UNITED NATIONS SUSTAINABLE DEVELOPMENT COOPERATION FRAMEWORK (UNSDCF)
for
BHUTAN
2024 - 2028
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<th>Description</th>
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<tbody>
<tr>
<td>CCA</td>
<td>Common Country Analysis</td>
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<tr>
<td>CRPD</td>
<td>Convention on the Rights of Persons with Disabilities</td>
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<tr>
<td>CSI</td>
<td>cottage and small industries</td>
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<td>CSO</td>
<td>civil society organization</td>
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<td>ECCD</td>
<td>early childhood care and development</td>
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<td>FACE</td>
<td>Fund Authorization and Certificate of Expenditures</td>
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<td>FDI</td>
<td>foreign direct investment</td>
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<td>GBV</td>
<td>gender-based violence</td>
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<td>HACT</td>
<td>Harmonized Approach to Cash Transfers</td>
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<tr>
<td>JSC</td>
<td>Joint Royal Government of Bhutan – United Nations Steering Committee</td>
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<td>JWP</td>
<td>Joint Workplan</td>
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<tr>
<td>MSME</td>
<td>micro, small and medium enterprise</td>
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<tr>
<td>NGO</td>
<td>non-governmental organization</td>
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<tr>
<td>SBAA</td>
<td>Standard Basic Assistance Agreement</td>
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<tr>
<td>STEM</td>
<td>science, technology, engineering and mathematics</td>
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<td>UNCT</td>
<td>UN Country Team</td>
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<td>UNSDCF</td>
<td>United Nations Sustainable Development Cooperation Framework</td>
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<tr>
<td>WASH</td>
<td>water, sanitation and hygiene</td>
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#### United Nations Agencies

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<thead>
<tr>
<th>Agency</th>
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<tbody>
<tr>
<td>FAO</td>
<td>Food and Agriculture Organization of the United Nations</td>
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<tr>
<td>ITC</td>
<td>International Trade Centre</td>
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<tr>
<td>ITU</td>
<td>International Telecommunication Union</td>
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<tr>
<td>UNCDF</td>
<td>United Nations Capital Development Fund</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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<tr>
<td>UNDRR</td>
<td>United Nations Office for Disaster Risk Reduction</td>
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<tr>
<td>UNEP</td>
<td>United Nations Environment Programme</td>
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<tr>
<td>UN-ESCAP</td>
<td>United Nations Economic and Social Commission for Asia and the Pacific</td>
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<tr>
<td>UNESCO</td>
<td>United Nations Educational, Scientific and Cultural Organization</td>
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<tr>
<td>UNFPA</td>
<td>United Nations Population Fund</td>
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<td>UNICEF</td>
<td>United Nations Children’s Fund</td>
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<tr>
<td>UNIDO</td>
<td>United Nations Industrial Development Organization</td>
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<tr>
<td>UNODC</td>
<td>United Nations Office on Drugs and Crime</td>
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<tr>
<td>UN Technology Bank</td>
<td>United Nations Technology Bank for Least Developed Countries</td>
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<tr>
<td>WFP</td>
<td>World Food Programme</td>
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<td>WHO</td>
<td>World Health Organization</td>
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The Royal Government of Bhutan and the United Nations Country Team are committed to working together, in support of national development priorities as articulated in the country’s draft 13th Five-Year Plan and the achievement of the United Nations 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs).

The United Nations Sustainable Development Cooperation Framework (UNSDCF or Cooperation Framework) will guide the work of the United Nations (UN) system in Bhutan through 2028. This Cooperation Framework is underpinned by the principle of Leaving No One Behind as the country makes progress on all three pillars of sustainable development: economic, social and environmental. The collective results expected from the Cooperation Framework will contribute to a vision wherein all people in Bhutan, especially the most vulnerable, contribute to and benefit from sustainable development, leading to the achievement of the SDGs and to a healthy, prosperous and secured country.

The Strategic Priorities and Outcomes contained in this Cooperation Framework, which have been developed jointly by the Government and the UN, will remain constant for the duration of the implementation cycle. At the same time, the Cooperation Framework has a flexible, adaptive approach that allows for regular adjustments through outputs and joint work plans through which the United Nations contributions are operationalized in line with evolving national priorities.

In line with the United Nations General Assembly’s Quadrennial Comprehensive Policy Review of UN system operational activities and its relevant resolutions on development cooperation with middle-income countries, the Cooperation Framework embodies a continued shift to the contributions of the UN system and its entities, emphasizing integrated high-quality policy advice, strengthening institutions, capacity development and support for the leveraging of partnerships and financing.

The implementation of the Cooperation Framework is guided by the repositioning of the United Nations Development System, aimed at enhanced coordination, transparency, efficiency, and impact of United Nations development activities.

In pursuit of this vision, we will respect and adhere to the evolving priorities and needs of the Royal Government and the people of Bhutan as well as to the principles and objectives of the United Nations.

Ms. Leki Wangmo  
(Acting) Secretary, Ministry of Finance  
For the Royal Government of Bhutan

Ms. Karla Robin Hershey  
Resident Coordinator  
For the United Nations
By signing hereunder, we, as members of the United Nations Country Team in Bhutan, endorse this United Nations Sustainable Development Cooperation Framework (2024 - 2028) and underscore our joint commitment to coherently working together in the spirit of cooperation and collaboration towards supporting the collective achievement of the expected outcomes.

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EXECUTIVE SUMMARY

This United Nations Sustainable Development Cooperation Framework (Cooperation Framework) for 2024 - 2028 articulates the collective vision and contribution of the United Nations system to support Bhutan to accelerate actions towards the achievement of its national development priorities and the 2030 Agenda for Sustainable Development.

The formulation process for the Cooperation Framework was inclusive, participatory, and evidence-based, involving Government, the United Nations system and non-state actors, including the private sector, civil society organizations, youth, and academia, among others. It was developed against the backdrop of the preparation of Bhutan’s draft 13th Five-Year Plan for 2024 - 2029. The draft Plan will contribute towards the realization of Bhutan’s vision for 2034 of a “High-Income Economy” anchored on three pillars – Prosperity, People and Progress. The vision is framed in a 10-year perspective plan aiming to transform Bhutan into a globally competitive and prosperous high-income country, providing a high quality of life and high levels of income to all citizens whilst maintaining its security and cultural heritage. The Government has identified economic development, social development, security and governance as the four strategic objectives of its vision for 2034.

Despite the economic and social impact of the COVID-19 pandemic, Bhutan has continued to make progress towards many of the Sustainable Development Goals, particularly SDG1 (No Poverty), SDG2 (Zero Hunger), SDG3 (Good Health and Well-Being), SDG4 (Quality Education), SDG6 (Clean Water and Sanitation), SDG7 (Affordable and Clean Energy), SDG12 (Responsible Consumption and Production) and SDG15 (Life on Land). Bhutan has experienced some regressing trends in some indicators with respect to advancements in SDG8 (Decent Work and Economic Growth), SDG9 (Industry, Innovation and Infrastructure) and SDG13 (Climate Action). However, the assessment of several SDGs, particularly SDG13, has been affected by data gaps. With the exception of SDG7, Bhutan needs to address these data gaps to provide a comprehensive and accurate picture of progress.

Within the context of the country’s transformative agenda, the theory of change for the Cooperation Framework outlines the pathway towards a vision where “all people in Bhutan, especially the most vulnerable, contribute to and benefit from sustainable development, leading to the achievement of the SDGs and to a healthy, prosperous and secure country.” This is based on the logic that transformative and inclusive governance is an essential requirement for accelerated, shared prosperity in a sustainable environment and for building human well-being and resilience.

The principles of human rights and non-discrimination, gender equality and women’s empowerment, sustainable development, resilience, accountability and ensuring that no one is left behind will guide all UN system programming. In line with the United Nations’ reform process, this Cooperation Framework transforms the way the UN system undertakes coherent development and humanitarian planning and programming cooperation and is the basis for activities within the country of all resident and non-resident agencies and entities.

The Cooperation Framework is structured around four interrelated and mutually reinforcing Strategic Priorities where the UN system will concentrate its expertise to support Bhutan to make transformational and accelerated progress in the economic, social, environmental and governance dimensions of sustainable development. Under each of these Strategic Priority areas is a high-level Outcome towards which the UN system will contribute, each of which are informed by a theory of change that articulates the pathway to overcome the key challenges and bottlenecks towards achievement of that Outcome.
STRATEGIC PRIORITY 1: SUSTAINABLE ECONOMIC DEVELOPMENT & DIVERSIFICATION AND SHARED PROSPERITY
Outcome 1: By 2028, Bhutan has sustainable and diversified economic growth, decent employment and livelihoods and shared prosperity.

STRATEGIC PRIORITY 2: EQUITABLE HUMAN DEVELOPMENT AND WELL-BEING ACROSS THE LIFECOURSE
Outcome 2: By 2028, people in Bhutan benefit from strengthened quality, inclusive and lifelong social services and practices.

STRATEGIC PRIORITY 3: SUSTAINABLE AND HEALTHY ENVIRONMENT, RESILIENCE TO DISASTERS AND CLIMATE CHANGE
Outcome 3: By 2028, Bhutan’s environment remains sustainably managed and its people are more resilient to disaster risks and climate change.

STRATEGIC PRIORITY 4: INCLUSIVE, TRANSPARENT AND ACCOUNTABLE GOVERNANCE AND RULE OF LAW
Outcome 4: By 2028, Bhutan has more inclusive, transparent and accountable governance and rule of law.

The Cooperation Framework governance structure will ensure strong national ownership and engagement of the Joint UNSDCF Steering Committee as the highest governing body, as well as Results Group co-leadership by the UN Country Team and line ministries. The Cooperation Framework will be implemented through annual Joint Workplans.
CHAPTER 1: COUNTRY PROGRESS TOWARDS THE 2030 AGENDA

1.1 Country context

Bhutan is a mountainous, landlocked, developing country in South Asia, with an estimated population of 775,000, of whom over 40 per cent are under 24 years of age. There is relative gender parity across age groups. With the share of the older population above 65 years projected to increase from six per cent to 17.3 per cent by 2050, and a declining fertility rate - which at 1.9 is below replacement level - the window for this demographic dividend is expected to close within the next three decades. The surge in rural-to-urban migration over the past decade continues to place pressure on social services and on ensuring affordable adequate living standards for the urban population.

Buoyed by rapid economic growth (annual average rate of 7.5 per cent since the 1980s) in the last three decades and owing to notable achievements in translating such growth into several socio-economic development outcomes, Bhutan has qualified for graduation from the group of Least Developed Countries (LDC) and is destined to be only the seventh country to achieve this milestone by December 2023.

Bhutan is continuing its journey of significant transformational reforms over the past 60 years that have contributed to positive economic growth, social development and political gains, whilst managing to preserve its unique cultural heritage and identity. Since shifting to a democratic constitutional monarchy in 2008, its democratic culture continues to deepen, with the fourth National Council elections held in April 2023 in an open and transparent manner, and the fourth National Assembly elections to be held between November 2023 and January 2024. A major reform initiative of the civil service commenced in 2022, aiming to ensure a more fit-for-purpose civil service, including consolidation of Ministries and agencies into clusters to promote more multisectoral development and governance.

Bhutan maintains strong economic and strategic relations with India, particularly as its major trading partner, source of foreign aid and as a financier and purchaser of hydropower. While hydropower has been an important driver of the country’s economic growth, this is challenged by the lack of a diversified market and products, primarily related to a challenging investment climate, high trade costs and a small domestic market. As a result, job creation outside of the public sector and agriculture has been limited.

Despite the progress noted, Bhutan continues to face several sustainable development challenges. While maintaining an annual average growth of 1.25 per cent in the Human Development Index (HDI) value, the country is positioned 127th in the global HDI ranking as of 2022. Though income poverty has been reduced substantially, multidimensional poverty is characterized by deprivation in health, education and standard of living, especially in the rural areas. With its sensitive ecosystem and fragile agro-climatic conditions, Bhutan is also highly vulnerable to climate-change induced natural disasters and other environmental hazards.

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The COVID-19 pandemic had a disproportionately larger economic impact on developing countries with limited coping capacity, including Bhutan, exacerbating pre-existing vulnerabilities. Bhutan experienced a contraction in its Gross Domestic Product (GDP) by about 10 per cent in 2020, as some of its key sectors such as tourism were severely impacted, reversing some of the economic progress made over many years. Stress on resources for recovery measures and consequent debt vulnerabilities threaten to spiral into other domestic fiscal and monetary management issues with both short-term and long-term implications for development planning.

With the country’s LDC graduation, and in the context of an evolving global development landscape, the emergence of a polycrisis and of rapidly developing technology, Bhutan will need to continue to pursue its structural economic transformation agenda. About 56 per cent of the total work force of Bhutan continues to be employed in agriculture, especially in smallholder farming, which suffers from low levels of labour productivity. At the same time, the share of agriculture in aggregate national income (about 19 per cent as of 2022) has been steadily declining. The growing disparity between reliance on the primary sector and the income it produces is a significant barrier to effective sustainable development planning. Manufacturing and service sectors are currently dominated by a few select industries such as mining and tourism. High product and market concentration in Bhutan’s exports is largely shaped by its landlocked status and the limitations of its manufacturing capacity. India, the main transit provider, currently accounts for about 86 per cent of Bhutan’s exports and close to 75 per cent of its imports. Bhutan’s export product structure, excluding exports of electricity (measured among merchandise exports), is also highly concentrated along its natural resource base. Under the draft 13th Five-Year Plan, the country aims to rapidly accelerate its export diversification, which is closely linked to prospects for job creation in the manufacturing and service sectors.

The financial development landscape of Bhutan is embedded with several risks in the context of the emerging post-COVID-19 scenarios. Domestic public finance has been heavily impacted by the pervasive economic impacts of the pandemic, widening fiscal deficit due to increased spending commitments and subdued revenue, raising concerns of debt vulnerabilities. While private sector investments registered vibrant growth during the last decade, fuelled by growth in domestic savings and development of the domestic financial sector, access to credit for micro, small and medium enterprises (MSMEs) is found to be suboptimal. The potential of foreign direct investments (FDI) and remittances as key financing sources remains underutilized.

Bhutan has made strong gains in social development in the past decades, built on the provision of free health care and basic education, and complemented by initiatives such as granting land to landless households, scholarships, and monthly stipends and other in-kind support to aged and disadvantaged citizens. Significant achievements have been made with a sharp reduction in maternal and infant mortality rates, increased access to primary and secondary education, improved use of clean water, sanitation and hygiene including the country being declared open defecation free in 2022. Nonetheless, disparities exist, particularly between urban and rural populations, and amongst the most vulnerable, which were highlighted and extenuated as the COVID-19 pandemic unfolded, including access to social protection systems. The need for an institutionalized comprehensive social protection system was urgently felt during this period where many families and individuals became

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5 Ibid.
7 Ibid.
vulnerable due to job or income loss with the closure of borders and shutdown of economic activities. Women were disproportionately affected by the loss of jobs and the resulting deterioration of household financial security. During the pandemic, a critical role was played by the Druk Gyalpo Relief Kidu, which granted income support to 45,760 individuals, including child support benefits, covering 15,464 children between April 2020 and March 2021.

