

རྒྱལ་ཁབ་ཕྱི་མ་ཞིབ་དབང་འཛིན།



ROYAL AUDIT AUTHORITY



Performance Audit Report on the Preparedness for Implementation of Sustainable Development Goals (SDGs)

OCTOBER 2018



DISCLAIMER NOTE

The Royal Audit Authority conducted the audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) based on the audit objectives and criteria determined in the audit plan and programme prepared by the Royal Audit Authority. The audit findings are based on our review and assessment of the information and documents made available by the GNHC.



རྒྱལ་ཁཚུངས་ཕྱི་སྐབ་དབང་འཛིན།

ROYAL AUDIT AUTHORITY

Bhutan Integrity House

Reporting on Economy, Efficiency & Effectiveness in the use of Public Resources



RAA/PSAD-SDGs/01/2017-18/2923

10th October 2018

Hon'ble Secretary
Gross National Happiness Commission
Thimphu

Subject: Performance Audit Report on the Preparedness for Implementation of Sustainable Development Goals (SDGs)

Sir,

Enclosed herewith, please find a copy of Performance Audit Report on the “*Preparedness for implementation of Sustainable Development Goals*”. The Royal Audit Authority (RAA) has conducted the audit as mandated by the Constitution of Kingdom of Bhutan and the Audit Act of Bhutan 2018.

The audit was conducted with the following objectives:

- i. To ascertain the adaption of 2030 Agenda by the Government into its national context;
- ii. To determine whether the Government has identified and secured the resources and capacities needed to implement the 2030 Agenda; and
- iii. To evaluate whether the Government has established a mechanism to monitor, follow-up, review and report on the progress towards the implementation of the 2030 Agenda.

The audit covered the period from the adoption of 2030 Agenda by the United Nations (UN) on 25 September 2015 to 31 March 2018. The report highlights significant accomplishments and initiatives as well as shortcomings and deficiencies observed by the RAA, as summarized in the executive summary and detailed in the **Part III** of the report.

The RAA has prepared the report based on the documents and data made available by the agencies and discussions held with relevant officials. The RAA shared the draft report with the relevant agencies and their responses are incorporated appropriately in this report.

The RAA is pleased to note that the Royal Government has already undertaken many important initiatives to implement SDGs and accordingly the Bhutan has been identified as an early mover country (SDG priority country) in the Asia Pacific Region. There are, however, certain matters, which warrant due attention and focus. These include need for clear policy directives and extensive mapping of SDGs activities and targets with five-year plans to ensuring that all relevant SDGs are achieved by 2030. Besides, focal agency should be strengthened to coordinate the implementation of SDGs with all stakeholders including non-governmental, marginalised and other groups as well as monitor the progress of implementation.

The RAA would appreciate receiving Management Action Plan (MAP) with definite timeframe for implementation of each audit recommendation on or before 31st January 2019. In line with the directives of the Parliament, the RAA will be fixing accountability on

the officials responsible to implement recommendations provided in the report. Therefore, we would request the Gross National Happiness Commission (GNHC) to identify officials responsible for implementation of each recommendation and submit the duly filled signed Management Action Plan (attached) to the RAA. In the event of non-submission of the Accountability Statement or responsible officials not identified, the RAA shall fix the responsibility for implementation of the recommendations on the Head of the Agency. The RAA will follow-up implementation of the recommendations based on the timeline identified in the Action Plan submitted by the GNHC. Failing to adhere to the timeframe for implementation of each recommendation may result in taking appropriate actions, which may include suspending audit clearances to the accountable officials

The RAA take this opportunity to acknowledge the co-operation and support extended by the officials of GNHC, NSB and other relevant agencies.

Yours sincerely,



(Tshering Kezang)

Auditor General

Coy to:

1. Hon'ble Lyonchhen, Royal Government of Bhutan, Thimphu;
2. Hon'ble Gyalpoi Zimpon, Office of Gyalpoi Zimpon, Tashichho Dzong, Thimphu;
3. Hon'ble Speaker, National Assembly, Thimphu;
4. Hon'ble Chairperson, National Council, Thimphu;
5. Hon'ble Opposition Leader, National Assembly, Thimphu;
6. Hon'ble Chairperson, Public Accounts Committee, National Assembly, Thimphu (enclosed five copies);
7. Hon'ble Chairperson, SDG Committee, National Assembl, Thimphu
8. Hon'ble Secretary, Cabinet Secretariat, Thimphu
9. Hon'ble Secretary, MoFA, Thimphu
10. Hon'ble Secretary, MoF, Thimphu
11. Director, GNHC, Thimphu
12. Director, NSB, Thimphu
13. Chief, PPD, GNHC, Thimphu
14. Office copy

TITLE SHEET

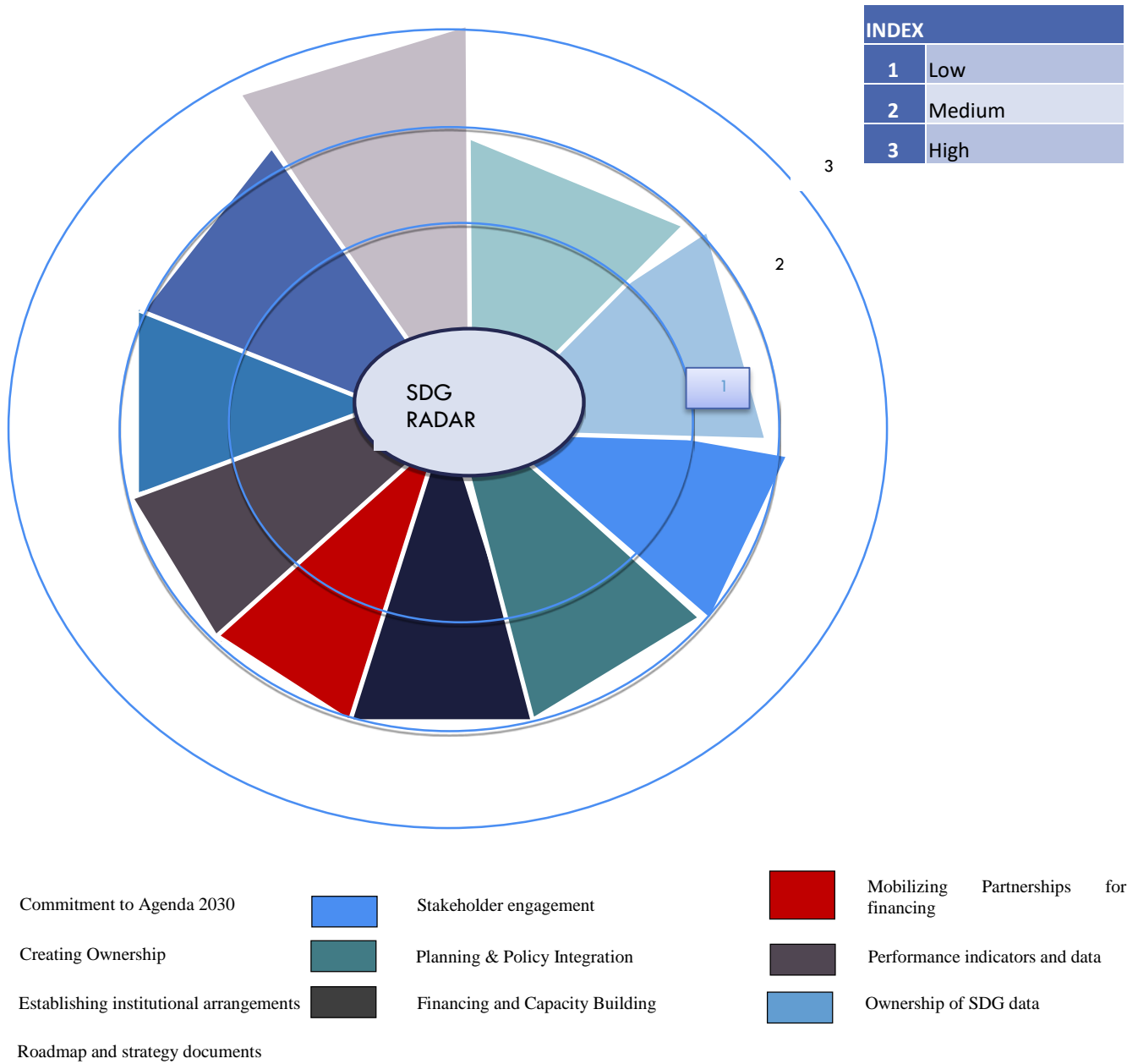
1	Title of the Report	:	Performance Audit on Preparedness for Implementation of Sustainable Development Goals
2	AIN	:	15228
3	Audited Entity	:	Gross National Happiness Commission
4	Schedule of Audit	:	15 January – 31 March 2018
5	Audit Team	1	Leki Tshering, Sr. Audit Officer
		2	Jigme Dema, Sr. Audit Officer
		3	Sherab Gyeltshen, Asstt. Audit Officer
6	Supervisor	:	Tashi Tobgay, Assistant Auditor General
7	Overall Supervisor	:	Chimi Dorji, Deputy Auditor General Department of Performance and Commercial Audit

Acronyms

AIN	Audit Identification Number
BLSS	Bhutan Living Standard Survey
CSO	Civil Society Organization
FYP	Five Year Plan
KPI	Key Performance Indicator
GNHC	Gross National Happiness Commission
HLPF	High Level Political Forum
ISSAI	International Standard of Supreme Audit Institution
LFS	Labour Force Survey
LGKRA	Local Government Key Result Areas
MoF	Ministry of Finance
MFA	Ministry of Foreign Affairs
MTR	Mid-Term-Review Report
NAS	National Accounts Statistics
NCD	Non Communicable Disease
NFIR	National Forest Inventory Report
NEC	National Environment Commission
NKRAS	National Key Result Areas
ODA	Official Development Assistance
PAG	Performance Audit Guidelines
PAR	Poverty Analysis Report
SAI	Supreme Audit Institution
SDGs	Sustainable Development Goals
SSDAR	Second Stage Disability Assessment Report
SKRAS	Sector Key Result Areas
RAA	Royal Audit Authority
RTM	Round Table Meeting Report
WWF	World Wild Life Fund
UN	United Nations
UNDP	United Nation Development Programme
UNICEF	United Nation International Children's Emergency Fund
VNR	Voluntary National Review
WoGA	Whole of Government Approach
WB	World Bank

