2023	Concept Note

Annex 6: Details of JP Activities

One Programme OUTPUT	PLANNED ACTIVITIES List all activities including M&E to be undertake	2021		2022				2023		RESPONSIBLE PARTY		Current status	Means of verification
		Q1	Q2	Q1	Q2	Q3	Q4	Q1	Q2	Implementing partner	UN		
1.1	Review and update existing and potential financial flows and gaps in light of COVID-19 and possible graduation from LDC status. Financing strategy developed in priority areas (e.g., sectors, themes, sources of financing): Development of Public Debt Management Policy 2023, and capacity development of debt management system.			X	X	X	X	X	X	UNDP (CONIM)/MoF, DMDf	UNDP	Completed	Relevant financing strategies
1.2	Innovative financing strategy for the RNR Sector developed.		X	X	X	X	X			PPD, MoAF	UNDP	Completed	Relevant financing strategies
1.3	Preparation of guidelines for engagement with Development Partners and update of External Resource Management System.		X	X	X	X	X			MoF	UNICEF		Guideline document
1.4	Analysis of sector specific impacts of COVID-19 in the field of production and manufacturing sector and recommend recovery options		X	X	X	X	X	X		GNHC	UNDP	Completed	Report
1.5	Analysis of COVID-19 impact in the field of film industry and develop strategic blueprint for resource mobilization	X	X	X	X	X				National Film Commission	UNDP	Completed	Strategic blueprint for the film industry including resource mobilization
1.6	Support to domestic resource mobilization: Development of the Bhutan Integrated Revenue Management System (BIRMS), for the DRC's Revenue Division to manage its operation; and development of property tax payment system							X	X	UNICEF/UNDP(CONIM)/MoF	UNDP/UNICE F	Completed	Workshop report
1.7	Support to development of Bhutan's smooth transition from LDC, Economic Recovery, and SDG acceleration plan (13th Five Year Plan formulation)							X	X	UNICEF/UNDP(CONIM)/MoF	UNDP/UNICE F	Completed	Meeting/Workshop report
2.1	Development of Emergency Health Financing Strategy.		X	X	X	X	X	X		UNICEF/UNDP(CONIM)/MoH	UNICEF	Completed	Health financing strategy report
3.1	Assess and institute social security system for Zhung Dratshang (i.e Pension System).		X	X	X	X	X			DMEA	UNDP	Completed	PPP Policy
3.2	Assessment of existing budgeting processes for improved allocation mechanism and optimal utilization of resources.			X	X	X	X			UNDP (CONIM)/ DNB	UNDP	Completed	Report
3.3	Assessment of Local Government's Annual Grant System to improve resource utilization efficiency.	X	X	X	X	X	X			DNB	UNICEF	Completed	Report
3.4	Capacity building of government agencies on resource allocation mechanisms				X	X	X	X		DNB	UNICEF	Completed	Training/events
3.5	Development of fiscal risk management framework, especially approaches for managing deviations from fiscal plans due to emergencies or crises			X	X	X	X	X		UNDP (CONIM)/ DNB	UNDP	Completed	Reports
4.1	Review and amendment of PPP Policy		X	X	X	X	X			DMEA	UNDP	Completed	PPP Policy
4.2	Advocacy and outreach on PPP Policy					X	X	X	X	UNDP (CONIM)MoF	UNDP	Completed	Outreach activities