The insufficiency of human resource in the social sectors hinders the transformation of existing national policies into fully functioning plans and to the delivery of quality services. As the COVID-19 pandemic unfolded, critical gaps in the capacity of the country’s health system to deal with health emergencies were exposed, with the sustainability of free healthcare already under pressure from the epidemiological transition to a greater burden of non-communicable disease. Mental health issues in Bhutan are a growing concern, with a 60 per cent increase in mental health and behavioural disorders recorded between 2017 and 2021, and very limited capacity or support services available. Similarly, the digital divide remains as barrier for equitable delivery of education and various public services. Persistent inequalities in access to public services in turn can have sustained negative impacts on indicators of poverty, food security and nutrition, health, and education over long periods of time, as the adverse impacts of deprivations can carry over generations.

Despite progressive legislation and the absence of overt or formal discrimination, structural and cultural norms hinder the full realization of gender equality and women's empowerment in Bhutan. While gender-based differences in life expectancy, education, and asset ownership in Bhutan are marginal, women’s representation in governance and private sector managerial positions remains limited and there has been a widening gap between men and women in terms of labour force participation and wages. A 2019 gender review assessment pointed out limited awareness of issues concerning sexual orientation, gender identity, and expression among service providers in public institutions, including schools and health services.

For Bhutan, the disaggregated data is inadequate which challenges the country in its ambition to ensure a healthy, prosperous and secure Bhutan for all.

Migration is an emerging challenge. In the 10-20 years prior to the COVID-19 pandemic, many Bhutanese relocated abroad temporarily for work or study, especially to Australia. It is also not uncommon among Bhutanese established abroad to bring their extended families with them amid a lack of opportunities at home.

While Bhutan is one of the very few net carbon negative countries in the world at present, stress on preservation of natural resources is increasing, with growing demand by extractive industries, as well as due to the country’s vulnerabilities to climate change. As fossil fuel consumption tends to rise in transport and, the rapid rate of urbanization poses new challenges of municipal waste treatment and recycling. This trend, together with climate change, will increasingly pose serious threats to Bhutan’s fragile ecosystem and biodiversity. The Asia-Pacific Disaster Report 2022 places Bhutan at

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9 Gaps in labour force participation rate between men (73.4 per cent) and women (53.5 per cent) have been widening in Bhutan.
10 Institute of Health Partners, Bhutan, Report on Gender Review for Countries Participating in the Global Fund Sustainability of HIV Services for Key Populations in Asia (SKPA) Program within the Context of HIV: Bhutan.
11 Extractive industries, particularly the mining of ferro-alloys, dolomite, gypsum, etc. has grown steadily in Bhutan, featuring among the country’s top export commodities.
Bhutan, Department of Revenue and Customs, Ministry of Finance, Trade Statistics 2022 (Thimpu, 2023).
high risk of landslides and flash floods caused by glacial lake outbursts\textsuperscript{12}. An important priority for Bhutan is the improvement and enhanced implementation of national disaster risk reduction frameworks at all levels for improving the country’s climate resilience.

1.2 National vision for sustainable development

Bhutan’s agenda for transformation is outlined in the country’s draft 10-year development vision, the overarching goal of which is to create a “High Income Economy- a healthy, prosperous and secure Bhutan” by 2034, anchored on three pillars – Prosperity, People, and Progress. The vision is framed in a 10-year perspective plan with four Strategic Objectives:

⇒ Economic Development
⇒ Social Development
⇒ Security
⇒ Governance

The aim is to transform Bhutan into a globally competitive and prosperous high-income country, providing a high quality of life and high levels of income to all citizens whilst maintaining its security and cultural heritage. The draft 13th Five-Year Plan for 2024-2029 will be operationalised under each of the Strategic Objectives through Outcomes, each of which have corresponding key performance indicators, Outputs and Projects.

At the centre of the draft 13th Five-Year Plan is the aim to rapidly accelerate economic growth through enhanced productivity and diversified markets and products, whilst not compromising social, cultural, and environmental considerations for sustainable development. Its ambitious targets include increasing Gross Domestic Product from USD $2.5 billion to USD $5 billion by 2029, and then USD $10 billion by 2034; increasing by 400 per cent the income of the poorest 40 per cent of the population by 2029; and creating full employment (97.5 per cent) by 2027. Bhutan will put strategies in place to expand the range of goods and services it produces and the markets it sells to, reducing the country’s

reliance on a few key industries or trading partners, and also making its economy more resilient to external shocks. More robust management of the economy will further strengthen the economic development objectives and initiatives. The Plan will put in place incentives to promote entrepreneurship and access to capital for small enterprises and individuals, as well as pursue both public and private domestic and foreign investment, including increased financing through public-private partnerships and sustainable financing arrangements in implementing programmes and projects. To improve the efficiency and effectiveness of Bhutan’s economic activities, the country will invest in key infrastructure, improve the quality and availability of high-quality and future-proof education and training programmes, and adopt new technologies and innovations to improve production processes.

The draft 13th Five-Year Plan will also pursue enhanced availability of high-quality primary and tertiary health care, with an emphasis on preventive health approaches to reduce the growing burden of non-communicable diseases. As an important strategy to ensure greater equity and leave no one behind, the Plan includes the development of a comprehensive and shock-responsive social protection system.

Underpinning the draft Plan is the thrust for a transformed and trusted governance ecosystem that drives accelerated economic growth and improves people’s lives. The Plan aims to ensure more efficient and effective public sector and services at all levels, with a focus on digitalization, more consistent and uniform application of laws and policies in order to increase ease of access to justice, to ensure that oversight authorities, including parliament, have the requisite capacity and resources to fulfil their mandates transparently and accountably, and to ensure a conducive environment for citizens to be actively engaged in and contribute to development.

1.3 Progress towards the SDGs

As of 2023, Bhutan is making progress on about 58 per cent (72 indicators) of the SDG indicators for which sufficient data is available. Bhutan has made significant progress, with more than 50 per cent of measured indicators showing progress towards achieving SDG1 (No Poverty), SDG3 (Good Health and Well-Being), SDG6 (Clean Water and Sanitation) and SDG7 (Affordable and Clean Energy). This is closely followed by good performances in SDG2 (Zero Hunger), SDG4 (Quality Education), SDG12 (Responsible Consumption and Production), and SDG15 (Life on Land). Nevertheless, under each of these goals there are areas where the country is regressing or making no progress.

On some of the remaining goals – most notably SDG 17 (Partnerships for the Goals) – despite impressive achievements on several key targets, the overall progress is at risk due to underperformances in the rest of the measured targets.

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Bhutan has experienced regressing trends in more than 50 per cent of measured indicators with respect to advancements in SDG8 *(Decent Work and Economic Growth)*, SDG9 *(Industry, Innovation and Infrastructure)* and SDG13 *(Climate Action)*. However, the assessment of several SDGs, including SDG13, has been affected by data gaps. Except for SDG7, Bhutan needs to address data gaps on the rest of relevant goals to provide a comprehensive and accurate picture of progress.

A snapshot of trends in SDG indicators of Bhutan is provided in Annex 4.
Bhutan has achieved outstanding improvements in poverty reduction among comparable countries. As of 2022, the estimated poverty headcount ratio under the international poverty line of USD $1.90 per day stood at 1.5%, substantially lower than corresponding figure for developing countries as a group (14.8%). However, poverty headcount ratio as per the national poverty line, which stood at about 8% in 2019, has increased to 12.4%. This partly reflects the adverse socio-economic impacts of COVID-19 in terms of a reversal of some of the progress made on improving living standards. In 2022, the moderate multidimensional poverty rate was estimated at 17.8% of the population (8.2% urban; 23.9% rural – and 61.4% of Bhutanese poor live in rural areas). The largest contributors to national poverty are deprivations in access to health (18.0%), followed by water and school attendance (both at 15.7%) and female years of schooling (15.3%). 12.4% of Bhutanese are monetary poor of whom 17.8% are moderately poor. Only 4.7% of

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15 Bhutan, National Statistical Bureau and World Bank, Poverty Analysis Report Bhutan 2022 (Thimpu, 2022). See also: United Nations, Bhutan, “United Nations Common Country Analysis 2022, Bhutan”, Thimpu, 2023, (pp. 28). It is to be noted that an upward revision of the poverty line was made in 2022, hence this figure is not directly comparable to previous ones.
Bhutanese were both monetary and multidimensionally poor. Moderate multidimensional poverty was highest among children, with 20.7% of all children living in poverty. Children aged 10–17 years are the poorest age group: nearly 25% are poor. Progress made so far on the remaining targets of SDG1 shows mixed results, with advances in some of the indicators related to access to basic services, such as safe drinking water and sanitation (Target 1.4) and resilience to disasters (Target 1.5), while enhancing social protection coverage (Target 1.3) has been suboptimal. Poverty reduction has a strong positive correlation with economic growth and is also a key outcome variable for social sector spending. As such, the future direction of progress towards SDG1 remain closely related to corresponding progress made across all other Goals.

While the proportion of households with food insufficiency is reported to be less than 2% according to the latest available national survey, patterns of household expenditures on food items show persistent issues of nutritional inadequacy, especially among rural households. A high proportion of stunting among children under five years of age (22.4%) is indicative of the underlying issues of lack of dietary diversity and nutritional deficiencies. It is reported that about 45% of the Bhutanese population struggles to meet healthy dietary requirements.

Bhutan faces severe challenges with respect to improving agricultural productivity (Target 2.3) and investments into agricultural capacity building (Target 2.a). 99% of the country’s agrarian system is constituted by small-scale and fragmented farm holdings, characterized by low productivity and high production costs. Total harvested farm area and volume of production for several crops have dropped over the past 15 years, leading to increased food import dependency.

Bhutan is making progress in achieving many of the key targets under SDG3. A steady decline in maternal mortality (Target 3.1 - from 255 per 100,000 live births in 2000 to 89 per 100,000 live births in 2021) and child mortality (Target 3.2 - from 84 per 1000 live births in 2000 to 34.1 per 1000 live births in 2021), and a rise in life expectancy at birth to reach at par with the global average, underscores

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17 Bhutan, National Statistics Bureau, *Bhutan Living Standards Survey Report* (Thimpu, 2020). Assessment of the food security situation in Bhutan is limited by insufficient comparable data, including that of the headline indicator of SDG2 - prevalence of undernourishment (per cent of population).
20 Food and Agriculture Organization of the United Nations, European Union and CIRAD, “Food System Profile – Bhutan; Catalysing the sustainable and inclusive transformation of food systems”, Rome, Montpellier and Brussels, 2022.
21 Ibid. Total arable land is merely 3 per cent of the total area and is highly prone to severe soil erosion.
advancements in health systems. Neonatal mortality rate has also witnessed a sharp decline, reducing by 75% since 2000 to reach about 21 deaths per 1000 live births by 2021, commensurate with improvements in institutional deliveries and share of births attended by skilled health workers. With interventions to improve access, such as Policy to Accelerate Mother and Child Health Outcomes, developed in September 2020, reduction targets are well within reach. Bhutan is also improving institutional capacity to contain communicable diseases (Target 3.3), reflected by a marked reduction in the spread of tuberculosis, malaria and hepatitis. From 2015 to 2021, the density of nursing and midwifery personnel (per 10,000 people) increased from 14.4% to 22.1%, and that of physicians improved from 3.4% to 5.6%, further reflecting augmentation of capacity in the health sector (Target 3.c). While the Universal Health Coverage Index score has improved from 57% in 2015 to 62% in 2019, Bhutan’s health expenditure allocations need to increase from current levels of about 4-4.5% of GDP to attain universal health coverage (Target 3.8). Closely related areas of policy intervention needed with respect to SDG3 are channelling of research and development expenditures in the health sector and access to vaccinations (Target 3.b), as the country is currently regressing on some key indicators in this regard.

Progress in SDG4 is led by substantial improvements in primary and secondary education enrolment rates. Bhutan is close to achieving universal primary education with an adjusted net enrolment rate of 93.5%, while the gross secondary school enrolment rate has increased from 30% in 2000 to 92.5% in 2021 (Target 4.1). Consequently, expected years of schooling has almost doubled in the last two decades to reach 13 years. However, the low tertiary-school enrolment rate (16%) is suggestive of dropout rates in higher secondary education. The quality of teaching-learning is a challenge to learning outcomes with low levels of reading literacy (45.3%); mathematics literacy (38%) and science literacy (45%) amongst 15-year-olds recorded. While schools are well staffed with qualified teachers (Target 4.c), gaps are observed in educational facilities (Target 4.a). Bhutan is regressing on indicators related to schools with access to internet and computers for pedagogical purposes. Apart from ensuring adequate facilities and equipment, Bhutan also needs to invest in skills development and vocational training for youth (Target 4.4), for which public expenditure on education is

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23 Ibid.
24 Ibid.
26 Ibid.
27 Ibid.
30 Bhutan, National Project Center, Bhutan Council for School Examinations and Assessment, Findings from Bhutan’s experience in PISA for Development (Thimpu, 2019).
<table>
<thead>
<tr>
<th>Gender Disparities</th>
<th>Clean Water and Sanitation</th>
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| Currently only around 5.3% of GDP. Less than one-third of children aged 3-5 years attend structured early childhood care and development (ECCD). Gender disparities continue to be manifested in various forms in Bhutan, though the country is making progress in closing gender gaps in terms of life expectancy, educational attainment (expected years of schooling) and asset ownership. Some of the most noteworthy improvements are seen in indicators reflecting women in leadership (Target 5.5), wherein the proportion of women in managerial positions almost doubled between 2015 and 2021 to reach close to 40%. Whilst the share of elected seats held by women in parliament (17.4%) and local bodies (12.8%) have increased in recent years, continued efforts are needed to reach parity. Widening gaps in the labour-force participation rate between men (73.4%) and women (53.5%) is a concern, as are cases of gender-based violence which saw a spike during the COVID-19 pandemic. The development of legal frameworks, such as the National Gender Equality Policy (NGEP), for meeting gender equality in the economic and social spheres, provides a strong basis for achieving SDG5 targets in Bhutan. The share of the population with access to safely managed drinking water (37%) and sanitation services (65%) have steadily increased in Bhutan (Targets 6.1 and 6.2). Uninterrupted water supply and water quality remain as persistent challenges in both urban and rural localities. Despite abundant fresh water sources and high per capita availability of water, continued issues in water accessibility are indicative of inadequacies in water resource management and infrastructure gaps. On indicators of water quality (Target 6.3), specifically on the share of safely treated wastewater (39.6% in 2022), Bhutan has regressed in recent years. On water use efficiency indicators (Target 6.4), the country has marginally improved on efficiency, while stagnating on water stress (freshwater withdrawal as a proportion of available freshwater resources).