CONTENTS

1.1	Audit Background.....	1
1.2	Audit Objectives	1
1.3	Audit Scope	1
1.4	Audit Approach	1
1.5	Audit Methodology.....	2
1.6	Sources of Audit Criteria	2
1.7	Audit Standards	2
1.8	Limitation of Audit	2
2.1	Background.....	3
2.3	Institutional Framework.....	4
2.4	Progress of SDGs in Bhutan.....	4
2.5	Chronology of events.....	6
Part I: Initiatives and Progressive Developments		7
Part II: Shortcomings and deficiencies		9
3.1 Adaption of 2030 Agenda into National Context		9
3.1.1	Creating National Ownership in the implementation of SDGs	9
3.1.2	Roadmap or strategy document to implement 2030 Agenda.....	10
3.1.3	Institutional arrangement	11
3.1.4	Integration of SDGs in the Five-Year Plans, Policies and Strategies	12
3.1.5	Stakeholder engagement.....	14
3.1.6	Prioritization of goals	15
3.2: Means to Implementation		18
3.2.1	Assessment in terms of financing and capacity building for the SDGs.....	18
3.2.2	Identification of responsible entity, cooperation and partnership opportunities for financing the SDGs.....	19
3.3: Monitoring, Follow-up and Review.....		21
3.3.1	Integrated monitoring, follow-up and review mechanism.....	21
3.3.2	Identification of specific agencies to monitor the SDGs	21
3.3.3	Performance indicators and availability of data.....	22
3.3.4	Awareness raising.....	23



Note * Indices are adopted from the audit findings presented in Part I & II of this report.

Executive Summary

As required under the Constitution of the Kingdom of Bhutan and the RAA's Strategic Plan, the RAA conducted '*Performance Audit on Preparedness for implementation of Sustainable Development Goals (SDGs)*'.

The RAA covered the preparedness activities undertaken by the Government for the implementation of SDGs upon adoption of 2030 Agenda by the UN on 25 September 2015 till 31st March, 2018.

The audit was conducted with the following objectives:

- ✚ To ascertain the adaption of 2030 Agenda by the Government into its national context;
- ✚ To determine whether the Government has identified and secured the resources and capacities needed to implement the 2030 Agenda; and
- ✚ To evaluate whether the Government has established a mechanism to monitor, follow-up, review and report on the progress towards the implementation of the 2030 Agenda.

The RAA observed positive accomplishments and initiatives as well as shortcomings and deficiencies. Some of the significant initiatives of the Royal Government of Bhutan in the implementation of SDG include:

- ✚ 2030 Agenda were accorded high priority for deliberation in the Parliament of Bhutan;
- ✚ Bhutan was identified as an early mover country (SDG priority country) in the Asia Pacific region;
- ✚ Bhutan has volunteered for the Voluntary National Review (VNR). The report was tabled during the High Level Political Forum (HLPF) in July 2018; and
- ✚ Bhutan has secured USD 40 million sinking fund to permanently protect Bhutan's 5-million-acre network of protected areas.

Notwithstanding these initiatives, the audit also revealed certain shortcomings and deficiencies in the preparedness for the implementation of SDGs.

Some of the deficiencies are highlighted below:

- ⊕ Since SDGs is an international commitment founded on the principles of national ownerships, inclusive and participatory, universal and leaving no one behind, it requires Gross National Happiness Commission (GNHC) to extend and integrate SDGs activities into the country's development plan. Thus, clear policy direction from the government was felt necessary in order to realize the intents of SDGs;

- ⊕ GNHC considers 12th Five Year Plan (FYP) as the first national strategy or action plan towards SDG implementation. However, it was observed that there is no separate action plan or roadmap to pursue SDGs. There is no definite timeframe identified to achieve each goal, no lead agency has been identified to anchor the responsibilities of implementing each goal as well as unclear contributors and collaborators in the implementations of SDGs. However, lead implementing agencies have been identified for NKRA and SKRA;
- ⊕ Though various committees and task forces under GNHC were constituted, such as, High Level SDG Committee, Lead Coordination Agency and SDG Working Committee, it does not have a separate dedicated division or unit staffed with adequate human resources to spearhead the SDGs initiatives. Further, there were no clear directives from the Government or the relevant authority on the need to have a separate and dedicated unit. It was also observed that the coordination mechanism to harmonize the activities initiated by various agencies were generally lacking. In addition, there was no formal Terms of References (ToR) for various committees and task forces constituted by the GNHC;
- ⊕ While the Five-Year Plan of the country, which is guided by the development philosophy of Gross National Happiness (GNH), finds a close resonance to the principles of SDGs, with overlapping ideals and intertwined activities, there may be a need for a separate mapping exercise to identify the gaps and complementing strengths. Therefore, the extent of integration of SDGs targets and indicators into national programs at outcome, output and activity levels were not clear;
- ⊕ The resources determined for the respective plans during the SDG period is deemed to form a significant portion for implementation of SDG activities. However, adequate assessment were not carried out to determine the financial and human resource requirement for the full implementation of SDGs. Financing is a critical component in ensuring the success of the 2030 Agenda.
- ⊕ The GNHC monitors the implementation of plans and programmes at the national level through annual status monitoring of the National Key Result Areas as well as through Mid-Term Review of the FYP. In addition, it also has Government Performance Management System (GPMS) and Annual Performance Agreement (APA) to monitor and review the progresses of annual plans and programs. However, there is no separate or integrated review and monitoring mechanism to track the progress of implementation of SDGs.

Therefore, the RAA is of the opinion that while Bhutan has accorded commitment from highest oversight institution in the country in taking forward 2030 Agenda and many visible progresses have been made towards its preparation for realization of Agenda, there are still some shortcomings that may impede effective implementation of SDGs as discussed above.

Thus, in order to effectively prepare and implement the SDGs, the RAA has provided five recommendations.

CHAPTER 1: ABOUT THE AUDIT

1.1 Audit Background

Article 25 (1) of the Constitution of the Kingdom of Bhutan and Section 68 of the Audit Act of Bhutan 2018 provide that “*There shall be a Royal Audit Authority (RAA) to audit and report on the economy, efficiency, and effectiveness in the use of public resources*”.

The RAA’s Strategic Plan 2015-2020 has identified auditing SDGs as Outcome 2, which contributes in building effective, accountable and inclusive institutions through audit work.

In line with the Constitutional responsibility and the RAA’s Strategic Plan, the RAA expressed its interest and commitment to participate in the Cooperative Performance Audit on the ‘*Preparedness on the implementation of Sustainable Development Goals (SDGs)*’ initiated by the KSC-IDI (INTOSAI Knowledge Sharing Committee – INTOSAI Development Initiative). Accordingly, the Performance Audit on the ‘*Preparedness for the Implementation of the SDGs*’ was conducted by the RAA.

1.2 Audit Objectives

The RAA conducted the performance audit on the ‘Preparedness for implementation of SDGs’ with the following audit objectives:

- ⊕ To ascertain the adaption of 2030 agenda by the Government into its national context;
- ⊕ To determine whether the Government has identified and secured the resources and capacities needed to implement the 2030 Agenda; and
- ⊕ To evaluate whether the Government has established adequate mechanism to monitor, follow-up, review and report on the progress of implementation of the 2030 Agenda.

1.3 Audit Scope

The RAA reviewed the SDGs preparedness activities from the adoption of 2030 Agenda by the UN on 25 September 2015 to 31 March 2018. The RAA conducted the audit from 15 January 2018 to 31 March 2018. The audit team visited and interviewed the relevant officials from the agencies involved in the SDGs, including GNHC, National Statistical Bureau (NSB), Ministry of Foreign Affairs (MoFA), Department of National Budget (DNB), UN Agencies, and Civil Society Organizations (CSOs) in Thimphu.

1.4 Audit Approach

The RAA adopted system-based and result-oriented approach. The audit assessed the institutional framework, coordination mechanism and information system of the SDGs in Bhutan. The audit also evaluated the initiatives and progressive developments related to SDGs. For this audit, the team has considered whole of government approach (WoA), to determine the baseline conditions which allow for collaboration across and between departments, through institutional arrangements so that the system is rendered inclusive, holistic and coordinated for ensuring effective implementation of SDGs.

1.5 Audit Methodology

The audit used following audit methodologies:

Document Review: The RAA conducted review of 11 FYP Document, Guidelines for the preparation of the 12 FYP, Draft 12 Five year plan, UNDP Rapid Assessment Report, RTM Reports, MTR Reports, GNHC Minutes of meeting, UN Resolutions and other related documents published by different SAIs and other international organizations.

Interviews: The RAA interviewed relevant officials from GNHC, NSB, MoFA, DNB, UN agencies and CSOs. The structured questions were prepared and interview results were recorded in the audit event diary and discussion notes.

Desk review: The RAA conducted desk review and audit analysis using data and information gathered from relevant stakeholders.

1.6 Sources of Audit Criteria

- ⊕ Resolution 70/1 Transforming our world: the 2030 Agenda
- ⊕ Resolution of the 9th Session of the 2nd Parliament of Bhutan
- ⊕ 11th FYP & Guidelines for preparation of the 12th FYP
- ⊕ UNDP Rapid Assessment Report
- ⊕ Public Finance Act, 2007
- ⊕ National report for the United Nations conference on sustainable development 2012
- ⊕ 13th Round Table Meeting between Bhutan and its Development Partners 2017
- ⊕ Brief Notes from Ministry of Foreign Affairs, Bhutan
- ⊕ Mid Term Review Report, 2016
- ⊕ National SDG Report, 2018
- ⊕ UN-SDG-Guidance

1.7 Audit Standards

The RAA conducted the audit in accordance with the International Standards of Supreme Audit Institutions on Performance Auditing (ISSAI 3000) and audit procedures as prescribed under the RAA's Performance Audit Guidelines 2011.