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34 United Nations Economic and Social Commission for Asia and the Pacific, SDG Gateway, Asia-Pacific, “National SDG Profiles”.
35 Ibid.
37 United Nations Population Fund, “Gender Equality”, 2023. More than two in every five women (44.6 per cent) in Bhutan have experienced one or more forms of partner violence in their lifetime. UNFPA reports that gender-based violence in Bhutan increased by 53.5 per cent during the COVID-19 pandemic, based on a report by Respect, Educate, Nurture and Empower Women (RENEW), an NGO located in Bhutan. See also: Bhutan, National Commission for Women and Children, Study on Situation of Violence against Women in Bhutan.
38 United Nations Economic and Social Commission for Asia and the Pacific, SDG Gateway, Asia-Pacific, “National SDG Profiles”.
39 Bhutan, Ministry of Works and Human Settlement, Water Flagship Program. The figure for the share of the population with access to safely managed drinking water is in contrast to the reach of drinking water supply under the Rural Water Supply Schemes (RWSS) Program, which claims coverage of up to 94.75 per cent.
41 Ibid.
Bhutan has achieved nearly 100% electrification (Target 7.1). However, there is high variability in the quantity and quality of access to electricity, especially in the rural areas, with about 60% of households experiencing power outages. Similarly, though access to clean fuel (Target 7.1) has improved to 87% by 2021, an increase by 10 percentage points since 2015, firewood continues to be a dominant source of cooking and heating fuel in rural areas. Usage of non-renewables and fossil fuels in household consumption and transportation has not reduced proportionately with the pace of electrification. As a result, the share of renewable energy in total energy consumption (Target 7.2) has been gradually falling from above 95% in 1990 to 87.5% by 2021, owing to increasing use of fossil fuels in sectors such as transport. This regressive trend is the principal concern for the achievement of SDG7. Among positive developments, overall energy efficiency (Target 7.3), measured in terms of energy intensity of GDP (energy consumption per unit of GDP), has been improving in Bhutan. Bhutan is in an advantageous position in terms of meeting clean energy targets, with high untapped potential of renewables, especially hydropower, as installed renewable energy generation capacity was only at about 13% of its estimated potential as of 2020.

Bhutan’s economy grew at an impressive average annual growth rate of 6.1% between 2010 - 2019, doubling per capita income, until the adverse impacts of COVID-19 on industrial and services output, merchandise exports, tourism revenues and consequent decline in private consumption and investments led to a sharp contraction in GDP by 10.1% in 2020. While the economy rebounded by 3.7% in 2021, aided by expansionary fiscal policies, the medium-term growth projections have been downgraded due to domestic inflationary pressure and volatile external economic environment. Recovery to pre-pandemic levels of economic growth in the near-term is at risk, as key drivers of growth such as the tourism sector continue to be vulnerable. Consumption expenditure and private investments remain subdued, as households and investors tend to be risk averse. Notwithstanding the short-term impacts of the pandemic, long standing structural rigidities and imbalances continue to put limits on the sustainability of economic growth. Typical of South Asian economies, a large majority of the work force (56 per cent) is employed in the agriculture sector, which suffers from chronically low levels of labour productivity. Limited economic diversification and growing disproportionality between dependency on primary sectors and income generated from it are major limiting factors of growth.

Unemployment rates have risen.

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47 Calculated from various issues of Annual Budget reports.
49 Ibid. Projected growth rate for 2023 has been revised downwards to 3.9 per cent from 6.3 per cent.
51 For an exposition of structural imbalance and its limits on Goal 8, see ESCAP (2021)
sharp post COVID-19, more than doubling from 2.7% in 2019 to 5.9% in 2022.\textsuperscript{52} Unemployment among youth increased sharply to 28.6% in 2022.\textsuperscript{53} Informal service providers were the hardest hit by pandemic lockdown measures, due to working hour losses and consequent income losses. High informality in employment challenges targeted labour welfare policies and thereby hinders the objective of \textit{decent work for all} (Target 8.5).

The share of manufacturing value added to GDP has stagnated at around 8% during the last two decades, declining to 6.6% in recent years,\textsuperscript{54} accounting for only 13.7% of total employment in 2022.\textsuperscript{55} The industrial sector, dominated by mining and construction, experienced a contraction of 13.1% in 2020, following the COVID-19 lockdowns.\textsuperscript{56} More than 90% of the total number of industrial enterprises are SMEs with managerial capacity and financing constraints, requiring assistance for their upgradation and integration into value chains (Target 9.3). Only about 7% of firms are found to invest in R&D. Technology acquisition by building cross-border linkages with downstream industries, attracting FDI tied with technology transfer and encouraging international research and development collaboration, particularly in trade-oriented manufacturing sectors, would be key for upgrading technological capabilities of domestic industries (Targets 9.5 and 9.a). Indicators on ICT infrastructure and services have shown improvement with a steadily expanding mobile network and initiatives such as co-deployment of information and communication technology and electricity infrastructure (Target 9.c).\textsuperscript{57}

Income inequality levels have remained stagnant in Bhutan, with only a marginal rise in the income share of the poorest 40% of the population by 0.4% during 2005 - 2018 (Target 10.1).\textsuperscript{58} Persistence of income and wealth inequalities are also evident from differences in consumption patterns between various income strata,\textsuperscript{59} also indicative of disparities in access, perpetuating inequalities of opportunities. Universalizing social protection is essential for promoting inclusiveness and ending discrimination (Target 10.4). Currently, the proportion of the population covered by at least one social protection benefit is only 8.8% in Bhutan, (Target 10.4) while public expenditure on social protection (excluding health measures) is comparatively low.\textsuperscript{60} Continued efforts are needed to improve this – which has been recognized in the draft 13\textsuperscript{th} Five-Year Plan.

\textsuperscript{52} Bhutan, National Statistics Bureau, \textit{2022 Labour Force Survey Report, Bhutan} (Thimpu, 2022).
\textsuperscript{53} Ibid.
\textsuperscript{54} United Nations Economic and Social Commission for Asia and the Pacific, SDG Gateway, Asia-Pacific, “\textit{National SDG Profiles}”.
\textsuperscript{57} Co-deployment started with Bhutan Telecom Limited (BTL) and the Bhutan Power Corporation (BPC) jointly laying out the first fibre-optic cable (FOC) system in the country in 2003.
\textsuperscript{60} United Nations Economic and Social Commission for Asia and the Pacific and South Asia Network on the SDGs, “Achieving the SDGs in South Asia: An Integrated Approach to Accelerate SDG Progress and COVID-19 Recovery, Building back better and advancing the full implementation of the 2030 agenda”, November 2021. Based on ILO World Social Protection Database.
Bhutan exhibits one of the fastest rates of urbanization in South Asia, marking an increase in share of urban population from 25% in 2000 to 43% by 2021. While rapid urbanization provides economic opportunities, unplanned urbanization aggravates challenges of concentration in urban poverty, inadequate housing, the rise in pollution, urban-rural inequalities, etc. While some of the indicators of disaster risk resilience (DRR) have improved in recent years (Target 11.5), adoption of DRR strategies in line with global standards (Sendai Framework) and alignment of strategies at the subnational levels (Target 11.b) needs sustained efforts. The *National Human Settlement Policy of Bhutan 2019* adopts a comprehensive approach to land use zoning, infrastructure, water resource management, disaster resilience and risk reduction, and seeks to advance the objectives of safe and affordable housing (Target 11.1) and integrated and sustainable human settlement planning (Target 11.3).

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<th>11 Sustainable Cities and Communities</th>
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</table>

- Seven priority sectors - agriculture, energy, industry, tourism, education, water and waste are identified under the Action Plan.
- World Bank, “World Development Indicators”, 2023. CO2 emissions (metric tons per capita) stood at 1.3 in 2020 in Bhutan, against the global figure of 4.3.
climate action through low-emissions development strategies. The Climate Change Policy of the Kingdom of Bhutan 2020 can provide overarching guidance to all relevant initiatives in this regard.\textsuperscript{68} For improving disaster resilience, Bhutan has established the National Disaster Management Authority, with Disaster Management Committees set up in all 20 Dzongkhas (districts), though further efforts are needed to improve rapid response capacity.\textsuperscript{69} As highlighted in Chapter 1, the assessment of progress under SDG13 is affected by significant data gaps.

As a land-locked country, this SDG is not relevant for Bhutan.

Bhutan maintains a high level of achievement across many of the targets under SDG15. Whilst the total forest cover (Target 15.1) has decreased from 71\% in 2016 to 69.7\% in 2022,\textsuperscript{70} it is more than double that of the global figure (31.2\%).\textsuperscript{71} Similarly, protected terrestrial ecosystems and freshwater reserves are comparatively high. Resource allocations for conservation of biodiversity and ecosystems (Target 15.a) and for forest management (Target 15.b) have increased in recent years, indicative of sustainable forest management practices (Target 15.2). Some 51\% cent of forest area in Bhutan is made up of protected areas, forming a conservation network of 10 protected divisions, one botanical park and seven connecting biological corridors.\textsuperscript{72} Land degradation (13.5\% of total land area) has marginally increased by 1.6 percentage points since 2015 (Target 15.3). Bhutan maintains a high Red List Index score of 0.8, implying continued actions are needed for preventing biodiversity loss (Target 15.5) including measures in protected areas for biodiversity conservation and forest conservation and management, through implementation of the National Reducing Emissions from Deforestation and Forest Degradation Strategy.\textsuperscript{73}

Following Bhutan’s successful transition into a democracy, institutional capacity for governance has been further strengthened with a focus on reforms to improve public service delivery and accountability. Steps have been taken to fortify legal and policy frameworks to prevent violence against women, children, vulnerable groups (Targets 16.1 and 16.2), including through the National Plan of Action for Child Wellbeing and Protection and the National Plan of Action for Gender Equality.\textsuperscript{74} Among initiatives to promote the rule of law and justice for all (Target 16.3), a justice sector strategic plan has been developed to bring together all the law enforcement agencies.\textsuperscript{75} In terms of the fight against corruption (Target 16.5), the Corruption Perception Index (CPI) for 2022, published by Transparency

\textsuperscript{68} Bhutan, National Environment Commission, \textit{Climate Change Policy of the Kingdom of Bhutan 2020} (Thimpu, January 2020).
\textsuperscript{69} Establishment of the NDMA and District Committees have been enabled by the Disaster Management Act of 2013.
\textsuperscript{70} Bhutan, Department of Forests and Park Services, Forest Monitoring and Information Division, \textit{National Forest Inventory Volume I: State of Forest Report} (Thimpu, June 2023).
\textsuperscript{72} Bhutan, Department of Forests and Park Services, Forest Monitoring and Information Division, \textit{National Forest Inventory Volume I: State of Forest Report} (Thimpu, June 2023).
\textsuperscript{73} Bhutan, \textit{Second Voluntary National Review Report} (Thimpu, 2021).
\textsuperscript{74} Ibid.
\textsuperscript{75} Ibid. Development of a 10-year, \textit{21st Century Judiciary Roadmap} is also underway.
International, ranks Bhutan among the top 25 countries and also among those countries which have improved their Index ranking since 2012.\(^{76}\) Birth registration coverage has reached 100%\(^ {77}\) (Target 16.9).

Enhancing domestic resource mobilization (Target 17.1) is extremely critical for Bhutan as domestic public and private finance together constitute more than 85% of total resources for development financing.\(^ {78}\) While domestic private investments expanded at a faster rate to become the single largest source of financing, domestic public finance has been heavily impacted by COVID-19 and a widening fiscal deficit due to both increased spending commitments and lower revenue.\(^ {79}\) While official development assistance dependency has steadily declined, it remains a vital source for Bhutan, and fulfilling the development assistance commitments by donors (Target 17.2) assumes special significance in the post COVID-19 scenario. The significance of FDI is gradually increasing, requiring conducive regulatory reforms as well as the need for exploring new and innovative instruments such as climate financing and sovereign bonds. With limited domestic R&D capabilities, international collaboration for technology acquisition (Target 17.6) and continued access to Technology Bank for LDCs (Target 17.8) are critical for enhancing productive capacity through technological upgradation. High product and market concentration in trade\(^ {80}\) limits the scope for utilizing trade expansion as a driver of growth. While data availability is improving, there exist gaps in data collection, compilation and dissemination (Target 17.18).

CHAPTER 2. UN DEVELOPMENT SYSTEM SUPPORT TO THE 2030 AGENDA IN BHUTAN

The UN is committed to supporting the Government and the people of Bhutan towards the achievements of the vision of becoming a “High Income Economy - a healthy, prosperous and secure Bhutan”, the goals of the draft 13th Five-Year Plan and the attainment of the SDGs. The United Nations Sustainable Development Cooperation Framework for 2024 - 2028 represents the UN’s collective offer to support Bhutan to address its key national development priorities on the pathway to the 2030 Agenda for Sustainable Development.

The Cooperation Framework is mutually owned and anchored in national development priorities, the 2030 Agenda and the principles of the UN Charter. It is designed to embody the spirit of partnerships to leverage strength and drive transformative change, making real the collective promise to leave no-one behind. It was developed through a co-creation process, jointly led by the Government through the Ministry of Finance and the UN Resident Coordinator on behalf of the UN Country Team. In addition to the detailed involvement of a comprehensive set of government entities, the process

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\(^{76}\) Ibid.


\(^{78}\) Bhutan, Ministry of Finance, National Budget, Financial Year 2022 - 2023 (Thimpu, June 2022).

\(^{79}\) Ibid.

benefitted from a wide range of consultations, including with civil society organizations, youth, the private sector, academia and other development partners.

The Cooperation Framework serves as the core accountability tool between the UN Country Team (UNCT) and the Government, as well as between and among UNCT members for collectively owned development results. It also shapes the configuration of UN assets required inside and outside the country. United Nations entity-specific country programmes are derived from the Cooperation Framework.

Based on the UN system’s expertise and comparative advantages, its normative agenda and ability to leverage, influence and unlock a broad range of resources for development and humanitarian response, the Cooperation Framework reflects: (a) an agreed theory of change towards the achievement of the Agenda 2030; (b) the expectations national stakeholders have of the UN development system’s contribution to national development; (c) a shared agreement of the strategic priorities and contributions of the United Nations, derived from the theory of change; and (d) the strategic partners with whom the UN system will work in pursuit of development solutions.

2.1 Theory of Change

The 2022 Common Country Analysis (CCA) outlined four key opportunities for realising Bhutan’s vision for sustainable development and for the achievement of the 2030 Agenda and the SDGs:

- Transformation towards more equitable, diversified, green and sustainable economic growth.
- Accelerating more inclusive and equitable human development.
- Protecting the environment and building more resilient systems and communities.
- Ensuring more inclusive and efficient governance.

These opportunities and the detailed analysis which underpin each serve as the framework for the UNSDCF Theory of Change which outlines the pathway that will enable the country to accelerate actions leading towards the desired vision where “all people in Bhutan, especially the most vulnerable, contribute to and benefit from sustainable development, leading to the achievement of the SDGs and to a healthy, prosperous and secure country”.

23
2.2 Strategic priorities for the UNSDCF
The 2024 - 2028 Cooperation Framework is designed to directly respond to the national development agenda of the Royal Government of Bhutan, as outlined in the draft 13th Five-Year Plan, towards the advancement of the 2030 Agenda.

The Cooperation Framework is structured around four Strategic Priorities identified from the analysis of the overarching Theory of Change and aligned with the national development vision. These are pillars wherein the UN system will concentrate its collective expertise to support Bhutan to make transformational and accelerated progress in the economic, social and environmental dimensions of sustainable development, with a particular focus on equity and leaving no one behind.

**Strategic Priority 1: SUSTAINABLE ECONOMIC DEVELOPMENT & DIVERSIFICATION AND SHARED PROSPERITY**
Aiming to pursue sustainable and equitable economic growth through diversification and transformation, leading to increased opportunities for decent jobs and sustainable livelihoods.

**Strategic Priority 2: EQUITABLE HUMAN DEVELOPMENT AND WELL-BEING ACROSS THE LIFECOURSE**
Encompassing human capital and social development through health, food security and nutrition, water, sanitation and hygiene, education and skills development, protection of children and women and social protection mechanisms.

**Strategic Priority 3: SUSTAINABLE AND HEALTHY ENVIRONMENT, RESILIENCE TO DISASTERS AND CLIMATE CHANGE**
Focusing on sustainable environment and natural resource management, along with increasing institutional and community resilience to disasters and hazards, and to mitigate and adapt to the impacts of climate change.

**Strategic Priority 4: INCLUSIVE, TRANSPARENT AND ACCOUNTABLE GOVERNANCE AND RULE OF LAW**

Aiming to ensure Bhutan has transformed, dynamic and trusted governance ecosystem which drives accelerated economic growth and improves people’s lives.

The Strategic Priorities and the major areas of the United Nations systems’ contributions to them are guided by six overarching UN global core-programming principles contextualised to Bhutan.

i. *Leave no-one behind:* to identify and reach those who may not have benefited from the significant human, social and economic progress in the country or who are at risk, based on equity, equality, dignity and non-discrimination.

ii. *Human rights and dignity for all:* grounded in international human rights norms, standards and principles, as the normative foundation of the United Nations.

iii. *Gender equality and empowerment of women:* to put gender equality at the heart of programming, driving the active and meaningful participation of both women and men; consistently empowering women and girls.

iv. *Sustainability:* ensuring the interconnections among the social, economic and environmental dimensions of sustainable development and applying social and environmental standards across all programming cooperation.


vi. *Accountability:* to national development priorities and improving the lives of people in Bhutan, particularly those most vulnerable and at risk of being left further behind.

### 2.3 Cooperation Framework Outcomes and Partnerships

Under each of the four Strategic Priority areas is a High-Level Outcome, which are all underpinned by a specific theory of change that articulates the pathway to achieve the desired result through overcoming the key challenges and grasping development opportunities.

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<tr>
<th>UNSDCF STRATEGIC PRIORITIES</th>
<th>OUTCOMES</th>
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<tr>
<td>SUSTAINABLE ECONOMIC DEVELOPMENT &amp; DIVERSIFICATION AND SHARED PROSPERITY</td>
<td>OUTCOME 1: BY 2028, BHUTAN HAS SUSTAINABLE AND DIVERSIFIED ECONOMIC GROWTH, DECENT EMPLOYMENT AND LIVELIHOODS AND SHARED PROSPERITY</td>
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<tr>
<td>EQUITABLE HUMAN DEVELOPMENT AND WELLBEING ACROSS THE LIFECOURSE</td>
<td>OUTCOME 2: BY 2028, PEOPLE IN BHUTAN BENEFIT FROM STRENGTHENED QUALITY, INCLUSIVE AND LIFELONG SOCIAL SERVICES AND PRACTICES</td>
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<td>SUSTAINABLE AND HEALTHY ENVIRONMENT, RESILIENCE TO DISASTERS AND CLIMATE CHANGE</td>
<td>OUTCOME 3: BY 2028, BHUTAN’S ENVIRONMENT REMAINS SUSTAINABLY MANAGED AND ITS PEOPLE ARE MORE RESILIENT TO DISASTER RISKS AND CLIMATE CHANGE</td>
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<tr>
<td>INCLUSIVE, TRANSPARENT, AND ACCOUNTABLE GOVERNANCE AND RULE OF LAW</td>
<td>OUTCOME 4: BY 2028, BHUTAN HAS MORE INCLUSIVE, TRANSPARENT AND ACCOUNTABLE GOVERNANCE AND RULE OF LAW</td>
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The Strategic Priorities and Outcomes are interrelated, mutually reinforcing and multisectoral. Together, they offer the opportunity to accelerate development progress towards the achievement of draft 13th Five-Year Plan goals and ultimately Agenda 2030 and the SDGs. This will contribute towards the transformation of Bhutanese society with a high standard of living for all, decent job creation, equitable access to and utilisation of quality essential social services, good governance, justice,
security, gender equality and equity, effective participation in inclusive and sustainable economic development and where the cultural heritage is maintained.

ALIGNMENT OF UNSDCF OUTCOMES WITH THE SDGs and the DRAFT 13th FIVE-YEAR PLAN

OUTCOME 1: BY 2028, BHUTAN HAS SUSTAINABLE AND DIVERSIFIED ECONOMIC GROWTH, DECENT EMPLOYMENT AND LIVELIHOODS AND SHARED PROSPERITY

Theory of Change
To achieve the Outcome at least six sets of higher-level conditions must be fulfilled.

- If the Government sustains and diversifies revenues from hydropower and other sources and maintains macroeconomic stability, and

- If there is a conducive regulatory business environment that attracts foreign direct investment, supports private sector participation, innovation, entrepreneurial development in green and clean industries and diverse high-value sectors, and

- If there is improved access to finance and sustainable investment to infrastructure, and

- If the Government and the private sector collaborate to modernise agriculture to increases its contribution to GDP, build new value chains, ramp up of exports, adoption of technology and employment, and
If the Government implements a national digital economy strategy that strengthens existing digital infrastructure, creates new digital systems, and makes digital infrastructure affordable and accessible to the Bhutanese people, businesses and industry, and

If the Bhutanese labour force, especially women and youth, are capacitated with the requisite skills and knowledge to be employed in productive and high-value sectors,

Then, by 2028, Bhutan will have sustainable and diversified economic growth, decent employment and livelihoods and shared prosperity.

UN Contribution to the Outcome

To achieve sufficient economic growth to transform Bhutan into a globally competitive and prosperous high-income country, the draft 13th Five-Year Plan prioritises market and product diversification and export-led growth. To contribute to this objective, the UN system will support the building of an evidence-informed, enabling macro-economic, institutional, and business environment that generates financing, investments, innovation and jobs along with assistance to ensure an empowered and skilled Bhutanese workforce in both the formal and informal sectors.

Technical assistance will be provided for the revision or development of policies, legislation, strategies through multistakeholder consultation platforms that create a conducive eco-system for the private sector and cottage and small industries (CSIs) to access finance, markets and value chains to invest, innovate and grow businesses. Support will be available to Government and the private sector to generate new and innovative sources of domestic and external financing, such as debt financing, green and SDG bonds, private capital, climate financing, biodiversity financing, payment for ecosystem services and public-private partnerships. The development of investment promotion strategies based on industrial mapping, leveraging Bhutan’s competitive advantages and ability to attract quality foreign direct investment will be supported by the UN system. Targeted technical assistance will be provided to the agriculture sector to transform the country’s food and agricultural systems and to increase its contribution to the national economy through increased internal commerce, value chain building, ramping up of exports, adoption of technology, structural reforms, optimizing resource utilization for better returns and sustainability require harnessing of big data to support evidence-based decision making. Strengthening the conducive environment for the creative and digital sector through policy development and implementation will be an area of focus, in line with the draft 13th Five-Year Plan. Evidence will be generated to enable recognition and consideration of the trade-offs between different diversification options (intensification versus sustainability) to support decision-making. In addition, the UN will provide support for strengthening of monitoring and evaluation frameworks to assess the effectiveness and impact of policies and strategies, employment and livelihood programmes, ensuring accountability and continuous improvement.

The UN will collaborate with Government and the private sector in initiatives which build the capacity and capabilities of cooperatives, CSIs, MSMEs, farmers and existing entrepreneurs - particularly women, youth and those from vulnerable groups- for the development of their businesses. Support in terms of digital approaches for start-ups and existing small businesses and other enterprises will be facilitated to enable them to foster market linkages, promote their products and move up the value chain. Initiatives to overcome significant barriers to accessing financing mechanisms for the same target groups will be promoted. Support will be provided for the development of index-based selected crop and livestock insurance systems, along with programmes to build the resilience and adaptive capacity of smallholder farmers.
Support will be provided for the transformation of the future workforce landscape through interventions in training, upskilling and reskilling of those outside and within the formal and informal workforce, particularly women and youth. Expertise will be available for the development and operationalisation of a national strategy for youth employment. The UN system will promote innovative partnerships between businesses and the private sector as well as training/skills programmes and the provision of high-quality work-while-studying internships, apprenticeships, career counselling and on-the-job training opportunities, particularly for youth and women, aligned with the recommendations from industry transformation mapping exercises. Additional technical assistance and guidance will be provided for designing and implementing targeted training programmes, capacity building initiatives, and vocational education schemes for youth, women and potentially for those aged over 50. Specific support will be available for addressing industry and market-focused institutional frameworks and policies, including qualifications frameworks, and competency-based training and flexible learning pathways. This will include foundations for higher learning, quality assurance and accreditation, including recognition of certificate equivalency.

Using its global networks, the UN will facilitate knowledge sharing platforms to exchange best practices and experiences in tackling unemployment and promoting sustainable employment opportunities. As a landlocked developing country, connectivity and trade with and through India to Bangladesh and seaports to other countries is essential for Bhutan’s economy. The UN will support Bhutan’s efforts to enhance connectivity through multilateral and regional platforms and activities. Though the relative relevance of overseas development assistance may decline gradually as Bhutan advances towards the declared objective of self-reliance, the significance of multi-stakeholder development coalitions to address transboundary issues such as climate change will remain. The UN will build national capacity for accessing global environmental sustainability cooperation windows such as the Green Climate Fund, the Global Environment Facility Trust Fund, the Special Climate Fund and the Adaptation Fund. Transitional support offered through Inter-Agency Task Force on LDC Graduation will serve as an important platform available for Bhutan to leverage multi-stakeholder partnerships for achieving the targets of the draft 13th Five-Year Plan and the SDGs by 2030.

**Partnerships**
Towards promoting rapid, sustainable and more equitable economic growth through diversification and transformation, leading to increased opportunities for decent jobs and livelihoods, will involve a wide range of stakeholders, including government ministries and agencies at the national and local levels, the private sector, including MSMEs, CSIs, cooperatives and the agricultural sector, training institutions, along with international financial institutions and development partners, amongst others. Details of the key partners and the contributing UN entities are in Annex 1, Results Matrix.

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**OUTCOME 2: BY 2028, PEOPLE IN BHUTAN BENEFIT FROM STRENGTHENED QUALITY, INCLUSIVE AND LIFELONG SOCIAL SERVICES AND PRACTICES.**

**Theory of Change**
To achieve this Outcome, at least five higher-level conditions must be fulfilled.
If Government at all levels has the capacity to develop and deliver evidence-based, inclusive and gender transformative policies, strategies and interventions for strengthening the quality and coverage of social services (health, food security and nutrition, water, sanitation and hygiene, education and protection) across the lifecycle; and

If sufficient financial resources are allocated and used efficiently to ensure strengthened coverage and accessibility of quality social services, and

If social service providers have the skills and resources, to deliver high quality services, and

If Government engages with and maximizes the potential of the private sector and civil society organizations (CSOs) to deliver or support delivery of quality social services, and

If more people – across the lifecycle – have the knowledge, skills, resources, and supportive environment to practice and promote healthy and protective behaviours,

Then, by 2028, more people in Bhutan will benefit from strengthened quality, inclusive and lifelong social services and practices.

UN contribution to the Outcome
The UN system will prioritize a range of strategic contributions and partnerships across health, food security and nutrition, water and sanitation, education and learning, protection of women and children and in comprehensive social protection, to contribute to ensuring that people, especially the most vulnerable, are able to access and utilize quality social services and social-protection mechanisms that are universal, gender-responsive and resilient, in line with the Social Development Strategy Objective of the draft 13th Five-Year Plan. The UN’s contributions and support will take into consideration lessons learned and consequences of the COVID-19 pandemic on services and vulnerabilities and place the principle of leaving no-one behind firmly at the centre of its collaborative efforts. Facilitating and promoting South-South and triangular cooperation, as well as experience sharing will be key strategies supported by the UN to accelerate actions to expand availability and the use of high-quality social services.

The UN will strategically focus on a systems-building approach to support the Government in its efforts to achieve universal health coverage through improving the delivery of high quality, evidence-based and equitable reproductive, maternal, new-born, child, adolescent, youth, and elderly health services. This will include assistance for reviewing national policies, regulatory frameworks and plans, along with building institutional capacity aimed at making the system - especially at the primary health care level - more resilient, integrated and delivering better quality services. Particular efforts will be made to expand the use of digital technology for both delivery of services as well as for capacity building and training of health workers. Whole-of-society approaches to implementing health promotion strategies that empower individuals and engage communities to adopt healthy lifestyles, attitudes and behaviours will be supported. A specific emphasis will be placed on prevention approaches to reduce the growing burden of non-communicable diseases, along with improving environmental health. Support will be provided to enhance programmes for the prevention and treatment of sexual and gender-based violence, substance abuse, including narcotic drug abuse, smoking and the harmful use

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81 Gender-transformative approaches seek to challenge gender inequality by transforming harmful gender norms, roles and relations, while working towards redistributing power, resources and services more equally.
of alcohol, especially among children, adolescents and young people. Learning from the experiences of the COVID-19 response in the country, the UN will support the implementation of programmes that improve mental health and psychosocial well-being, along with supporting a national awareness campaign to reduce stigma around mental health. Enhancing the delivery of quality traditional medicine, in conjunction with modern medicine, within the broader health systems for universal health coverage will be an area of focused collaboration.

The UN will support institutional capacity reinforcement efforts at the national and local level to plan for and manage dynamic risks such as climate change, natural disasters, hazards, pandemics and other crises to ensure the continued availability of and access to essential health services. Technical assistance will be available for the strengthening of logistics management and supply systems within the health sector, along with actions to strengthen medical waste management. The UN will support efforts to develop innovative and sustainable health financing mechanisms, to strengthen partnerships with CSOs and the private sector and to advocate for increased resource allocation for preventive and promotive health services. Systems strengthening support will also include building the capacity for generating and using disaggregated data and evidence to improve health decision-making, and for research on emerging issues affecting child and adult health and nutrition outcomes.

In response to the triple burden of malnutrition in Bhutan - the coexistence of undernutrition, particularly stunting, micronutrient deficiencies and overnutrition (overweight and obesity) – the UN will support a wide range of actions in line with the National Nutrition Strategy and Action Plan (2021 - 2025). These will include initiatives to improve the access and affordability of safe, high-quality nutrition-dense diverse foodstuffs, and the implementation of evidence-based interventions including fortification, micronutrient supplementation, capacity building on nutrition services, including breastfeeding counselling, infant and young child feeding practices and growth monitoring. The UN will advocate for operational mechanisms to regulate the marketing of breastmilk substitutes and unhealthy foodstuffs and will support actions to catalyse a social movement for healthy lifestyles, including healthy dietary practices. Support will be available to implement additional health promotion strategies to guide people to make informed healthy and nutritious food choices throughout the life cycle. A specific focus will be placed on actions to improve nutrition at educational and monastic institutions to address overnutrition, undernutrition and micronutrient deficiencies amongst school-aged children.