1.8 Limitation of Audit

The audit covered only activities related to preparedness and did not cover the actual implementation of SDGs activities.

CHAPTER 2: OVERVIEW

2.1 Background

United Nation initiated a global consultation to develop a new agenda that would build on the progress and momentum generated by the Millennium Development Goals (MDGs) and address new global development needs beyond 2015 titled ‘Post 2015 Development Agenda and the Sustainable Development Goals (SDGs)’. 193 Member States of UN during the 70th UN General Assembly (UNGA) held on 25th of September 2015 adopted the 2030 Agenda for SDGs. The 17 goals, 169 targets and 231 indicators of SDGs integrates the three dimensions of sustainability – social, economic and environment.

The 2030 Agenda is a plan of action for people, planet and prosperity and it seeks to strengthen universal peace through collaborative partnership to implement the plan (5Ps – People, Planet, Prosperity, Peace and Partnerships). It is founded on the principle of National Ownerships (National targets and priorities), Inclusive and participatory (Civil societies and venerable groups, private sectors), Universal (both developed and developing countries), Leaving no one behind (Endeavor to reach the furthest behind first), Human rights-based and Integrated (Social, Economic and Environment).

The SDGs are a universal set of goals that are applicable to everyone, and to which all must contribute. They are comprehensive and holistic: Goals 1 to 6 covers the social dimension, Goals 7 to 11 covers the economic dimension, and Goals 13 to 15 covers the environmental dimension. Goal 16 deals with the issue of peace and security, and Goal 17 deals with the Means of Implementation and Global Partnerships.

2.2 Philosophy of Gross National Happiness (GNH) and Sustainable Development Goals (SDGs)

Under the visionary leadership of His Majesty, the fourth Druk Gyalpo, Bhutan propounded Gross National Happiness (GNH) as its guiding development philosophy since 1970s. With the principle of sustainable development embedded at the core of the GNH, Bhutan has been pursuing sustainable development for more than four decades.

His Majesty the King during the 11th Convocation of Sherubtse College in 2007 stated that, *“Here’s how I look at it. If we love our country, if we are proud of our achievements, if we value and cherish everything that is special and unique to our country, then we must ask ourselves:*

How do we pass this on to our children?

Will Bhutan be like this ten or twenty years into the future?

What do we have to do to make all the things that are special and unique to Bhutan sustainable?

What do we have to do to preserve everything that is special about our country and at the same time take our country to greater heights?”

As both Gross National Happiness and 2030 Agenda aspires to pursue a sustainable socio-economic development path, Bhutan swiftly welcomed the 2030 Agenda in pursuit of achieving peace and prosperity for the wellbeing of people and planet through global partnerships.

During the 70th UNGA, Bhutan was identified as an early mover country (SDG priority country) in the Asia Pacific region amongst other countries like India, China, Indonesia and the Philippines for the implementation of SDGs.

In the 11th Five Year Plan (2013-2018), the Government has prioritized Goal 1: End Poverty, Goal 13: Combatting Climate Change and Goal 15: Sustainable Use of Land. The 12th FYP Plan (July 2018-July 2023) coincides with the early years of SDG operationalization. The SDGs have served as a guiding basis while formulating the guidelines for the 12th FYP preparation. The Government has also prepared National SDG Report 2018 and presented to the High Level Political Forum (HLPF) at the UN in July 2018.

2.3 Institutional Framework

Bhutan follows a result-based planning framework where priorities and focus of plan are outlined in the form of National Key Result Areas (NKRAs) and Sectoral Key Result Areas (SKRAs). The Gross National Happiness Commission (GNHC) is the apex agency for central planning and coordination of National Development Plan.

The GNH Commission (GNHC) is chaired by the Prime Minister, with Finance Minister (Vice-Chair), Secretaries to the ten ministries, the Cabinet Secretary, the Secretary to the National Environment Commission (NEC) and the Secretary to the GNHC (Member Secretary) as members. The GNHC Secretariat is entrusted with the role in overseeing the SDG related matters at the highest level. Within the GNHC Secretariat, to ensure smooth implementation and seamless coordination, a dedicated SDG Working Committee was established. The committee is led by the Director of GNHC Secretariat with the mandate to oversee, facilitate and guide integration, implementation and report on the progress of SDGs.

The National Statistics Bureau (NSB) is the main statistical agency and custodian of official statistics. The NSB is entrusted to measure, monitor and report on the SDGs. Overall, the Parliament of Bhutan acts as an oversight body for SDGs and its implementation.

A multi-sectoral task force comprising of senior Government officials from the Cabinet Secretariat, the National Statistics Bureau, and the sectors relevant to SDGs were formed to report during the HLPF 2018 and is predominantly mandated to facilitate and coordinate in development of the National SDG Report.

2.4 Progress of SDGs in Bhutan

The five members SDG Working Committee reviewed the progress of the entire 17 SDGs in Bhutan in its National SDG report. Accordingly, the National SDG report revealed the progress status of 17 SDGs, as shown in Table 1:

Table 1: Progress of SDGs in Bhutan

Sl.No.	Progress Status	Goals
1	On track	<ul style="list-style-type: none"> ➤ Goal 1: No Poverty ➤ Goal 2: Zero Hunger ➤ Goal 3: Good Health and Wellbeing ➤ Goal 4: Quality Education ➤ Goal 5: Gender Equality ➤ Goal 6: Clean Water and Sanitation ➤ Goal 7: Affordable and Clean Energy ➤ Goal 8: Decent Work and Economic Growth ➤ Goal 9: Industry, Innovation & Infrastructure ➤ Goal 10: Reduced Inequalities ➤ Goal 11: Sustainable Cities and Communities ➤ Goal 12: Responsible Consumption and Production ➤ Goal 13: Climate Action ➤ Goal 15: Life on Land ➤ Goal 16: Peace Justice and Strong Institutions
2	At risk	<ul style="list-style-type: none"> ➤ Goal 17: Partnerships for Goals

ON TRACK

- *Enabling policy and legal framework is put in place;*
- *Resources are available;*
- *Implementation of intervention(s) is underway;*
- *Current progress is good and on a positive trajectory.*

AT RISK

- *Enabling policies and legal framework not in place;*
- *Absence of concrete implementation of intervention(s);*
- *Resources not available;*
- *Limited or no notable progress*

Source: National SDG Report 2018

2.5 Chronology of events

Many SDG related activities were initiated in preparation for implementation of SDGs as shown in the Table 2 by various agencies.

Table 2: Activities undertaken since the Adoption of 2030 Agenda (As of 31.07.2018)			
Sl. No	Month/ Year	Activities under taken	Organising Agency
1	September, 2015	Adopted “The 2030 Agenda for Sustainable Development Goal (SDGs)”.	Government
2	October, 2015	A Rapid Integrated Assessment conducted by UNDP on the SDG targets into the 11th FYP.	UNDP
3	October, 2015	One-day sensitization workshop on SDGs Localization for Government agencies held in Thimphu.	UNDP
4	December 2015	Bhutan has prioritized three SDGs (Goal 1 – No Poverty; Goal 13 - Climate Action; and Goal 15 – Life on Land) for immediate implementation in 11FYP.	GNHC
5	May, 2016	Seminar on 2030 Agenda on Sustainable Development Goals (SDGs)	National Assembly
6	May-June 2017	Motion on enhancing House’s engagement on SDGs endorsed	National Assembly
7	July, 2017	HLPF 2017 (High Level Political Forum) in New York to understand the VNR process.	GNHC
8	July, 2017	Tarayana Foundation initiated awareness on the SDGs to CSOs. 32 participants from 20 CSOs attended the awareness programme.	Tarayana Foundation
9	November 2017	UNDP-GEF-LDCF-Project (US\$13.9 Million) SDG-15: Life on Land, SDG-13: Climate Action and SDG-1: No Poverty (12 Dzongkhags, 38 gewogs, 4 biological corridors and 3 protected areas).	Cross Sectorial
10	October 2016 to January 2017	12FYP Guidelines Sensitization Workshop	GNHC
11	2013- 2030	Government and WWF capitalized the Bhutan for Life Fund, a \$40 million sinking fund that will permanently protect Bhutan’s 5-million-acre. Specially address SDG-1, SDG-2, and SDG-6: SDG-7, SDG-12, SDG-13, and SDG-15 & SDG16.	Cross Sectorial
12	2018	Mock Presentation on HLPF in Bangkok	GNHC
13	2018	Presentation of National SDG report to HPLF	GNHC
Compiled by RAA			

CHAPTER 3: FINDINGS

This Chapter is divided into two parts: **Part I** highlights the significant achievements and **Part II** discusses the shortcomings and deficiencies in the preparedness for implementation of SDGs. The audit findings are summarized below:

Part I: Initiatives and Progressive Developments

Many activities were initiated since the adoption of 2030 Agenda and in preparation for the implementation of SDGs, some of which can be construed as positive developments. The developments initiated by the Government and the agencies concerned are as follows:

i. SDGs accorded priority for deliberation by the Parliament of Bhutan

The Ninth Session of the Second Parliament resolved for the formation of SDG Coordination Committee in 2017. Further, it was resolved to allot one-day sitting in every Parliament Session for deliberation on SDGs and to ensure integration of SDGs in the 12th FYPs. It also resolved to mobilize adequate budget and other resources to the National Assembly to facilitate the House's oversight role in relation to the SDGs, and institutionalize a system that would require all the parliamentarians and parliamentary delegations visiting aboard on SDGs related trips to report to the plenary.

ii. Identified as the early mover country among giants in South-East Asia

Recognizing that the SDGs were in-sync with the country's development philosophy of GNH that focus on sustainable development, Bhutan was amongst the first few priority countries who rolled out its readiness to pursue the implementation of 2030 Agenda. Thus, during the 70th UNGA, Bhutan was identified as an early mover country in the Asia Pacific region amongst the giants like India, China, Indonesia and the Philippines.