The UN will continue to support the Government towards the global objective of universal access to safely managed water and sanitation facilities and will promote the continued use of positive hygiene practices, such as menstrual hygiene management, handwashing with soap and water and household drinking water safety and storage. Particular attention will be given to improving climate-resilient water, sanitation and hygiene (WASH) services and infrastructure in schools and in health facilities, infection-prevention control measures, such as medical waste management and environmental hygiene. Technical assistance will be available to support capacity enhancement of WASH sector stakeholders to prepare for, respond to and recover from the effects of disasters and adapt to climate-induced effects on water availability and WASH services.

In response to the draft 13th Five-Year Plan’s priority accorded to rapidly building a more inclusive, resilient and future-proofed education system that ensures quality and relevant learning outcomes, the UN will support a wide range of initiatives in early childhood care and development, primary, secondary, monastic and tertiary education. In support of the national ECCD Strategic Action Plan, the UN will promote adherence to minimum and inclusive standards for facilities and the environment
ECCD facilities, including WASH, assist initiatives to build confidence and capabilities of ECCD teachers and facilitators and the delivery of quality parenting education initiatives towards holistic development of young children.

Support for analysis of the National Education Assessments will continue to be provided, along with the generation and analysis of key data and evidence gaps. The UN will advocate for and support the integration of the universal design for learning approach into primary education and will strengthen foundational learning and secondary education through maximizing the potential of digital and blended-learning approaches. Initiatives to ensure increased enrolment in science, technology, engineering and mathematics (STEM) subjects, especially for girls, will be promoted. Making learning more inclusive and safer will be pursued, including actions to build the capacity of teachers, school counsellors and co-learners and promoting disability-inclusive facilities, along with overcoming the lack of functioning and safely managed WASH facilities in educational institutions. The UN will collaborate with institutions of higher education to implement quality tools and to promote synergies between the Bhutan Qualifications Framework and international normative instruments. Support will be available for strengthening of the education sector to be better prepared for and to ensure the delivery of learning during and after emergencies, including climate-related shocks.

The UN will support approaches that provide alternate modes of lifelong learning, particularly for youth, women, the elderly and those in remote locations, including digital learning and skills development. Systems and mechanisms that provide young people with access to learning, skills, resources and opportunities for entrepreneurship, innovation, leadership, civic engagement, digital skills and other emerging skills for the current and future labour market will be strengthened. Initiatives will be strengthened to equip children and young people with the knowledge, skills and attitudes on comprehensive sexuality education, adolescent health, nutrition, mental health and overcoming gender-based biases that will empower them to realise their health, well-being and establish healthy and respectful relationships.

Strategies and initiatives aimed at ensuring that women, children, adolescents and especially vulnerable persons, including those with disabilities, have increased access to integrated equitable and gender-transformative, preventive and responsive social welfare and justice systems will be supported. Strengthening governance and coordination structures for child protection and prevention of gender-based violence (GBV), including the development and professionalization of the social service workforce, the development of an interoperable social welfare information management system and ensuring a continuum of preventive and survivor-centred, responsive support services will be areas of focus. This work will be complemented by that listed under Outcome 4 in relation to a strengthened gender-responsive and child-friendly justice system. Efforts will be made to strengthen the availability of disaggregated data on child protection and GBV for planning and monitoring. The UN will partner with local governments and community-based structures and leaders to provide a supportive environment for positive behaviours that promote equitable gender and social norms, attitudes and cultural practices.

To contribute to the draft 13th Five-Year Plan goal of developing comprehensive, inclusive and shock-responsive social protection systems available to all in need throughout the life cycle, the UN will make available a wide range of technical expertise and assistance. Support will be provided for the establishment of a strengthened enabling environment for comprehensive social protection, including the development of a regulatory framework and policy, institutional mapping of the existing social protection mechanism and schemes group, formulation of an investment case on the economic and
social benefits of social protection, development of a social protection information management system and a grievance redressal mechanism. In addition, support will be made available for the strengthening or development of essential social protection programmes and mechanisms, including non-contributory social protection programmes throughout the life cycle, and capacity development of the key government agencies and CSOs in designing and implementing social protection programmes. Awareness creation initiatives to ensure that people are aware of and able to access the social protection mechanisms with ease will be supported.

As a landlocked country, closing of borders during a major disaster poses many development as well as humanitarian challenges, including delivery of social services and of essential supplies, access to regional/international markets and the availability of human resources. The UN system will promote continued access to global supply chains to ensure minimal disruption to social services in times of crisis.

Partnerships
Pursuing equitable human development and wellbeing through ensuring that people, in particular the most vulnerable, have improved and equitable access to and utilization of quality, inclusive, gender-responsive, universal and resilient social services and social protection requires whole-of-society engagement and commitment. The UN system’s contribution to this Outcome will therefore involve partnerships with a wide range of stakeholders, including national and local governments; line ministries and other government agencies at the national and sub-national level; civil society organisations, including women- and youth-led organisations; community and religious leaders; the media; and individuals, families and communities themselves. Details of key partners and the contributing UN entities are in Annex 1, Results Matrix.

OUTCOME 3: BY 2028, BHUTAN’S ENVIRONMENT REMAINS SUSTAINABLY MANAGED AND ITS PEOPLE ARE MORE RESILIENT TO DISASTER RISKS AND CLIMATE CHANGE.

Theory of change
To achieve this Outcome, at least five higher-level conditions must be fulfilled.

- If Bhutan’s environmental governance and natural resource management practices enhance the integrity of its ecosystems, biodiversity of its habitats and sustainability of its natural resources, and
- If Bhutan’s carbon neutral status is supported by a green economy with sustainable production systems (industry, infrastructure, transport, supply chains), and
- If Bhutan ensures a healthy living environment (urban, rural) and secure food, water and energy systems, and
- If Bhutan’s economy and the security of the people in the country are supported by systems and capacities that enhance climate adaptation and disaster risk reduction efforts, including preparedness and response, and
If people in Bhutan adopt sustainable consumption practices while the benefits of natural resource contributions are shared equitably by women, men and children, including the elderly, persons with disabilities and others in vulnerable situations,

Then, by 2028, Bhutan’s environment will remain sustainably managed, and its people will be more resilient to disaster risks and climate change.

UN contribution to the Outcome

Whilst Bhutan has continued to demonstrate its commitment towards promoting a resilient and sustainable environment and mitigating the impact of climate change, development imperatives and growing demands for water, energy and food have placed increasing pressure on Bhutan’s ecosystem and resources. The situation is compounded by rapid urbanization and increasing population density in urban areas, accompanied by an increasing use of fossil fuels, waste generation and additional vulnerabilities to natural and man-made disasters. There are also limited resources – as well as capacity - to reduce vulnerability to climate-change impacts, and Bhutan continues to be challenged with economic vulnerability, which in turn is closely linked to susceptibility to the impacts of climate change and disasters, as well as the management of sustainable ecosystems.

The UN system will focus on a core set of strategic contributions and partnerships towards supporting Bhutan’s commitment to the protection and sustainable management of natural resources, biodiversity and ecosystems, and building institutional, community and household resilience to disaster risks and climate change.

Through technical assistance and building national capacity to access financing opportunities, the UN will provide support to enhance environmental protections and sustainable practices for natural resource management and use. Bhutan has been a party to the Convention on Biological Diversity since 1995 and the UN system will continue to provide support for the finalization and then implementation of the country’s 5th Biodiversity Strategy and Action Plan, which will serve as a comprehensive framework aimed at creating a nature-positive world and achieving the Kunming-Montreal Global Biodiversity Framework to halt and reverse biodiversity loss by 2030. Under the plan, the UN will provide technical assistance to support Bhutan to manage and restore protected areas and degraded habitats, reducing biodiversity loss and prevent and control invasive species, and prevent zoonotic diseases. Efforts will be made to facilitate partnerships to integrate biodiversity conservation into the private sector. The UN system will identify innovative approaches – with a focus on nature-positive solutions - and support mainstreaming of biodiversity in plans and programmes at the national and local level towards enhanced sustainable use of ecosystem services.

The UN will continue to support Bhutan’s carbon-neutrality policy through its enhanced Nationally Determined Contributions (NDCs), National Adaptation Plan (NAP) and Low Emission Development Strategies for key sectors like Agriculture, Human Settlement, Industry, and Transport. This includes strengthening institutional capacity and governance mechanisms for disaster prevention, risk reduction, recovery and promotion of sustainable and climate-resilient agricultural and livestock practices that minimize environmental impacts and enhance food systems. Organic farming methods and the adoption of agro-ecological approaches that improve soil health and conserve water will be promoted. In addition to reducing the ecological footprint, this support for sustainable agriculture will also enhance the resilience of farmers to climate change and other environmental challenges.
Government and private sector led initiatives targeting the reduction of greenhouse gas emissions in line with the nationally determined contributions will be supported. This will include actions to diversify and expand the use of clean and renewable energy sources, and the promotion of sustainable waste management systems, re-use and recycling and the adoption of more sustainable consumption and production patterns in urban and rural locations. A specific focus will be given to enhancing the engagement and leadership of children, adolescents and young people in climate and environmental action.

The UN will facilitate knowledge exchange on good practices in the adoption of green technologies, and Innovation to support sustainable practices and to reduce environmental impacts. Support will be provided for water management strategies, including promoting efficient irrigation techniques, and raising awareness on the importance of water conservation.

The UN will also explore and facilitate partnerships with the private sector, financial institutions and innovative financing mechanisms in areas such as green bonds and carbon markets, and continue engagement with the Global Environment Facility and the Green Climate Fund for improved access to finance.

Bhutan is particularly vulnerable to climate-induced disasters and natural hazards, given the country’s steep terrain, fragile geological conditions, vulnerable ecosystems, wide differences in elevation, variable climatic conditions and its dependence on climate-sensitive sectors of economic activity. As a Himalayan country, Bhutan’s disaster risk is characterized by both shared and common hazards, which has an implication on delivery of critical services to the people in times of disaster. Therefore, the UN will support regional cooperation through existing mechanisms to ensure minimal disruption to service delivery and movement of essential supplies. To ensure more effective implementation of the Disaster Management Act of Bhutan 2013 – and in line with the Sendai Framework for Disaster Risk Reduction 2015 - 2030 - the UN system will support accelerated strengthening of the capacity for governance, analysis and coordinated preparedness, planning and response for climate adaptation, disaster risk reduction and emergency preparedness and response, including logistics, telecommunications and food security. Support will be provided to national institutions to establish multi-hazard early warning systems, and to create and utilize up-to-date disaggregated climate, hazard and disaster risk data and event information for decision making at the national and community level and for anticipatory actions. The UN will provide technical support and identify potential financing windows to develop resilient infrastructure as well as to strengthen existing infrastructure to protect the population from natural hazards, climate change, and disaster events. Building of local government and CSO partnerships and capacity to jointly drive actions which enhance the resilience of communities and households to prepare and respond to natural hazards, disasters and climate change and absorb risks will be promoted.

**Partnerships**

Ensuring effective and sustainable management of natural resources and enhanced resilience to the impacts of climate change and disasters requires collaboration amongst a broad spectrum of stakeholders and engagement across society. The UN system’s contribution to this Outcome will therefore involve partnerships including wide range of national government ministries, agencies and institutions, local governments, the private sector, the media and CSOs. Details of the key partners and the contributing UN entities are in Annex 1, Results Matrix.
OUTCOME 4: BY 2028, BHUTAN HAS MORE INCLUSIVE, TRANSPARENT AND ACCOUNTABLE GOVERNANCE AND RULE OF LAW.

Theory of Change
To achieve this Outcome, at least five higher-level conditions must be fulfilled.

- If institutions and duty bearers have strengthened capacities to improve their efficiency, are continuously adherent to the rule of law and accountable to the public, and
- If the public sector at all levels is fully fit-for-purpose, adaptive, and results-oriented and maximizes the potential of technology and innovation, and
- If laws, policies and investments promote gender equality, are non-discriminatory, data and evidence-driven, anticipatory, responsive to public needs, embodies the principle of leaving no one behind, and effectively implemented, and
- If more people are empowered and are able to be effectively engaged in decision-making processes that affect them, and
- If people have a higher level of awareness of their civil, political, economic, social, and cultural rights and are able to demand accountability,

Then, Bhutan will have more inclusive, transparent, and accountable governance and rule of law.

UN contribution to the Outcome
Strong, efficient and accountable governance and rule of law are fundamental to the achievement of the goals of the draft 13th Five-Year Plan and the Outcomes of this Cooperation Framework; this Outcome therefore underpins the other three Outcomes of the Cooperation Framework.

Bhutan’s political system and governance institutions have made significant progress since the adoption of its Constitution and transition to a democratic constitutional monarchy in 2008, with stronger checks and balances, improved decentralization and service delivery, as well as more robust citizen engagement. The country is currently undergoing major transformations to further strengthen institutions and to build a fit-for-purpose, flexible, adaptive and creative public sector. To improve service delivery, enhance social inclusion and equity, including meaningful engagement of women, youth and other vulnerable groups, people-centric and anticipatory governance is required.

The UN system’s strategic focus within Bhutan’s civil service reform agenda aims to ensure a more inclusive, agile, anticipatory, evidence-informed and results-oriented public sector that maximizes the potential of technology and innovation at all levels. This will include strengthening institutionalization of foresight and anticipatory skillsets, along with national- and local government capacity for participatory evidence-based planning, budgeting, gender-responsive and child-sensitive social service delivery, monitoring and evaluation. Capacity and systems to generate, collect, analyse and use data and evidence at the national and local government level for development planning, resourcing and management will be strengthened, including through expansion of Bhutan’s statistical database system. The UN will share experiences from other countries and support the government in maximising data technologies, data analytics and innovation, to advance and accelerate attainment of national social development priorities. A focus will be on strengthening digitalized administrative data
systems, producing high frequency data, ensuring disaggregation down to the lowest administrative levels and supporting the generation and analysis of data and evidence on those at risk of, or left behind within Bhutan’s development trajectory. To further enhance citizen engagement in decision-making and service delivery, the existing structured and institutionalized mechanisms within government, particularly at the local level, will be leveraged.

Institutional capacity building will be provided for the implementation of the National Strategy for Digital Transformation, including a National Data Governance Framework. Advocacy will be undertaken and support generated to promote responsible innovation, inclusive and secure digital governance and public sector systems in line with international standards. The UN will promote South-South and regional cooperation in the exchange of technology, research and development and innovation to strengthen the digital economy, e-governance and to address significant risks of cyber insecurity.

Towards more inclusive and accessible State institutions that ensure transparency and effective public oversight, the UN system will engage in strengthening people-centric interventions and services, including using digitalized and innovative solutions to promote the rule of law and access to justice for women, youth, persons with disabilities and vulnerable groups. Ensuring enhanced access to timely justice will be supported, including strengthening the capacity of the justice systems to serve children, women, young people and vulnerable populations, through child-friendly and accessible judicial, legal aid and gender-responsive justice services and approaches.

As a landlocked country with porous borders, Bhutan remains vulnerable to transnational crime, including trafficking in persons and drugs. The UN system will promote continued and strengthened engagement in existing intergovernmental mechanisms and initiatives to operationalise the United Nations Convention Against Transnational Organized Crime and its Additional Protocol (Prevent, Suppress and Punish Trafficking in Persons Especially Women and Children – TIP) which Bhutan ratified in February 2023.

Initiatives will be undertaken to enhance Parliamentarians’ and oversight bodies capacities to effectively discharge their functions in an inclusive, effective, and transparent manner, including their mechanisms that allow public engagement and feedback as well as their responsibilities in monitoring the implementation of SDGs and other international commitments.

As part of its normative function, the UN will support the Government in the monitoring, timely reporting and implementation of the recommendations from human rights mechanisms and treaty bodies, including the Universal Periodic Review, the Committees on the Convention on the Elimination of All Forms of Discrimination against Women and the Convention on the Rights of the Child, amongst others. Recognizing that Bhutan has initiated actions towards the ratification of the Convention on the Rights of Persons with Disabilities, the UN system will make available advisory, technical and other forms of assistance to support the Government with its implementation. This may include as necessary, legal reform of mainstream and disability-specific legislation, the accelerated operationalisation of the Bhutan National Policy on Persons with Disabilities, as a multisectoral approach, the development of a comprehensive monitoring framework, initiatives to create greater awareness on disability inclusion among the general population, as well as for mandatory State Party reporting. Additionally, support will be available to assist national efforts for timely reporting on other global and regional commitments, including the Voluntary National Reviews.
The UN will support investments in initiatives which enable effective participation of people in policy and decision-making, including local planning and budgeting processes, with a focus on women, young people and vulnerable groups, including people with disabilities. This will include actions to promote a greater awareness of all people in relation to their rights and their opportunities to engage and participate, building the capacity of CSOs, to institutionalise mechanisms to effectively provide public feedback for inclusive decision-making and public service delivery, and strengthening the role of the media in responsibly promoting accountability, transparency, and rule of law. The actions under Outcome 2 on promoting lifelong learning and digital literacy will play an important contributing role towards the awareness creation and opportunities for meaningful citizen engagement.

Towards furthering gender equality and women’s empowerment, the UN will support initiatives to address barriers, including gender stereotypes and prejudices, that constrain women’s leadership and presence in political and public spheres at the central and local levels.

**Partnerships**

To contribute to this Outcome, whereby Bhutan will have more inclusive, transparent and accountable governance and rule of law, the UN system will collaborate with a broad and diverse range of partners. These will include Government ministries, agencies and justice sector stakeholders, parliamentarians, local government authorities, oversight bodies, CSOs and the media, among others. Details of the key partners and the contributing UN entities are in Annex 1, Results Matrix.

**2.4 Synergies between Cooperation Framework Outcomes**

The Strategic Priorities and four Outcomes are interdependent and integrated for sustainable development. Progress towards the achievement of one Outcome will both contribute to and require progress in other Outcomes. Underpinning all Outcomes is the need for more inclusive and efficient governance mechanisms (Outcome 4), which are essential for sustainable human, economic and environmental development. The synergies between the four Outcomes are clearly aligned with the five interrelated dimensions of the 2030 Agenda – People, Prosperity, Planet, Peace and Partnerships – and the intertwined Strategic Objectives and Outcomes of the draft 13th Five-Year Plan.

The synergies between the four Cooperation Framework Outcomes are reflective of the mutually reinforcing nature of the SDGs and are highlighted across the planned UN contributions to the outcomes in section 2.3. For example, supporting strengthened environmental and natural resource management including expanded use of renewable energy and a circular economy under Outcome 3, will contribute to the objectives of Outcome 1 regarding green-led economic development and improved livelihoods, and vice versa.

Investing in improving the quality and relevance of education and learning along with improved health and nutrition will contribute to the economic growth through enhanced productivity and the ability to develop and drive diversified markets and products. Similarly, the actions under Outcome 2 on lifelong learning will contribute to the Outcome 4 objective of greater awareness of rights and responsibilities, and for the enhanced engagement of citizens in decision-making. Strengthening social protection mechanisms - particularly for the most vulnerable - will not only contribute to the objectives of Outcome 2 but will also help to strengthen resilience to climate change and disasters under Outcome 3, as well as to people’s potential to contribute to and benefit from economic diversification and growth under Outcome 1.
Promoting digitalization and technology-driven diversification is another example of the synergies across Outcomes. While the COVID-19 pandemic and the Government’s commitment to develop the ICT and digital sector have accelerated the update of certain digital technologies, further digitalization measures are required to bridge certain gaps in public service provision. Information technology infrastructure is essential to enabling a rapid expansion of the digital economy, for telemedicine practices to be integrated effectively into the public health system which will broaden access to healthcare services, and for digitalization of education and learning systems and approaches, along with interoperable social welfare and social protection information management systems, amongst others. Technological upgrading will enhance natural disaster preparedness, where investments in information systems are required to improve weather forecasting and early warning systems and to protect lives and infrastructure. Promotion of digital literacy among citizens under Outcome 2, particularly for women, rural and remote communities and vulnerable groups, will enhance livelihoods and opportunities for decent employment under Outcome 1, as well as their access to and use of e-government services which are supported under Outcome 4.

Each of the Outcomes includes gender-based and gender-responsive strategies and objectives, further reinforcing the interdependence and synergies between empowerment of women and girls which will make a crucial contribution to progress across all Strategic Priorities and Outcomes of this Cooperation Framework. Embedded within each of the Outcomes is a focus on strategically supporting Bhutan to effectively monitor progress towards the SDGs, including gaps in key sectors.

As part of its normative role within the Cooperation Framework, as outlined under Outcome 4, the United Nations will continue to support the Government in its efforts to meet implementation, monitoring and reporting obligations as a state party to key human rights instruments, along with a wide range of environment-related commitments at the global and regional level. Human rights recommendations and concluding observations will further inform the planning and implementation of UN programming collaboration across all four Outcomes.

2.5 Sustainability

The sustainability of the impact of this UNSDCF is ensured through its full alignment with the national development priorities as articulated in the draft 13th Five-Year Plan.

The UN will coordinate its work with the Government, national stakeholders, other multilateral institutions and the international community through the government-led development coordination architecture, including the Joint Steering Committee for the Cooperation Framework. The UN system intends to build upon its trusted position to leverage partnerships and ensure full involvement and buy-in from all international partners for the implementation and sustainability of actions supported under the UNSDCF.

Building on the lessons learned from the evaluation of the UNSDPF 2019 - 2023, the UN is committed to ensuring much greater emphasis on integrated programming and joint programming through collective action with collective funding. The UNSDCF is also intended to help the UNCT in Bhutan to focus more strategically rather than spreading resources and actions too thinly. Consistent with the 2018 General Assembly resolution on the Repositioning of the UN Development System and the enhanced role of the UNSDCFs, all UN entity development programming support in Bhutan now derives from and contributes to the overall strategic directions of this UNSDCF, which therefore encompasses all UN development programming cooperation in the country.
2.6. UN comparative advantages and UNCT configuration

The United Nations system in Bhutan is committed to leveraging its comparative advantages to work jointly and more efficiently with the Government and all other actors to achieve the objectives set out in the Cooperation Framework Outcomes. In Bhutan, these comparative advantages are reflected in:

- The United Nations system’s understanding of the development context in Bhutan, owing to its long presence in the country and its balance of international and national professionals. This long-standing presence has led the United Nations system to build solid strategic and technical cooperation with the Government and other partners that places it as a trusted and credible partner.

- The United Nations system is recognised by Government, development partners, civil society organisations and more broadly by the people in Bhutan as a neutral partner which impartially upholds the respect of international commitments, norms and standards.

- As elsewhere, the United Nations system in Bhutan has a unique approach to effective development. This development approach is people-centred, especially for vulnerable groups, and is based on key programming principles: *leaving no one behind*, a human rights-based approach, gender equality, resilience, sustainability, transparency and accountability.

- The United Nations system in Bhutan has wide outreach and can mobilize internally, regionally and at the global level a range of high-quality technical expertise and knowledge resources to address complex challenges that need to be overcome to ensure the achievement of the goals of the UNSDCF Outcomes towards the aims of the draft 13th Five-Year Plan.

- Unlike others, the UN system and its individual entities are not donors but serve as development partners with critical but limited direct funding, the ability to identify and leverage innovative SDG financing (public, private and blended) and the ability to support the engagement of other actors to contribute to the country’s sustainable development.

To effectively deliver on its commitments under this Cooperation Framework, the UN Country Team configuration was reviewed, following the “needs-based, tailored, country presence” principle called for in the UN Development System repositioning resolution. The configuration exercise was carried out among all UN entities that signalled intent to deliver on the UNSDCF commitments – those physically present in the country, those contributing remotely and those with mandates beyond purely developmental. The overall assessment is that the UNCT, in its current form, will continue to employ its technical, functional and operational expertise and maintain its current business models – either being physically present or as a contributing non-resident agency which participates as a full member of the UNCT and its coordination mechanisms.

| UN Entity | Outcome 1: By 2028, Bhutan has sustainable and diversified economic growth, decent employment and livelihoods and shared prosperity. | Outcome 2: By 2028, people in Bhutan benefit from strengthened quality, inclusive and lifelong social services and practices. | Outcome 3: By 2028, Bhutan’s environment remains sustainably managed, and its people are more resilient to disaster risks and climate change. | Outcome 4: By 2028, Bhutan has more inclusive, transparent and accountable governance and rule of law. |
While the main responsibility for the implementation of the Cooperation Framework will rest with the UNCT members, additional expertise from other UN entities across the broader UN system, including at the regional and global levels, can be mobilized to provide support as necessary, facilitated by the Resident Coordinator. This additional expertise will strengthen the ability of the UN to be a provider of cutting-edge advice and support in response to dynamic situations and to grasp opportunities to accelerate sustainable development.

Drawing on its cross-agency synergistic advantage, the UN in Bhutan will thus support realization of Agenda 2030 in line with the country’s vision and national priorities under the draft 13th Five-Year Plan. In its reconfigured shape, the UNCT, working with other development partners, is well placed to support the Government in achieving the nation’s 2034 vision of a “High Income Economy - a healthy, prosperous and secure Bhutan” which leaves no-one behind.

CHAPTER 3: COOPERATION FRAMEWORK IMPLEMENTATION PLAN

3.1 Governance

The Royal Government of Bhutan and the UNCT will hold each other mutually accountable for the implementation of the UNSDCF. That accountability will have three levels. The Joint Steering Committee (JSC) is the highest level of leadership. Co-chaired by the Secretary of the Ministry of Finance and the UN Resident Coordinator, the JSC is responsible for providing strategic direction and ensuring the UNSDCF’s alignment with national development priorities and other relevant regionally and internationally agreed developmental agendas. The JSC provides oversight and monitors the implementation of the agreed outcomes. It meets annually to review progress in implementation, as well as forward planning for the following year.

The second level comprises four Joint Results Groups: one for each of the four UNSDCF Outcomes. Reporting to the JSC, they consist of officials nominated by Government and senior staff of UN entities.
contributing to each specific Outcome. The Joint Results Groups are co-chaired by a nominated senior government official and the head of a UN agency. The Joint Results Groups are responsible for development, implementation, monitoring and reporting on their respective Joint Workplan.

The third level is the United Nations Country Team, which comprises the leadership of both resident and non-resident UN entities that have signed the UNSDCF. The UN Resident Coordinator is the lead for the UNCT and is responsible for the UN’s system-wide oversight and implementation of the UNSDCF at the Outcome level and through the Joint Workplans.

3.2 Implementation strategy and strategic partnerships
Implementation of the Cooperation Framework will reflect the contemporary relationship between the Royal Government of Bhutan and the United Nations development system in collaborating to achieve the national development priorities and the SDGs. The Cooperation Framework was co-designed by the Government and the UN to ensure alignment with national priorities. At the implementation stage, ongoing discussions with the Government will ensure that the Cooperation Framework remains aligned to national priorities, even within a shifting context.

The UN will build upon ongoing successful relationships and actively pursue a range of strategic, innovative and operational partnerships to advance the priorities identified in the Cooperation Framework and will help to drive transformational and systemic change toward sustainable development. The UN is committed to providing the support required to address the needs of the Government and the most vulnerable and will ensure that the Outcomes of the Cooperation Framework will continue to be aligned with the priorities of the Government.

The United Nations system will support the achievement of the Cooperation Framework Outcomes through a wide range of implementation strategies, including:

- Strategic advice, evidence-based analysis, research and technical inputs to support addressing national development challenges.
- Advocacy, technical assistance and capacity building of government institutions and civil society organizations to strengthen delivery of actions to achieve the national development priorities.
- Convening international partners and relevant global actors to foster dialogue and action towards greater cooperation, leading to accelerated development impact and results.
- Designing innovative solutions to development challenges with Government, the private sector and civil-society organizations, including greater digitalization.
- Identification of and facilitation of innovative financing opportunities for sustainable development in Bhutan.
- Leveraging global and regional networks and platforms to strengthen development cooperation and knowledge and experience sharing between Bhutan and other countries.

The UN will utilize a wide range of joint working approaches in delivering on the ambitious multisectoral outcomes of the Cooperation Framework. These will include joint projects and programmes where relevant, joint programming, joint advocacy and communications, coordinated implementation where relevant, as well as different joint funding modalities. The Government will support the UN system agencies’ efforts to raise funds required to meet the needs of this Cooperation Framework and will cooperate with the UN system agencies including: encouraging potential donor governments to make available to the UN system agencies the funds needed to implement unfunded
components of the programme; endorsing the UN system agencies’ efforts to raise funds for the programme from other sources, including the private sector, both internationally and in Bhutan.

3.3 Joint workplans
Following formal approval by the Royal Government of Bhutan of this UNSDCF, a budgeted Joint Workplan (JWP) will be finalised to support the realisation of the priorities and Outcomes for the five-year implementation period. For effective implementation of the Cooperation Framework, the United Nations contributions to the achievement of each of the four Outcomes will be through a set of Outputs. These concrete and measurable Outputs will enable the attribution of the United Nations contribution to national priorities. As the social, political and economic context are subject to change over time, the Cooperation Framework has an adaptive approach, allowing for adjustments to achieve expected results in an evolving operating environment. While the Cooperation Framework Outcomes will remain constant for the duration of the cycle, the Outputs can be updated and adjusted to remain relevant.