iii. National SDG report

National SDG report on the implementation of the SDGs in Bhutan was prepared and presented at the 2018 HLPF. The report captures the progress of development journey towards the implementation of the 2030 Agenda for Sustainable Development, identifies challenges, and informs plans and strategies to move forward. This report also points out policy related challenges as well as operational challenges in achieving the SDGs such as economic diversification, last mile challenge of poverty reduction, quality of education, rise of Non Communicable Diseases (NCDs) and threats posed by climate change amid declining Overseas Development Assistance (ODAs). At the operational level, data gaps, inadequate level of awareness and ownership of SDGs at implementing agency level, lack of coordination and financing needs were identified as the challenges for implementation of SDGs.

iv. Capacity building initiatives

More than 86 officials have attended various international meetings, conferences, workshops and seminars related to SDGs. It was mostly funded through UN agencies in collaboration with the Government.

v. GNHC carried out Advocacy on SDGs as a part of 12th FYP Consultation process

During the 12th FYP consultation process, the GNHC has carried out advocacy on SDGs to various stakeholders including; Cabinet members, Members of Parliament, 10 Ministries, 18 Autonomous agencies, 20 Dzongkhags including 205 Gewogs, four Thromdes, Private sectors, and 22 CSOs.

vi. Financing modalities initiated

The Government in collaboration with the World Wildlife Fund (WWF) sought partners from the private sector, public agencies, and the philanthropic community to capitalize the Bhutan for Life Fund. As a result, a USD 40 million sinking fund was secured that will permanently protect Bhutan's 5-million-acre network of protected areas and deliver measurable impacts for wildlife, climate mitigation and resilience, forest and river conservation, and the livelihoods and wellbeing of Bhutan's people.

Part II: Shortcomings and deficiencies

Notwithstanding the positive developments and initiatives, the review revealed certain shortcomings and deficiencies resulting from inadequacy in action plan and road map, institutional arrangement and non-assessment of financing and capacity building strategy. The lapses and deficiencies observed are broadly categorized as under:

- ✚ Adaption of 2030 Agenda into National Context,
- ✚ Means to Implementation, and
- ✚ Monitoring and Review

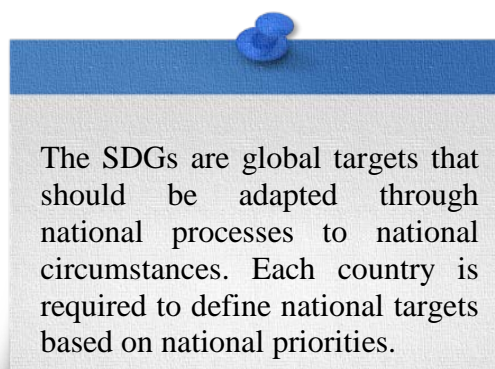
3.1 Adaption of 2030 Agenda into National Context

Adapting the SDGs to national contexts involves a multi-stage process where initial assessments are conducted to identify gaps, and then undertaking a more in-depth systems analysis to prepare the foundation for creating policy coherence, identifying synergies and translating intermediate targets into national policy frameworks, including recognition of the interconnectedness of national, transnational, regional and global frameworks.

The paragraphs that follow explain the inadequacies observed in the adaption of SDGs into national context.

3.1.1 Creating National Ownership in the implementation of SDGs

- a. Bhutan joined the international community with over 150 world leaders during 70th UN General Assembly (UNGA) held on 25th September 2015, in adopting the 2030 Agenda. The 17 goals, 169 targets and 231 indicators of SDGs integrate the three dimensions of sustainability – social, economic and environment.
- b. The 2030 Agenda explicitly recognizes the importance of national ownership of development strategies. The SDGs are global targets that should be adapted through national processes to national circumstances. Each country is required to define national targets based on national priorities. Adaptation to the national context is vital to ensure ownership of the SDGs. The 70th UN resolution outlines the requirements from each member to take ownerships and implement the 2030 Agenda.
- c. In this regards, the GNHC has been entrusted as the highest body to ensure implementation of the SDGs through integration of SDGs at appropriate level in the national development plans and programs. Similarly, the NSB, as a central authority for the collection and release of any official data has been working to collaborate with various national and international agencies to support generation of SDGs data. The plans are also in pipeline to implement the recommendations of the Data Ecosystem review conducted in 2017 to map data to monitor the 11th FYP, 12th FYP, Annual

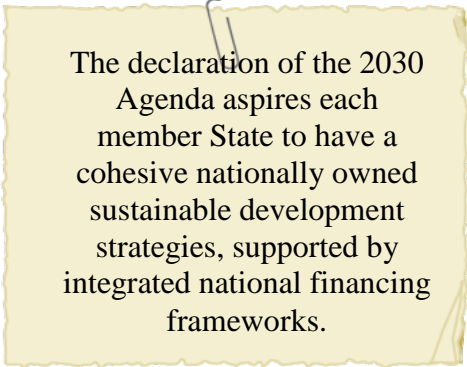


Performance Agreements (APA) and SDGs. They are also in the process of revising National Statistics Development Strategy (NSDS) 2014 to enable generate and produce disaggregated data at individual goals/targets levels.

- d. While GNHC is entrusted with the responsibility to lead, coordinate and monitor national planned development, it is the responsibility of NSB for up-keep of data on the activities initiated by the government at the national level.
- e. For instance, it was observed that the Cabinet has approved the 12th FYP guidelines, which requires SDGs to be mainstreamed into plans at all levels. However, there is no separate policy directions empowering GNHC, NSB or other responsible agencies to take lead in mainstreaming SDGs into national policies, strategies and produce SDGs data beyond planned period.
- f. The GNHC pointed out that various line agencies also plan and implement activities and availed many training opportunities related to SDGs, without seeking holistic coherence at the national level. The SDGs activities were being implemented by line agencies without adequate coordination mechanism in place. The GNHC also stated that they lacked legal mandate to pursue SDGs with other agencies. In case of NSB, there are no specific directives or guidelines for the custody and production of SDG specific related data.
- g. Since SDGs represent international commitment founded on the principle of national ownerships, inclusive and participatory, universal and leaving no one behind, it requires GNHC to extend and integrate SDGs activities into the country's development plan, policies and strategies. Thus, clear policy direction from the government was felt necessary in order to realize 2030 Agenda coherently and successfully.

3.1.2 Roadmap or strategy document to implement 2030 Agenda

- a. In order to guide and advance in the implementation of 2030 Agenda, the declaration of the 2030 Agenda aspires each member State to have a cohesive nationally owned sustainable development strategies, supported by integrated national financing frameworks. Such strategies and framework in place would help in identifying challenges and opportunities in implementing the 2030 agenda. Which in turn, would help in providing clear direction and integrating general principles and approaches to specific plans and programs in implementation of the SDGs activities.
- b. However, it was observed that there are no such strategies or separate action plan to ensure sustained implementation of activities to achieve the SDGs by 2030.



The declaration of the 2030 Agenda aspires each member State to have a cohesive nationally owned sustainable development strategies, supported by integrated national financing frameworks.

- c. Upon enquiry, the GNHC indicated that the FYPs (guided by the principles of GNH) in itself is a national plan, and the requirement for additional/separate action plan (SDGs) was not felt. The GNHC stated that 12th Five Year Plan (FYP) is the first national strategy or action plan to guide SDG implementation and the subsequent FYPs would follow. By the year 2030 all the relevant goals would be achieved. In addition, the Five-Year plans will be further broken down into annual performance agreement that will serve as the detailed blueprint for SDG implementation.
- d. The RAA is of the opinion that in absence of separate action plan or roadmap, there is no definite timeframe identified to achieve each goal, no lead agency was identified to anchor the responsibilities of implementing each goal, and there is lack of clarity in the responsibilities of different contributors and collaborators in the implementations of SDGs.

3.1.3 Institutional arrangement

- a. As per the guidelines issued by the United Nations to implement the SDGs, formalized institutional mechanisms in the form of inter-agency coordinating bodies has to be in place.

As per the guidelines issued by the United Nations to implement the SDGs, formalized institutional mechanisms in the form of inter-agency coordinating bodies has to be in place.

- b. The GNHC in order to ensure smooth preparation for the implementation of SDGs instituted various committee and a task force as given below:

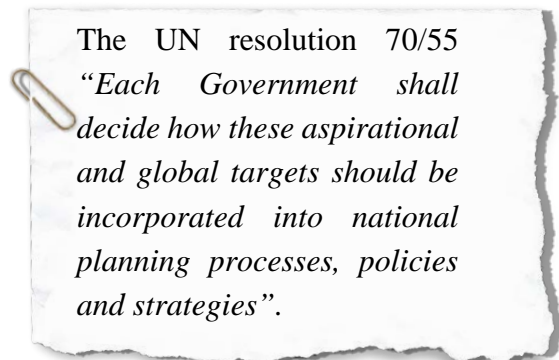
- GNH Commission as High Level SDG Committee;
- GNHC Secretariat as Lead Coordination Agency;
- SDG Working Committee within the GNHC Secretariat; and
- SDG task force to prepare National SDG report.

- c. Though various committees and a task force were found instituted, the GNHC does not have a separate dedicated division or unit with adequate human resources trained to handle the SDG initiatives. Further, there were no clear directives from the Government or the relevant authority on a need to have a separate and dedicated unit. It was also observed that the coordination mechanism to harmonize the activities initiated by various agencies were generally lacking. In addition, there was no formal Terms of References (ToR) for the instituted committees and task force.
- d. Upon enquiry, the GNHC stated that, they were not able to provide overall leadership and coordinate SDG initiatives and activities in absence of clarity in its mandate and duplication in roles with other government agencies. They assert that the Ministry of Finance implements and attends various meetings related to financing and capacity building program in the areas of SDG without clarity in its specific roles and responsibilities. As such, the GNHC is not in a position to monitor or record the SDGs initiatives and coordinate among the agencies.