UN agencies and entities supporting Bhutan will align their programmes with the UNSDCF and its coordination, management and reporting arrangements. The country programme instruments of the UN entities will come together in a JWP for each of the four UNSDCF Outcomes. The JWP will capture the UNSDCF outcomes and outputs, the funding framework, resources, SDG targets and indicators, gender equality, human rights, disability-inclusivity and any other system-wide markers. Agencies will contribute to Outputs through entity-specific programmatic sub-outputs. The JWP will help translate outcomes into concrete, measurable and time-bound outputs that provide clear, normative and operational linkages to enable the attribution of the UN contribution to national priorities. The JWP, prepared with all UNCT members contributing to the Outcome irrespective of physical presence, will reduce fragmentation, help to avoid duplication and will ensure the coherence and synergy of the entities’ collective programming. Additionally, formulation of the JWP will ensure mainstreaming of the principles of leave no one behind, gender equality, human rights and other cross-cutting themes, in terms of both programmes and resource allocation and partnerships. The JWP will be discussed among Results Groups to ensure that gaps, overlaps and potentials for synergy and joint programmes are identified and responded to as appropriate.

The JWP will be approved by the JSC on an annual basis. The approved JWP will be the basis for the Annual Performance Review to ensure they respond to the evolving country context and feed directly into the preparation of the annual UN Country Results Report.

3.4 Cooperation Framework Monitoring and Evaluation
Implementing Partners agree to cooperate with the UN system agencies for monitoring all activities supported by cash transfers and will facilitate access to relevant financial records and personnel responsible for the administration of cash provided by the UN system agencies. To that effect, Implementing Partners agree to the following:

1. Periodic on-site reviews and spot checks of their financial records by the UN system agencies or their representatives, as appropriate, and as described in specific clauses of their engagement documents/contracts with the UN system agencies.
2. Programmatic monitoring of activities following the UN system agencies’ standards and guidance for site visits and field monitoring.
3. Special or scheduled audits. Each UN organization, in collaboration with other UN system agencies (where so desired and in consultation with the respective coordinating Ministry) will
establish an annual audit plan, giving priority to audits of Implementing Partners with large amounts of cash assistance provided by the UN system agencies, and those whose financial management capacity needs strengthening.

3.4 Resourcing the UNSDCF
Implementation of the UNSDCF is contingent upon the availability of funding and other resources to be mobilized. Following the signing of the UNSDCF, the UNCT will develop a Funding Framework for the Cooperation Framework to serve as a financial planning and management tool. This will consolidate the agreed, costed results of the UNSDCF – including operations and communications – for the entire programme cycle. As per the UNSDCF Funding and Financing Guidance, the Funding Framework will have two levels: (i) a multiyear Funding Framework covering the entire duration of the UNSDCF; and (ii) annualized Funding Frameworks, continuously monitored and updated as part of the annual JWP sets. The Funding Framework will provide an overall picture of the required amounts, available resources and financial gaps. It is anticipated that the overall required five-year funding will be in excess of US$200 million.
# ANNEX 1: UNSDCF RESULTS MATRIX

## OUTCOME 1:
By 2028, BHUTAN HAS SUSTAINABLE AND DIVERSIFIED ECONOMIC GROWTH, DECENT EMPLOYMENT AND LIVELIHOODS AND SHAREDProsperity.

### Contributing to the draft 13th Five-Year Plan:
Strategic Objective 1: ECONOMIC DEVELOPMENT
Outcome 1: By 2029, Bhutan has enhanced productivity and diversified products and markets driving economic growth.

### Contributing UN agencies:
FAO, IFAD, ITC, UNDP, UN-ESCAP, UNESCO, UNICEF, UNIDO, WFP

### Government partners:

### Other partners:
Academia, private sector, CSOs

<table>
<thead>
<tr>
<th>Outcome Indicator</th>
<th>Baseline</th>
<th>Target 2028</th>
<th>Data Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Minimum number of new jobs created annually in the digital economy.</td>
<td>Not Applicable</td>
<td>1,000 annually</td>
<td>Labour Force Survey</td>
</tr>
<tr>
<td>2. Trade balance deficit as percentage of GDP</td>
<td>34.35% (2022)</td>
<td>Under 20%</td>
<td>National Accounts Statistics</td>
</tr>
<tr>
<td>3. Foreign Direct Investment amount</td>
<td>Nu 43.62 billion</td>
<td>Nu 100 billion</td>
<td>Ministry of Industry, Commerce and Employment - FDI Annual Report</td>
</tr>
<tr>
<td>4. Percentage of private sector investment.</td>
<td>~40% (est. 2019)</td>
<td>Over 50%</td>
<td>National Accounts Statistics</td>
</tr>
<tr>
<td>5. Share of existing sectors with growth potential to GDP (construction, forestry, tourism, agriculture, energy)</td>
<td>Construction:7.88%</td>
<td>Construction:15.76%</td>
<td>National Accounts Statistics</td>
</tr>
<tr>
<td></td>
<td>Forestry:2.58%</td>
<td>Forestry:5.16%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tourism: NA</td>
<td>Tourism:10%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Agriculture (crops &amp; livestock): 12.09%</td>
<td>Agriculture (crops &amp; livestock): 24.18%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Energy:13.40%</td>
<td>Energy:26.8%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(2022)</td>
<td>(2022)</td>
<td></td>
</tr>
</tbody>
</table>
6. Contribution to GDP from climate financing and carbon trading
   - US$50 Million (2022)
   - US$100 Million
   National Accounts Statistics

7. Percentage in Improvement in productivity (GDP/ labour force)
   - Nu 476100 (2022)
   - 100% (Nu. 952200)
   National Accounts Statistics & Labour Force Survey

8. Existence of adopted and implemented investment promotion regimes in Bhutan
   - No
   - Yes
   Administrative data

9. Existence of a developed and operationalized national strategy for youth employment, as a distinct strategy or as part of a national employment strategy.
   - No
   - Yes
   Administrative data

OUTCOME 2:
BY 2028, PEOPLE IN BHUTAN BENEFIT FROM STRENGTHENED QUALITY, INCLUSIVE AND LIFELONG SOCIAL SERVICES, AND PRACTICES.

Contributing to the draft 13th Five-Year Plan:
Strategic Objective 2: SOCIAL DEVELOPMENT
Outcome 1: More Bhutanese enjoy improved health and well-being.
Outcome 2: More Bhutanese equitably access and benefit from quality and wholesome education and lifelong learning.
Outcome 3: Bhutan has an operational shock-responsive, inclusive, and comprehensive social protection system.

Contributing UN agencies: FAO, UNDP, UNESCAP, UNESCO, UNFPA, UNICEF, UNODC, UN-TECHNOLOGY BANK, WFP, WHO


Other partners: Academia: Gyalpo University of Medical Sciences of Bhutan (KGUMSB), Jigme Singye Wangchuck School of Law (JSWSL); CSOs; private sector, media.

Outcome Indicator

<table>
<thead>
<tr>
<th>Outcome Indicator</th>
<th>Baseline</th>
<th>Target 2028</th>
<th>Data Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Health Index (composite indicator)</td>
<td>83.7 (2022)</td>
<td>90</td>
<td>Annual Health Bulletin</td>
</tr>
<tr>
<td></td>
<td>Gap between preferred/intended and actual number of children</td>
<td>(2022)</td>
<td>(2034)</td>
</tr>
<tr>
<td>---</td>
<td>----------------------------------------------------------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>3. Mental Health Index (composite indicator)</td>
<td>21.5</td>
<td>58.6</td>
<td>Annual Health Bulletin</td>
</tr>
</tbody>
</table>
| 4. Net Enrolment Ratio  
| a. ECCD | 38.6% | 100% | Annual Education Statistics |
| b. Basic education | 91.6% | 100% | |
| 5. Gross Enrolment Ratio in tertiary education within Bhutan | 31.4% | 40% | Annual Education Statistics |
| 6. Existence of a functioning comprehensive social protection system. | No | Yes | Administrative data |

**OUTCOME 3:**  
**BY 2028, BHUTAN'S ENVIRONMENT REMAINS SUSTAINABLY MANAGED AND ITS PEOPLE ARE MORE RESILIENT TO DISASTER RISKS AND CLIMATE CHANGE.**

**Contributing to the draft 13th Five-Year Plan:**  
**Strategic Objective 3: SECURITY**  
Outcome 1: Safety and security threats and disaster risks to the country, its economy, infrastructure, institutions, and people are mitigated and managed.

**Contributing UN agencies:** FAO, UNCDF, UNDP, UNDRR, UNEP, UN-ESCAP, UNESCO, UNFPA, UNICEF, UNIDO, WFP


**Other partners:** Private sector, CSOs

<table>
<thead>
<tr>
<th>Outcome Indicator</th>
<th>Baseline</th>
<th>Target 2028</th>
<th>Data Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Area of forests sustainably managed to maximize economic and social benefits.</td>
<td>264,3542 Ha</td>
<td>275,3542 Ha</td>
<td>National Forest Inventory/Department of Forests and Park Services</td>
</tr>
<tr>
<td>2. Number of technology-driven, efficient and reliable geohazard and hydromet information and services made available.</td>
<td>289 (2023)</td>
<td>332</td>
<td>Annual Report-National Centre for Hydrology and Meteorology</td>
</tr>
</tbody>
</table>
### 3. Existence of national emergency management and contingency plan.
- **Baseline:** No
- **Target 2025:** Yes
- **Data Source:** Ministry of Home Affairs - Administrative data

### 4. Essential food, medical items and other essentials are accessible, affordable and available at all times.
- **Baseline:** No
- **Target 2025:** Yes
- **Data Source:** Ministry of Health/Ministry of Agriculture and Livestock - Administrative data

### 5. Number of deaths, missing persons, and directly affected persons attributed to disasters per 100,000 population.
- **2023 Data:** 248/100,000
- **Target 2025:** Under 248/100,000
- **Data Source:** Dept. of Local Governance and Disaster Management, Ministry of Home Affairs - Administrative data

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**OUTCOME 4:**
**BY 2028, BHUTAN HAS MORE INCLUSIVE, TRANSPARENT AND ACCOUNTABLE GOVERNANCE AND RULE OF LAW.**

**Contributing to the draft 13th Five-Year Plan:**
- **Strategic Objective 4:** GOVERNANCE
- **Outcome 2:** Bhutan’s public sector is a more dynamic results-oriented agent of transformation, demonstrating effectiveness, accountability, and robust management of the economy.
- **Outcome 3:** Bhutan's state institutions ensure inclusive, effective and accessible justice, transparent rule of law and public oversight.

**Contributing UN agencies:** FAO, UNCDF, UNDP, UN-ESCAP, UNESCO, UNFPA, UNICEF, UNODC, WFP, WHO

**Government partners:** Ministry of Finance, Ministry of Home Affairs, Ministry of Foreign Affairs and External Trade, Ministry of Agriculture and Livestock, Ministry of Industry, Commerce and Employment, Government Technology Agency/GovTech, Royal Civil Service Commission, Parliament, Office of Cabinet Affairs and Strategic Coordination, Royal Court of Justice, Office of Attorney-General, National Statistics Bureau, Royal Bhutan Police, Royal Audit Authority, Anti-Corruption Commission, Election Commission of Bhutan, Local Governments, Ministry of Education and Skills Development (NCWCS), Jigme Singye Wangchuck School of Law, Bhutan National Legal Institute

**Other partners:** CSOs, media

<table>
<thead>
<tr>
<th>Outcome Indicator</th>
<th>Baseline</th>
<th>Target 2028</th>
<th>Data Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Existence of an operationalized comprehensive, predictive data and analytics system operationalized at the national level.</td>
<td>No</td>
<td>Yes</td>
<td>Administrative data</td>
</tr>
<tr>
<td>2. Existence of integrated Civil Registration &amp; Vital Statistics system in line with international standards</td>
<td>No</td>
<td>Yes</td>
<td>National Statistics Bureau - Administrative data</td>
</tr>
<tr>
<td>---</td>
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<td>---</td>
<td>---</td>
</tr>
<tr>
<td>3. GovTech Maturity Index</td>
<td>High - 0.595 (2022)</td>
<td>Very High - over 0.75</td>
<td>World Bank - GovTech Maturity Index Survey Report</td>
</tr>
<tr>
<td>4. Digital Citizen Engagement Index</td>
<td>Medium - 0.317 (2022)</td>
<td>Very High - over 0.75</td>
<td>World Bank - GovTech Maturity Index Survey Report</td>
</tr>
<tr>
<td>5. Rule of Law Score</td>
<td>72.12% (2021)</td>
<td>80%</td>
<td>Judiciary - Annual Report</td>
</tr>
<tr>
<td>7. National Integrity Score</td>
<td>8.01 (2022)</td>
<td>9</td>
<td>ACC - National Integrity Assessment Survey</td>
</tr>
<tr>
<td>8. Corruption Perception Index</td>
<td>68 (2022)</td>
<td>Over 73</td>
<td>Transparency International</td>
</tr>
<tr>
<td>9. Proportion of women’s representation in decision making:</td>
<td></td>
<td></td>
<td>Electoral Commission of Bhutan</td>
</tr>
<tr>
<td>a. Parliament</td>
<td>a. 14.5%</td>
<td>a.20%</td>
<td></td>
</tr>
<tr>
<td>b. Local government</td>
<td>b. 12.6%</td>
<td>b.20%</td>
<td></td>
</tr>
</tbody>
</table>
ANNEX 2: LEGAL ANNEX

1. Whereas the Government of Bhutan (the “Government”) has entered into the agreements listed below with the United Nations, including its Funds, Programmes and other subsidiary organs, and other organizations of the United Nations system (“UN System Organizations”), which are applicable to their programme activities in Bhutan (the “UN Agreements”) under the United Nations Sustainable Development Cooperation Framework (the “Cooperation Framework”);

2. Whereas the UN Agreements, together with the Convention on the Privileges and Immunities of the United Nations of 13 February 1946 (the “General Convention”) and/or the Convention on the Privileges and Immunities of the Specialized Agencies of 21 November 1947 (the “Specialized Agencies Convention”) as applicable, form the primary existing legal basis for the relationship between the Government and each UN System Organization for supporting the country to deliver on the Cooperation Framework, and are non-exhaustive and without prejudice to any other legal instruments the Government may enter into, including additional agreements with UN System Organizations for the purpose of their activities in the country.

a) With the United Nations Development Programme (UNDP), a basic agreement to govern UNDP’s assistance to the country, which was signed by the Government and UNDP (the “Standard Basic Assistance Agreement” (SBAA) on 14 July 1978. This Cooperation Framework, together with a joint results group work plan specifying UNDP programme activities further to this Cooperation Framework (which shall form part of this Cooperation Framework and is incorporated herein by reference), constitute together a “project document” as referred to in the SBAA. The implementing partner and UNDP will sign a project agreement containing the specific arrangements for each project further to the relevant project document.


c) With the World Food Programme (WFP), a Basic Agreement concerning assistance from the World Food Programme, which Agreement was signed by the Government and WFP on 22 March 2004.

d) With the United Nations Population Fund (UNFPA), an agreement concluded by an exchange of letters, which entered into force on 14 July 1978, pursuant to which the standard basic assistance agreement between the Government and the United Nations Development Programme shall mutatis mutandis apply to UNFPA in the country.

e) With the Food and Agriculture Organization of the United Nations (FAO), an Agreement for the establishment of the FAO Representation in Bhutan concluded between the Government and FAO on 19 May 1984.

f) With the World Health Organization (WHO), a Basic Agreement for the Provision of Technical Advisory Assistance signed by the Government and WHO on 3 January 1983.

g) With the United Nations Capital Development Fund (UNCDF), a Basic Agreement signed by the Government and UNDCF on 11th June 1982.
h) With the United Nations Office on Drugs and Crime (UNODC), through the Regional Programme for South Asia.