- e. A dedicated unit would provide ministries, agencies, private sectors, CSOs, and other groups with a common platform in terms of sharing expertise (technical), focused group discussion, and for a consolidated reporting related to SDG activities in the country.
- f. *The GNHC responded that the 15th GNH Commission meeting chaired by Hon'ble Prime Minister endorsed GNHC Secretariat as the high-level task force to oversee SDG implementation. The coordination role will be carried out by GNHC as central coordinating body of the government. However, the office appreciates the audit recommendation on the need for a dedicated unit with competent and qualified staffs to provide SDG leadership and carry out the SDG mandate, and to this effect GNHC would dedicate adequate staff, in addition to the current focal officer, to ensure effective coordination of SDG implementation (Refer Annexure-1).*

3.1.4 Integration of SDGs in the Five-Year Plans, Policies and Strategies

a. The Five-Year plans of the country, which is guided by the development philosophy of GNH finds a close resonance to the principles of SDGs, both aspiring to pursue a sustainable socio-economic development path. A Rapid Integrated Assessment conducted by UNDP in October 2015, indicated high level of integration of SDG targets into the 11th FYP. For instance, 143 SDG targets were found relevant excluding targets related to SDG 14 on Oceans and SDG 17 on Means of Implementation. Out of 143 relevant SDG targets, 134 SDG targets were included and prioritized in the 11th FYP.



b. Similarly, the preliminary assessment/mapping of the 12th FYP's NKRA and KPIs with the SDGs showed that 16 NKRA are closely related with 16 of the 17 SDGs and about 100 targets and indicators of SDGs are integrated into NKRA and corresponding KPIs. The guidelines on the preparation of 12th Five-Year plan has also indicated that the Central and Local Governments shall identify SDG relevant to their sector and integrate the relevant SDGs within the scope of NKRA/AKRA/LGKRA. The agencies and Local governments are also required to customize and contextualize relevant SDGs, targets and indicators during the 12th FYP program formulations.



FIGURE 1: GNH 9 DOMAINS AND 33 INDICATORS

On the policy front, the resolution number 22 of the 9th Session of the

Second Parliament has passed the motion to ensure the integration of SDG in the 12th Five-Year plan. GNH Index, which consist of 9 domains and 33 indicators set a framework for Bhutan’s development, provide indicators to gauge and guide development and measure progress over time. The 9 domains and 33 indicators are provided in the Figure 1.

Under the framework of these nine domains, public policy formulation goes through rigorous social, economic, environmental and cultural impact assessment to minimize or mitigate any adverse effects of proposed policies on Bhutan’s sustainable development trajectory. All proposed policies in Bhutan are screened through a GNH Policy Screening tool presented in Figure 2. Given the correlation between GNH and the SDGs, this screening mechanism effectively ensures the formulation of policies that will enable the achievement of the SDGs.

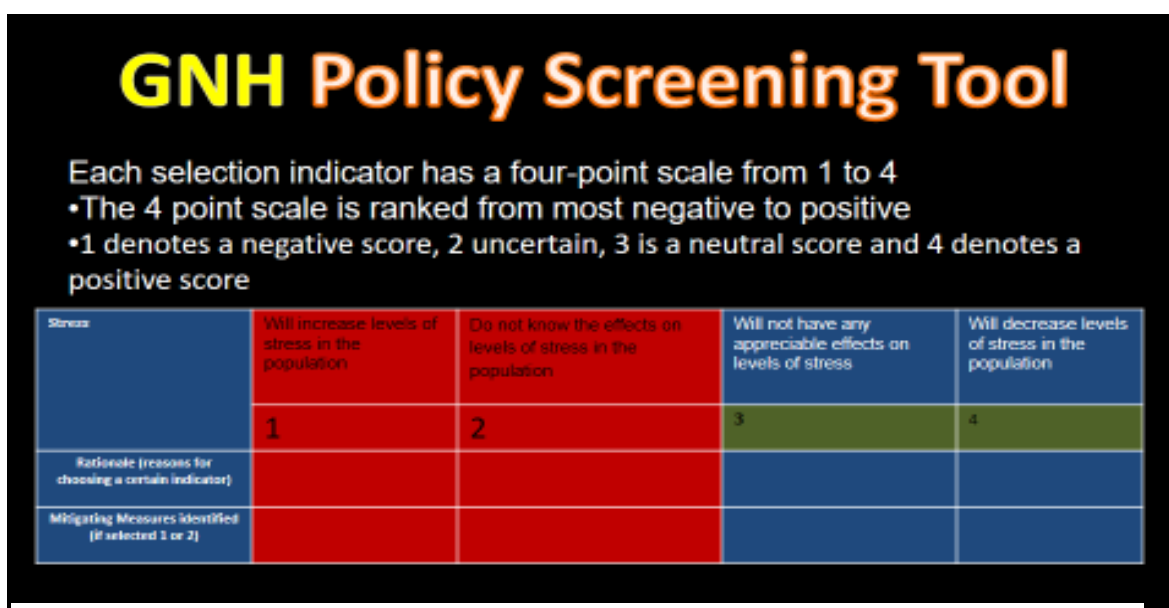


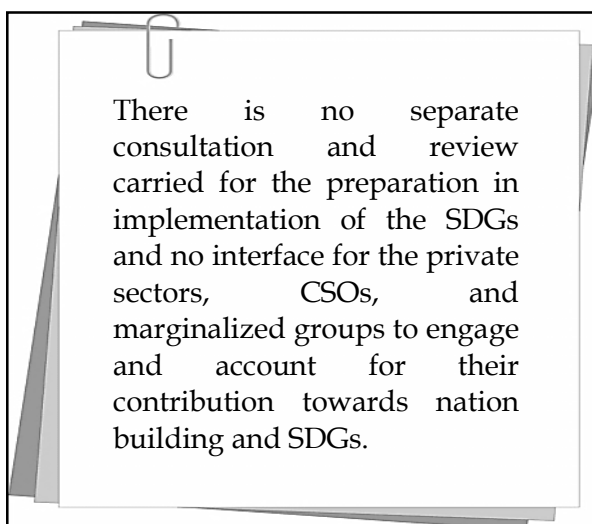
FIGURE 2: GNH POLICY SCREENING TOOLS

- c. However, a separate extensive exercise of mapping SDGs activities and targets with five-year plans was not conducted by the GNHC and other responsible agencies. No review exercises were carried out against GNH policy and project screening tools variables.
- d. Although, preliminary exercise revealed alignment of the SDGs with the NKRAs (National Key Result Areas) at the national level, the extent of alignment of SDGs with the AKRAs at the agencies (ministries/departments) and local Government level could not be ascertained due to non-availability of data.
- e. Therefore, the extent of integration of SDGs targets and indicators into national programs at outcome, output and activity levels were not clear. As a result, ownership and accountability at the agency and local government level is not clear.
- f. It was explained that the same could not be exercised due to lack of clarity on the time period when such exercise should be carried out i.e., either before, during or after the finalization of FYP).

3.1.5 Stakeholder engagement

- a. As per the UN preamble, “All countries and all stakeholders, acting in collaborative partnership, will implement this plan”.
- b. Accordingly, during the 12th FYP consultation process, the GNHC had advocated and sensitized on SDGs to the various stakeholders including cabinet members, members of parliament, 10 Ministries, 18 Autonomous agencies, 20 Dzongkhags including 205 gewogs, four Thromdes, Private sectors and 22 CSOs.

Besides advocacy programme on SDG, there is no formalized stakeholders’ consultation and engagement strategy particularly with the private sectors, CSOs, and marginalized groups to engage and account for their contribution towards nation building and implementation of SDGs.



- c. For instance, various agencies were found carrying out activities related to the SDGs respectively as indicated in Table 3.

Sl. No	Agencies	Activities
1	Parliament	<ul style="list-style-type: none"> • Allot one-day sitting in every parliament session for SDGs; • Ensure integration of SDGs in the next FYP; and • Institutionalize a system that would require all the parliament members visiting aboard on SDGs related trips to report to the plenary.
2	Govt. Agencies	<ul style="list-style-type: none"> • Received training related to SDGs
3	Autonomous agencies	<ul style="list-style-type: none"> • GNHC assumes role of overseeing the SDG activities • NSB assumes role to keep data on SDG • Received training related to SDGs
4	Private sector	<ul style="list-style-type: none"> • No involvement at all.
5	CSOs	<ul style="list-style-type: none"> • Participated in Advocacy programmes
6	Financial Institutions	<ul style="list-style-type: none"> • Received training related to SDGs
7	UN Agency, Bhutan	<ul style="list-style-type: none"> • Developed Communication Advocacy Strategy • Conducted RIA on 11th FYP • Conducted awareness campaign

- d. It appeared that each agency/party functions independently without having focused and coordinated effort in achieving the common goal. There is absence of common platform to promote inclusive approach from various key players in the implementation of the SDG activities.

- e. *The GNHC responded that during the 12th Five year plan consultation process, the GNHC advocated and sensitized all Government Agencies, Local Governments, NGO representatives, private sector representatives and political parties on the SDGs taking whole of government and whole of society approach. Going forward, SDGs communication and advocacy strategy that has been developed by GNHC in collaboration with UNICEF will be implemented which will engage all relevant sections of society. (Refer Annexure -1)*

3.1.6 Prioritization of goals

- a. Taking into account the different national realities, capacities and levels of development and respecting national policies and priorities, the Government in the midst of 11th FYP has prioritized three goals and endorsed during the 9th GNHC Meeting held on 10th December 2015, namely:
- Goal 1: Ending poverty;
 - Goal 13: Combating climate change; and
 - Goal 15: Life on land.
- b. The three goals were prioritized based on the multi-dimensional linkages with rest of the goals. The key reasons for the prioritization of the three goals as stated by GNHC were as follows:

SDG 1: End poverty in all its forms everywhere

This goal was prioritized as poverty reduction has always been the national priority and to address poverty beyond income poverty, and shift focus towards social protection, vulnerable groups etc. There was need to focus on this goal from now to end poverty in all its form by 2030.

SDG 13: Take urgent action to combat climate change and its impacts

It has always been one of the major concerns of Bhutan. Also, prioritizing this goal can leverage government's initiatives of providing free electricity to rural households, sustainable transport initiatives, and climate and disaster resilient infrastructure.

SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems

To show case Bhutan's efforts and good progress made to the global community, which could also help in seeking additional resources, required for other developmental activities.

- c. However, the prioritization of the three goals appeared that it has not culminated from stakeholder engagement involving private sectors, CSOs and general public. It was also revealed that no in-depth study was carried out to prioritize the goals. Instead, it has been prioritized based on the experiences of the past developmental activities. Further, there is no extensive mappings, baseline data, targets and indicators defined to track the progress, which would ensure smooth monitoring and evaluation.

- d. In addition, it was learned that these prioritized goals were not the priority as per the Global Survey (Oct. 2017) conducted by the UN. The survey revealed that good education, better health care and better job opportunities were the priorities of the Bhutanese citizens. The three goals prioritized by the Government do not seem to reflect the needs of general public as transpired from Figure 3:

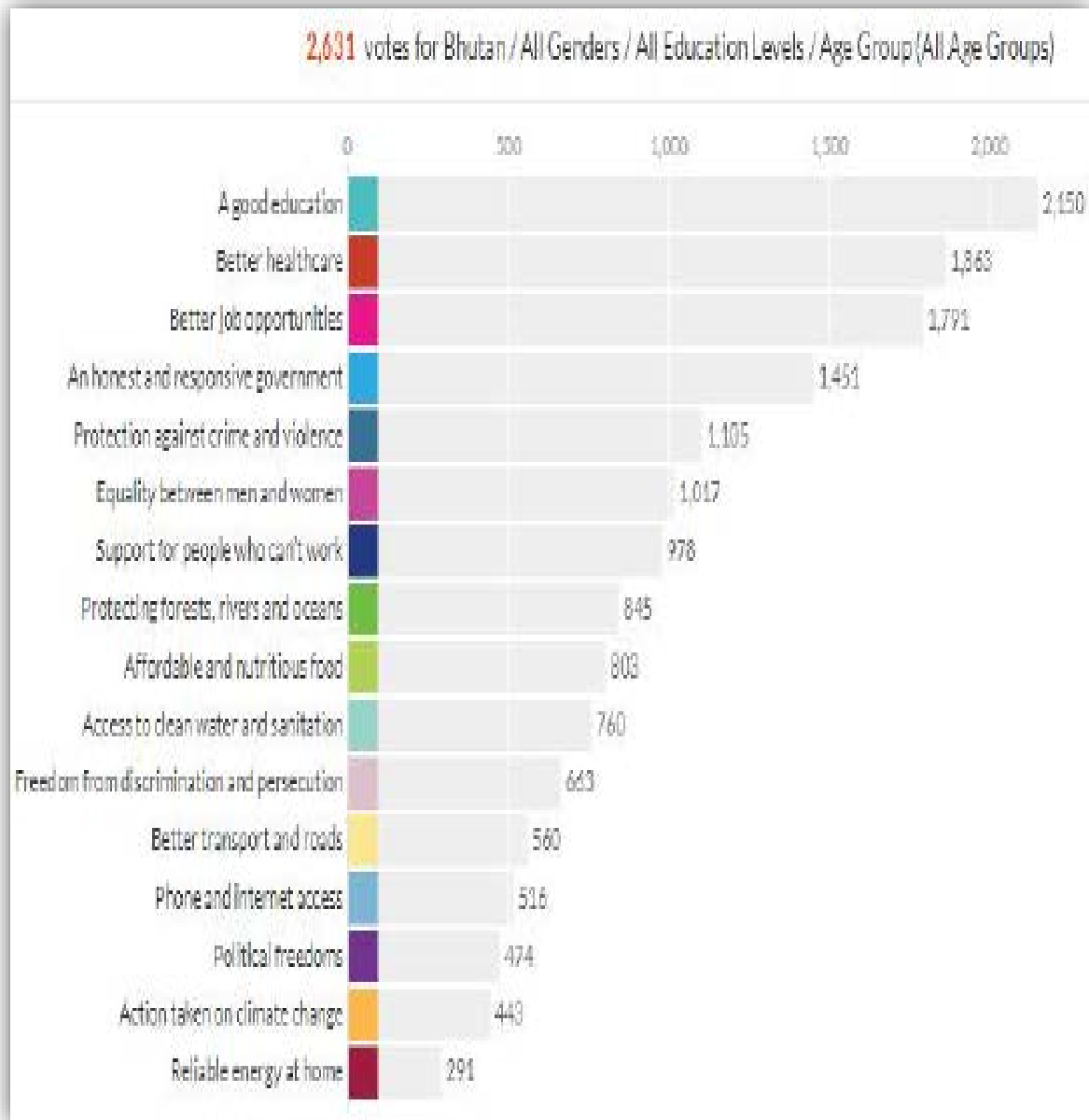


FIGURE 3: GLOBAL SURVEY (UN)

- e. As revealed from the Global Survey, the other SDGs like, Goal 3 (Good Health and Well-Being), Goal 4 (Quality Education), Goal 5 (Gender equality), and Goal 8 (Decent work and economic growth) seem to accord higher priority as per the respondents. Therefore, the priorities identified by the government and indicative priorities of public suggest that the government has not taken an inclusive and participatory approach of key players in prioritizing the goals.

Good practices for Adaption to National Context

- ✓ **Finland** – Implemented its new approach called ‘Society’s Commitment to Sustainable Development’, bringing together the public sector, companies, civil society actors, organizations and citizens in a unique way by asking them to select a commitment and record on the website of the Finnish National Commission for Sustainable Development, and monitor an indicator (FNCSO 2015).

Source: UNDC

Switzerland- Nine representatives from the private sector, civil society, academia, and the youth population formed an advisory group to discuss sustainable development issues. They engaged others in their respective fields to help implement the 2030 Agenda. Switzerland’s Special Envoy championing the 2030 Agenda implementation also used various online tools and engagement strategies to raise awareness of the 2030 Agenda, both nationally and internationally.

Source: SDG report, Office of Auditor General, Canada

- ✓ **Montenegro** – Adapted its new National Sustainable Development Strategy to align with the 2030 timeframe and compared it with the SDGs, revealing on average, about 78% of the SDGs and targets are taken up.

Source: UNDC

- ✓ **Philippines** – At the subnational level, the Mindanao Subnational Offices of the National Economic and Development Authority (NEDA) have passed a resolution requesting the establishment of an operational and integrated mechanism for the localization of the SDGs within the NEDA.

Source: UNDC

- ✓ **Norway-** held broad consultations not only with local and regional governments, but also with Indigenous peoples, civil society, academia, and the private sector.

Source: SDG report, Office of Auditor General, Canada

3.2: Means to Implementation

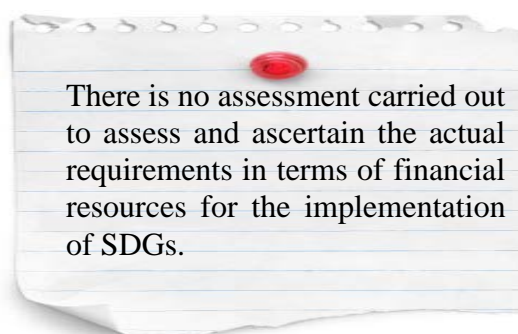
The declaration of the 2030 Agenda for SDGs requires political commitment combined with more and better financial resources, improved policies and institutional capacities. Financing for SDGs is a critical component in terms of ensuring the success of the implementation of Agenda 2030. While, Official Development Assistance (ODA), Public Finance, and Private sector funding are some of the alternatives, the Government fiscal space and domestic revenue play an important part in financing for SDGs.

In addition, human resources (numbers and competencies) are equally imperative for the implementation of SDGs. The agenda deals with the means required for implementation of the Goals and targets, which include the mobilization of financial resources as well as capacity building.

The paragraphs that follow explain the inadequacies observed in the means of implementation of SDGs:

3.2.1 Assessment in terms of financing and capacity building for the SDGs

- a. Financing is a critical component in ensuring the success of the 2030 Agenda for sustainable development. Bhutan's five-year plan financing thus far have been sourced mainly through ODA and domestic resources. With prudent fiscal management, the Royal Government is able to finance up to 64 per cent of its development expenditure through domestic revenue. ODA funds about 34 percent of Bhutan's development programs.
- b. The UN recognizes the means to implementation of SDGs to include the mobilization of the required financial resources as well as capacity building.
- c. Accordingly, given the three prioritized goals, the Government has managed to secure funds from various donor agencies aimed in achieving the respective goals. The details of secured funds include:
 - ✓ UNDP-GEF-LDCF-Project (US\$ 13.9 million) - The Project is to be implemented over six years covering 12 Dzongkhags, 38 gewogs, four biological corridors, and three protected areas. The project is aimed at achieving targets of SDGs 1, 13 and 15.
 - ✓ Bhutan for Life Fund (USD 40 million) –The primary objective of the project is to protect Bhutan's five million acre network of protected areas. Specifically, the project is aimed at achieving the three prioritized goals. In addition, the Goal 2, 6, 7, 12, 15 and 16 will be addressed by the project.