3. With respect to all UN System Organizations: Assistance to the Government shall be made available and shall be furnished and received in accordance with the relevant and applicable resolutions, decisions, rules and procedures of each UN System Organization.

4. Without prejudice to the above, the Government shall:
   (i) apply to each UN System Organization and its property, funds, assets, officials and experts on mission the provisions of the General Convention and/or the Specialized Agencies Convention; and
   (ii) accord to each UN System Organization, its officials and other persons performing services on behalf of that UN System Organization, the privileges, immunities and facilities set out in the UN Agreement applicable to such UN System Organization.

5. United Nations Volunteers performing services on behalf of a UN System Organization shall be entitled to the privileges and immunities accorded to officials of such UN System Organization.

6. Any privileges, immunities and facilities granted to a UN System Organization under the Cooperation Framework shall be no less favourable than those granted by the Government to any other UN System Organization signatory of the Cooperation Framework.

7. Without prejudice to the UN Agreements, the Government shall be responsible for dealing with any claims which may be brought by third parties against any of the UN System Organizations and their officials, experts on mission or other persons performing services on their behalf, and shall hold them harmless in respect of any claims and liabilities resulting from operations under the Cooperation Framework, except where it is mutually agreed by the Government and the relevant UN System Organization(s) that such claims and liabilities arise from gross negligence or misconduct of that UN System Organization, or its officials, or persons performing services.

8. Nothing in or relating to this Cooperation Framework shall be deemed:
   (i) a waiver, express or implied, of the privileges and immunities of any UN System Organization; or
   (ii) the acceptance by any UN System Organization of the jurisdiction of the courts of any country over disputes arising from this Cooperation Framework, whether under the General Convention or the Specialized Agencies Convention, the UN Agreements, or otherwise, and no provisions of this Cooperation Framework shall be interpreted or applied in a manner, or to an extent, that is inconsistent with such privileges and immunities.
ANNEX 3: HARMONIZED APPROACH TO CASH TRANSFERS (HACT)

The Harmonized Approach to Cash Transfers (HACT) is a common operational framework implemented by some UN Agencies to govern transferring cash to government and non-government implementing partners. There are four agencies in Bhutan currently implementing HACT: UNDP, UNFPA, UNICEF and WFP.

The management of HACT subscribes to the following principles: (i) cost-effective management of risks; (ii) standardized and streamlined inter-agency practices; (iii) accountability and (iv) national ownership. It applies to all cash transferred to government and civil society partners.

All cash transfers to an Implementing Partner are based on the Work Plans agreed between the Government Implementing Partner and the UN system agencies.

Cash transfers for activities detailed in work plans can be made by the UN system agencies using the following modalities:

1. Cash transferred directly to the Implementing Partner:
   a. prior to the start of activities (direct cash transfer), or
   b. after activities have been completed (reimbursement).

2. Direct payment to vendors or third parties for obligations incurred by the Implementing Partners on the basis of requests signed by the designated official of the government and the Implementing Partner.

3. Direct payments to vendors or third parties for obligations incurred by UN system agencies in support of activities agreed with Implementing Partners.

Where cash transfers are made to a national institution, the national institution shall transfer such cash promptly to the Implementing Partner. Direct cash transfers shall be requested and released for programme implementation periods not exceeding three months. Reimbursements of previously authorized expenditures shall be requested and released quarterly or after the completion of activities. The UN system agencies shall not be obligated to reimburse expenditure made by the Implementing Partner over and above the authorized amounts.

Following the completion of any activity, any balance of funds shall be refunded or programmed by mutual agreement between the Implementing Partner and the UN system agencies. Cash transfer modalities, the size of disbursements and the scope and frequency of assurance activities may depend on the findings of a review of the public financial management capacity in the case of a Government Implementing Partner, and of an assessment of the financial management capacity of the non-UNImplementing Partners.

A qualified consultant, such as a public accounting firm, selected by the UN system agencies may conduct such an assessment, in which the Implementing Partner shall participate. The Implementing Partner may participate in the selection of the consultant. Cash transfer modalities, the size of disbursements, and the scope and frequency of assurance activities may be revised in the course of programme implementation based on the findings of programme monitoring, expenditure monitoring and reporting, and audits.
In case of direct cash transfer or reimbursement, the UN system agencies shall notify the Implementing Partner of the amount approved by the UN system agencies and shall disburse funds to the Implementing Partner within the number of days as per UN system agency schedule. In case of direct payment to vendors or third parties for obligations incurred by the Implementing Partners on the basis of requests signed by the designated official of the Implementing Partner, or to vendors or third parties for obligations incurred by the UN system agencies in support of activities agreed with Implementing Partners, the UN system agencies shall proceed with the payment within the number of days as agreed by the UN system agency.

The UN system agencies shall not have any direct liability under the contractual arrangements concluded between the Implementing Partner and a third-party vendor.

Where one UN system agency and other UN system agencies provide cash to the same Implementing Partner, programme monitoring, financial monitoring and auditing will be undertaken jointly or coordinated with those UN system agencies.

A standard Fund Authorization and Certificate of Expenditures (FACE) report reflecting the activity lines of the work plan (WP) will be used by Implementing Partners to request the release of funds, or to secure the agreement that the UN organization will reimburse or directly pay for planned expenditure. The Implementing Partners will use the FACE to report on the utilization of cash received.

The Implementing Partner shall identify the designated official(s) authorized to provide the account details, request and certify the use of cash. The FACE will be certified by the designated official(s) of the Implementing Partner. Cash transferred to Implementing Partners should be spent for the purpose of activities and within the timeframe as agreed in the work plans only.

Cash received by the Government and national non-governmental organization (NGO)/CSO Implementing Partners shall be used in accordance with established national regulations, policies and procedures consistent with international standards, in particular ensuring that cash is expended for activities as agreed in the work plans and ensuring that reports on the utilization of all received cash are submitted to the UN organization within six months after receipt of the funds. Where any of the national regulations, policies and procedures are not consistent with international standards, the UN system agency financial and other related rules and system agency regulations, policies and procedures will apply.

In the case of international NGO/CSO and intergovernmental organization Implementing Partners, cash received shall be used in accordance with international standards, in particular ensuring that cash is expended for activities as agreed in the workplans and ensuring that reports on the full utilization of all received cash are submitted to the UN organization within six months after receipt of the funds. To facilitate scheduled and special audits, each Implementing Partner receiving cash from a UN organization will provide UN system agency or its representative with timely access to:

(i) All financial records which establish the transactional record of the cash transfers provided by the UN system agency, together with relevant documentation.

(ii) All relevant documentation and personnel associated with the functioning of the Implementing Partner’s internal control structure through which the cash transfers have passed.
The audits will be commissioned by the UN system agencies and undertaken by private audit services. The findings of each audit will be reported to the Implementing Partner and the UN organization. Each Implementing Partner will furthermore:

(i) Receive and review the audit report issued by the auditors.
(ii) Provide a timely statement of the acceptance or rejection of any audit recommendation to the UN organization that provided cash so that the auditors include these statements in their final audit report before submitting it to the UN organization.
(iii) Undertake timely actions to address the accepted audit recommendations. Report on the actions taken to implement accepted recommendations to the UN system agencies on a quarterly basis (or as otherwise agreed).
### ANNEX 4: SNAPSHOT OF TRENDS IN SDG INDICATORS OF BHUTAN (2023)

<table>
<thead>
<tr>
<th>Performer</th>
<th>Stagnant</th>
<th>Regressing</th>
<th>Insufficient data</th>
</tr>
</thead>
<tbody>
<tr>
<td>54</td>
<td>72</td>
<td>20</td>
<td>32</td>
</tr>
</tbody>
</table>

#### 1.1 International poverty

- **72**: Data available and up to date.
- **20**: Data available but not up to date.
- **32**: Data not available.

#### 1.2 National poverty

#### 1.3 Social protection

#### 1.4 Access to basic services

#### 1.5 Resilience to disasters

#### 1.6 Resources for poverty programs

#### 1.7 Undernourishment and food sec.

#### 1.8 Malnutrition

#### 1.9 Small-scale food producers

#### 1.10 Sustainable agriculture

#### 1.11 Genetic resources for agriculture

#### 1.12 Investment in agriculture

#### 1.13 Agricultural export subsidies

#### 1.14 Food price anomalies

#### 1.15 Maternal mortality

#### 1.16 Child mortality

#### 1.17 Communicable diseases

#### 1.18 Non-communicable diseases

#### 1.19 Substance abuse

#### 1.20 Road traffic accidents

#### 1.21 Sexual & reproductive health

#### 1.22 Universal health coverage

#### 1.23 Health impact of pollution

#### 1.24 Tobacco control

#### 1.25 R&D for health

#### 1.26 Health financing & workforce

#### 1.27 Management of health risks

#### 1.28 Effective learning outcomes

#### 1.29 Early childhood development

#### 1.30 TVET & tertiary education

#### 1.31 Skills for employment

#### 1.32 Equal access to education

#### 1.33 Adult literacy & numeracy

#### 1.34 Sustainable development educa.

#### 1.35 Education facilities

#### 1.36 Scholarships

#### 1.37 Qualified teachers

#### 1.38 Discrimination against women &

#### 1.39 Violence against women & girls

#### 1.40 Early marriage

#### 1.41 Unpaid care and domestic work

#### 1.42 Women in leadership

#### 1.43 Reproductive health access & rig.

#### 1.44 Equal economic rights

#### 1.45 Technology for women empow.

#### 1.46 Gender equality policies

#### 1.47 Safe drinking water

#### 1.48 Access to sanitation & hygiene

#### 1.49 Water quality

#### 1.50 Water-use efficiency

#### 1.51 Transboundary water cooperat.

#### 1.52 Water-related ecosystems

#### 1.53 Int. cooperation on water & sani.

#### 1.54 Participate in water & sani. clc.

#### 7.1 Access to energy services

#### 7.2 Share of renewable energy

#### 7.3 Energy efficiency

#### 7.4 Int. cooperation on energy

#### 7.5 Investing in energy infrastructure

#### 8.1 Per capita economic growth

#### 8.2 Economic productivity & innovation

#### 8.3 Small & medium enterprises

#### 8.4 Material resource efficiency

#### 8.5 Full employment & decent work

#### 8.6 Youth NEET

#### 8.7 Child & forced labour

#### 8.8 Labour rights & safe working env.

#### 8.9 Sustainable tourism

#### 8.10 Access to banking and financial serv.

#### 8.11 Aid for Trade

#### 8.12 Strategy for youth employment

#### 9.1 Infrastructure development

#### 9.2 Sustainable/inclusive industrializat.

#### 9.3 Access to finance by small-scale in.

#### 9.4 Sustainable & clean industries

#### 9.5 Research and development

#### 9.6 Resilient infrastructure

#### 9.7 Domestic technology development

#### 9.8 Access to ICT & the internet

#### 10.1 Income growth (bottom 40%)

#### 10.2 Inclusion (social, economic & polit.

#### 10.3 Eliminate discrimination

#### 10.4 Fiscal, wage & social protection pol.

#### 10.5 Regulation of financial markets

#### 10.6 Inclusive global governance

#### 10.7 Safe migration & mobility

#### 10.8 Special & differential treatment ...

#### 10.9 Resource flows for development

#### 10.10 Remittance costs

#### 11.1 Housing & basic services

#### 11.2 Public transport systems

#### 11.3 Sustainable urbanization

#### 11.4 Cultural & natural heritage

#### 11.5 Resilience to disasters

#### 11.6 Urban air quality & waste mgmt.

#### 11.7 Urban green & public spaces

#### 11.8 Urban planning

#### 11.9 Disaster risk management policies

#### 11.10 Sustainable & resilient buildings

#### 12.1 Sustainable consumption & produc.

#### 12.2 Sustainable use of natural resourc.

#### 12.3 Food waste & losses

#### 12.4 Managing chemicals & wastes

#### 12.5 Reduction in waste generation

#### 12.6 Corporate sustainable practices

#### 12.7 Public procurement practices

#### 12.8 Sustainable development awareness

#### 12.9 Support for R&D capacity for SD

#### 12.10 Sustainable tourism monitoring

#### 12.11 Fossil-fuel subsidies

#### 13.1 Resilience & adaptive capacity

#### 13.2 Climate change policies

#### 13.3 Climate change awareness

#### 13.4 UNFCCC commitments

#### 13.5 Climate change planning & mgmt.

#### 14.1 Marine pollution

#### 14.2 Marine & coastal ecosystems

#### 14.3 Ocean acidification

#### 14.4 Sustainable fishing

#### 14.5 Conservation of coastal areas

#### 14.6 Fisheries subsidies

#### 14.7 Sustainable use of marine resourc.

#### 14.8 Research capacity & marine tech

#### 14.9 Small-scale artisanal fishing

#### 14.10 Implementing UNCLOS

#### 15.1 Terrestrial & freshwater ecosystem...

#### 15.2 Sustainable forests management

#### 15.3 Desertification and land degradat...

#### 15.4 Conservation of mountain ecosystem...

#### 15.5 Loss of biodiversity

#### 15.6 Utilization of genetic resource

#### 15.7 Trafficking of protected species

#### 15.8 Invasive alien species

#### 15.9 Biodiversity in national & local plt.

#### 15.10 Resources for biodiversity, ecosys...

#### 15.11 Resources for forest management

#### 15.12 Trafficking of protected species

#### 15.13 Reduction of violence & deaths

#### 15.14 Human trafficking

#### 15.15 Justice for all

#### 16.1 Illicit financial & arms flows

#### 16.2 Corruption and bribery

#### 16.3 Effective institutions

#### 16.4 Inclusive decision-making

#### 16.5 Inclusive global governance

#### 16.6 Legal identity

#### 16.7 Public access to information

#### 16.8 Capacity to prevent violence

#### 16.9 Non-discriminatory laws

#### 17.1 Tax & other revenue collection

#### 17.2 ODA commitment by dev. countr...

#### 17.3 Additional financial resources

#### 17.4 Debt sustainability

#### 17.5 Investment promotion for LDCs

#### 17.6 Science and technology int. coop...

#### 17.7 Transfer of technologies

#### 17.8 Capacity building for ICT

#### 17.9 Capacity building for SDGs

#### 17.10 Multilateral trading system (WTO)

#### 17.11 Exports of developing countries

#### 17.12 Duty-free market access for LDCs

#### 17.13 Global macroeconomic stability

#### 17.14 Policy coherence for SD

#### 17.15 Respect country’s policy space

#### 17.16 Global partnership for SD

#### 17.17 Partnerships (public, private, CSO)

#### 17.18 National statistics availability

#### 17.19 Statistical capacity