- d. Though no assessment has been carried out to assess and ascertain the actual requirements in terms of financial resources for the implementation of SDGs, the needed funds were secured without carrying out need assessments. However, to have a sustainable implementation throughout the SDG period, and especially with Bhutan expected to graduate from LDC by 2021, the need assessment for financial resources may need to be conducted to have a clear strategy for financing resource gap, if any.
- e. Similarly, there was no assessment conducted for human resources (capacity building) requirements for the SDGs implementations. The actual human resources need in terms of numbers as well as competencies for the implementation of SDGs is not determined.
- f. Therefore, in absence of need assessment, it may not be able to implement the SDGs in a holistic approach.
- g. *The GNHC responded that while a detailed financing needs assessment for the implementation of SDGs has not been carried out, the resources that would be allocated to the FYPs, starting with the 12th Plan, until 2030 will be the resources for financing SDGs. The FYPs until 2030 would address and integrate all 17 SDGs through alignment with NKRAs, AKRAs, LGKRAs and corresponding KPIs. Further, different financing mode like PPP model, South-South cooperation, FDI will be explored to finance the goals. The need to carry out a detailed financing need assessment has been highlighted in the Voluntary National Review Report, 2018 in order to garner support from development partners (Refer Annexure-1).*

3.2.2 Identification of responsible entity, cooperation and partnership opportunities for financing the SDGs

- a. The UN Resolution emphasizes on having a forum to encourage and promote effective Public, Public-Private, Civil Society partnership, building on the experience and resourcing strategies for partnership.
- There is no forum wherein private sectors, CSOs, philanthropic organizations, and others can engage themselves to source finance for the implementation of SDGs.
- b. The Public Finance Act 2007 mandates Ministry of Finance as a responsible entity for mobilizing resources, including external assistance, and integrating these funds into the budgeting, reporting and accountability processes.
 - c. The GNHC has taken lead roles in terms of resource mobilization from the external sources. Given the respective roles and responsibilities, the Government initiates a RTMs (Round Table Meeting) - a forum for policy dialogue and aid coordination for the country's FYP with the development partners for sourcing means to implementation of FYPs.

- d. However, for the SDGs and its implementation, no such required forum was identified and established from private sectors, CSOs, Philanthropic organizations and others. Furthermore, with no responsible agency identified to initiate such required forum, there was no mechanism to ensure sourcing of resources in SDGs implementation.

Good practices for Means to Implementation

- ✓ **Indonesia** – Piloted the SDGs Philanthropy Platform to facilitate dialogue for collaboration on the SDGs. Launched the philanthropic forum “Philanthropy and Business - Indonesia SDGs for better Indonesia”.

Source: UNDC

- ✓ **Philippines** – Initiated an assessment of how the SDGs can be mainstreamed into the budgeting process, through existing public financial management reforms, such as the medium-term expenditure framework and performance-based budgeting, among others.

Source: UNDC

- ✓ **Canada** - Budget 2018 also proposes to provide up to \$59.8 million over 13 years, starting in 2018–2019, from existing departmental resources, for programming to support the implementation of the sustainable development goals.

Source: SDG report, Office of Auditor General, Canada

- ✓ **Cabo Verde** – Having graduated from ‘least developed country’ status, and being a small island developing state, Cabo Verde held national workshop on ‘Mainstreaming and Financing the 2030 Agenda’ which examined finance available from other countries and discussed options to re-orient existing public expenditures and make them more efficient as well as options to mobilize new revenues (domestic and external, public and private).

Source: UNDC

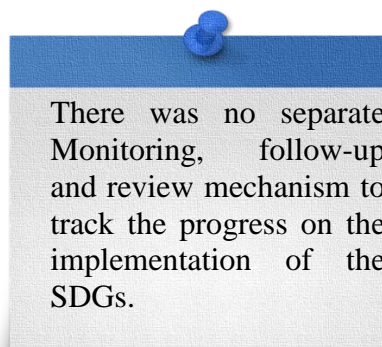
3.3: Monitoring, Follow-up and Review

Monitoring, follow-up and review is one of the core components of the Agenda 2030. Such system will ensure that the data systems, capacities and mechanisms are in place to track the progress of the SDGs. More importantly, the UN Resolution A/RES/70/1 emphasizes on the national government with primary responsibility for follow-up and review, at the national, regional and global levels in relations to the progress made in terms of implementing the Goals over the coming 15 years.

The following paragraphs indicate inadequacies in the Monitoring, Follow-up and Review.

3.3.1 Integrated monitoring, follow-up and review mechanism

- a. The Gross National Happiness Commission monitors the implementation of plans and programmes at the national level through annual status monitoring of the National Key Result Areas as well as through Mid-Term Review of the FYP.
- b. In addition, in order to monitor and review the national plan, various systems including the Government Performance Management System (GPMS) and the Annual Performance Agreement (APA) are in place.
- c. However, there is no separate or integrated review and monitoring mechanism to track the progress of implementation of SDGs. Therefore, in absence of such mechanism, the proper accountability and effective implementation of SDGs may not be ensured.
- d. *The GNHC responded that as the SDGs are incorporated and integrated into the Five Year Plans, which in turn are converted into annual performance targets, the established national monitoring and evaluation systems such as government performance management system (GPMS), mid-term review of FYPs, terminal review of FYPs, program and project monitoring, and evaluation would take care of SDG monitoring too. However, in order to make the monitoring reports specific to SDG requirement, efforts are underway to develop a unified monitoring and reporting dashboard to automate and systematize SDG monitoring. GNHC in collaboration with UNDESA will implement a project titled "Institutional arrangements for policy integration, coordination, and stakeholder engagement in SDG implementation and reviews in Africa, and Asia and the Pacific 2018-2021 to develop the SDG dashboard to track SDG implementation progress". (Refer Annexure-1)*



3.3.2 Identification of specific agencies to monitor the SDGs

- a. The 2030 Agenda for sustainable development calls for a robust follow-up and review process to track progress towards achievement of sustainable development goals.
- b. The following agencies are responsible to review and monitor the national FYPs:

- ⊕ *GNHC* – To conduct mid-term review of the FYPs which takes stock of the achievements, constraints and challenges;
 - ⊕ *Cabinet Secretariat* – Apex body to monitor the implementation of the FYPs by providing strategic and timely intervention; and
 - ⊕ *Policy and Planning Division, Respective Agency* – To monitor the respective sector programme including liaising with local Governments and central agency.
- c. However, for the SDGs, no agency was identified to review and monitor its progress. With no specific agency identified for implementation of SDGs, monitoring of the SDGs may pose a challenge to review and report of the status of SDGs.
- d. In this regard, GNHC indicated that a separate agency to monitor, follow-up and review SDGs is not required. More so, it was explained that there was no clear mandate for the GNHC particularly with regard to the implementation of SDGs.
- e. Although the activities were initiated, there is no specific agency/unit to monitor and consolidate the various agencies’ activities to ensure that the progress of implementation of SDGs are on track.

3.3.3 Performance indicators and availability of data

- a. UN resolution 48 emphasize on the need to have indicators to assess the work. It states that quality, accessible, timely and reliable disaggregated data will be needed to help with the measurement of progress and to ensure that no one is left behind.
- b. As per the National SDG report 2018, it states that access to high quality and reliable data is crucial for measuring, monitoring and reporting development progress on the SDGs. The report states that data are available for most indicators related to health, poverty, education and employment; but for other goal areas such as energy, infrastructure and governance data is limited.
- c. The report also highlights the challenges related to the data mainly resulting from the lack of coordination and communication mechanism instituted among various data producers.

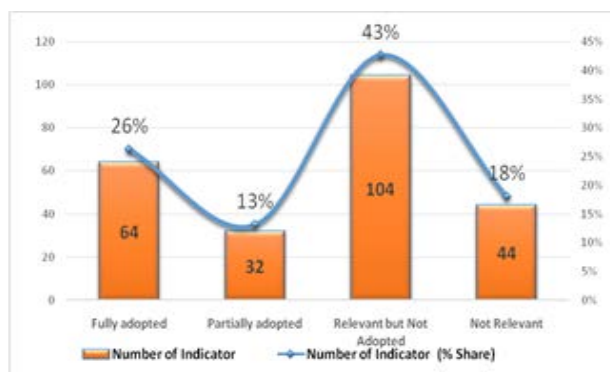
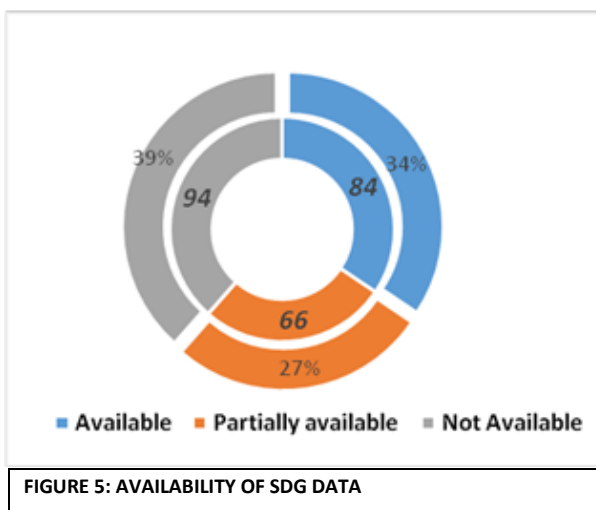


FIGURE 4 : PERFORMANCE INDICATORS

d. Further, the report states that of the 244 indicators, 64 indicators (26 per cent) are fully adopted and 32 (13per cent) partially adopted. The Report also shows that 104 (43per cent) indicators are relevant but not adopted and rest 44 indicators (18 per cent) are not relevant to Bhutan’s context as indicated in Figure 4.

e. In terms of data availability for SDGs, data is available for 84 indicators (34 per cent), partially available for 66 indicators (27 per cent), and there is no data for the rest 94 (39 per cent) indicators as indicated in Figure 5.



f. On review of baseline, data indicated in the consolidated 12th Five Year Plans and Programmes, it was observed that all the agencies have cited source of data from either the ‘admin’ or agency itself and no agency has provided reference of baseline data from the NSB, who is the custodian of the data. In terms of the SDGs, none of the Ministries and agencies has indicated how SDGs data are captured and reported. There are also no stipulations as to where disaggregated data related to SDGs are recorded and extracted.

g. In this regard, the RAA is of the view that lack of coordination among national data producers can result in reporting inconsistent or contradictory information to the users of information. The current practice of different data sources may result in unreliable and inaccurate data that may hamper the informed decision making process.

3.3.4 Awareness raising

a. In terms of UN resolutions, the member state shall begin building public awareness on 2030 agenda, which is the first step towards the participatory process and SDGs as an opportunity to promote an existing or forthcoming national development strategy or plan. In order to achieve consensus and national ownership as well as awareness on National Development Plan including SDGs, it is important to have a clear communication and advocacy strategy. Moreover, the project document on the formulation of the 12FYP plan guidelines clearly spells out on the need for the advocacy strategy document. Accordingly, UNICEF in consultation with the GNHC has developed Communication and Advocacy Strategy.

b. Few advocacy and sensitization programmes on SDGs were conducted. GNHC has sensitized on SDGs during its 12thFYP consultations with the central agencies, local Governments, CSOs, private sectors and vulnerable groups. Some CSOs have initiated awareness programmes on SDGs to the other CSOs.

- c. However, as per the UN resolution, there is a requirement for vigorous and extensive communication with the stakeholders on the SDGs throughout the process. The interview with private sectors and civil society organizations also indicated that there was no formal awareness on the SDGs from the relevant Government agencies.
- d. Apart from the presentations and discussions, no other channels of communication including radio, TV, newspapers, leaflets and others were used. GNHC on the other hand has stated that it was not feasible due to lack of identified agency to spearhead the communication initiatives.

Good Practices on Monitoring, Follow-up and Review

- **France**-identified national indicators that contributed to the global indicators. Following this analysis, France planned to hold consultations with producers of official statistics before selecting the relevant indicators to monitor the implementation of the sustainable development goals and proposing additional indicators, where necessary.

Source: SDG report, Office of Auditor General, Canada

- **Egypt** – National statistical agency, CAPMAS, established an SDG Coordination Unit to contextualize and set the national indicator framework necessary to monitor and track Egypt’s progress of SDGs.

Source: UNDC

- **Switzerland’s** - Sustainable Development Monitoring System, MONET, in place since 2003, will be used to measure progress against the SDGs. Its baseline assessment identified how national targets aligned with global targets and where the gaps were. As a result, Switzerland’s Federal Statistical Office identified additional national indicators to complement MONET.

Source: SDG report, Office of Auditor General, Canada

- **Canada**- Proposes to provide \$49.4 million over 13 years, starting in 2018–2019, to establish a Sustainable Development Goals Unit and to fund monitoring and reporting activities by Statistics Canada.

Source: SDG report, Office of Auditor General, Canada

CHAPTER 4: CONCLUSION

Bhutan has adopted the SDGs 2030 Agenda and considerable efforts have already in implementing various SDG activities. Accordingly, Bhutan was identified as an early mover country (SDG priority country) in the Asia Pacific region. Notwithstanding various important initiatives undertaken in implementing SDGs, the RAA noted absence of a clear policy direction to initiate and pursue the 2030 Agenda, unclear action plan/strategy and inadequate institutional arrangements.

In addition, the SDGs and targets were not thoroughly mapped and integrated with the 12th FYPs. While some funds were secured for the prioritized goals, no need assessments were carried out for the resources and capacities required.

As for the SDGs data, there was no ownership from the central authority resulting from lack of clear directives from the Government. More importantly, there was no identified agencies and robust system to monitor, follow-up and review the progress of implementation of SDG.

For effective realisation the SDGs, there is a need for clear policy directives from the Government besides ensuring coordination and collaborations amongst various entities and effective engagement of all stakeholders involved in the SDG implementation. It is also important that SDG targets and indicators be clearly mapped with the five-year plans, policies and strategies. The RAA is of the opinion that with the implementation of recommendations made by the RAA the Government would be better prepared to implement and realise the SDGs.

CHAPTER 5: RECOMMENDATIONS

Based on the audit findings, the RAA recommends the following in order to ensure implementation SDG activities and achievement of the SDGs, as committed:

5.1 The Government should provide clear policy direction for SDGs

The 2030 Agenda explicitly recognizes the importance of National ownership of development strategies. The SDGs are global targets that should be adapted through national processes to national circumstances. Each country must define national targets based on national priorities. Adaptation to the national context is vital to ensure ownership of the SDGs. The 70th UN Resolution outlines the requirements from each member to take ownerships and implement the 2030 agenda.

Therefore, the Government should develop and provide clear policy directions in order to give a legal backstopping for the successful implementation of SDGs. Following the development of policy framework, in order to ensure the integration into the national context, the Government should initiate the following:

- i. Develop an Action Plan as a road-map/way-forward to strategically guide the implementation of SDGs by identifying responsible agencies to implement each goal;
- ii. Establish proper institutional arrangements or mechanism. Specifically, Policy Planning Division (needs to be strengthened with competent officials in order to spearhead and handle all the SDGs related initiatives);
- iii. Develop Strategy for stakeholders' engagement to coordinate, consolidate and report on the whole of SDGs. Also, with such strategy, clear lines of roles and responsibilities in the implementation of SDGs can be established for all the stakeholders; and
- iv. Prioritize the SDGs with an in-depth study, considering the ground realities of the country and in consultation with the various stakeholders.

5.2 The GNHC should integrate the SDGs into Five Year Plans, policies and strategies

The 12th FYP is still in the formulation process and yet to be finalised. Therefore, the GNHC should carry out an extensive mapping exercise of the SDGs against the 12th FYP before the 12th FYP is formally finalised at all levels – national key results area (NKRA), Agency Key Result Area (AKRA) and local Government key result area (LGKRA). Accordingly, the GNHC should integrate the SDGs targets into the national context (at all levels), after the identification of the gaps and priorities from the mapping exercise. The GNHC should also evaluate how the Ministries, Agencies and the Local Governments defined targets, baseline data and indicators. As not all SDGs can be implemented in the 12th Five Year Plan, the same should be prioritised and strategized for inclusion in successive plans. Activities that can be implemented by non-governmental and other organisations may be identified and entrusted to them for their timely implementation.

5.3 The Government should carry out an assessment of resources required

Integration of SDGs plans into the national context, on its own, without adequate resources will not ensure successful implementation of SDGs. The means to implementation of SDGs – both financial and human resources – are equally critical.

Therefore, the Government should carry out an assessment of resources required in order to determine the actual requirements of finance as well as human resources for SDG implementation. In addition, the Government should create platform where mobilization of the required financial resources and capacity building can be discussed with the development partners.

5.4 The GNHC should institute a mechanism to Monitor, Follow-up and Review the progress of SDGs

The GNHC should institute a robust mechanism to monitor, follow-up and review the progress of SDGs. Specifically, the GNHC should institute a review and monitoring tools and system like that of FYPs (APA & GPMS) in order to ensure that the progress are on track and achieved on time.

5.5 A support mechanism should be instituted for ownership of SDGs related data

Given the responsibilities and activities initiated so far in relation to SDGs data, the NSB should formally take ownership of the data related to SDGs as the central authority. In order to support the same, the Government should provide directives empowering the NSB to gather, generate, and produce data centrally for SDGs.

ANNEXURE



ཀླུ་ཡོངས་དགའ་སྐྱིད་དཔལ་འཛོམས་ལྷན་ཚོགས།

Gross National Happiness Commission



GNHCS/PPD-SDG/ 1869

June 14, 2018

To

Honorable Auditor General of Bhutan

Royal Audit Authority

Thimphu

Sub: Response to Draft Performance Audit Report on the Preparedness for Implementation of Sustainable Development Goals (SDGs)

Dasho

This has reference to letter no. RAA/PSAD-SDGs/01/2017-18/1399 dated 18th May 2018 regarding the draft Audit Report on the preparedness for implementation of sustainable development goals. GNHC has reviewed the findings of the report and would therefore like to submit the following responses for your kind consideration.

3.1.1 Lack of policy framework for the implementation of SDGs

The GNHC has been entrusted as the highest body to ensure implementation of the SDGs through integration of SDGs at appropriate level in the national development plans and programs.

3.1.2 Lack of Action plan or strategy to implement 2030 Agenda

The upcoming 12th Five Year Plan (FYP) is the first national strategy or action plan to or guide SDG implementation as will the subsequent FYPs till 2030 do. In addition, the five year plans would be further broken down into annual performance agreement which will serve as the detailed blueprint for SDG implementation.

3.1.3 Inadequate institutional arrangement in place

The 15th GNH Commission meeting chaired by Hon'ble Prime Minister endorsed GNHC Secretariat as the high level task force to oversee SDG implementation. The coordination role will be carried out by GNHC as central coordinating body of the government. However, the office appreciates the audit recommendation on the need for a dedicated unit with competent and qualified staffs to provide SDG leadership and carry out the SDG mandate, and to this effect GNHC would dedicate adequate staff, in addition to the current focal officer, to ensure effective coordination of SDG implementation.

P.O Box: 127, Tashichhodzong, Thimphu

PABX – 00975-2-325192/325850/325741/321053. FAX- 00975-2-322928

AFD PABX – 00975-2-333230/333231/333232/333234/326777 FAX – 00975-2-326779

Website: www.gnhc.gov.bt



ཀླུ་ཡོངས་དགའ་སྐྱིད་དཔལ་འཛོམས་ལྷན་ཚོགས།

Gross National Happiness Commission



3.1.4 Lack of stakeholder engagement strategy or arrangement in place

During the 12th plan consultation process, GNHC advocated and sensitized all Government Agencies, Local Governments, NGO representatives, private sector representatives and political parties on the SDGs taking whole of government and whole of society approach. Going forward, SDGs communication and advocacy strategy that has been developed by GNHC in collaboration with UNICEF will be implemented which will engage all relevant sections of society.

3.2.1 Assessment not carried out in terms of financing and capacity building for the SDGs

While a detailed financing needs assessment for the implementation of SDGs has not been carried out, the resources that would be allocated to the FYPs, starting with the 12th Plan, until 2030 will be the resources for financing SDGs. The FYPs until 2030 would address and integrate all 17 SDGs through alignment with NKARs, AKARs, LGKARs and corresponding KPIs. Further, different financing mode like PPP model, south south cooperation, FDI will be explored to finance the goals. The need to carry out a detailed financing need assessment has been highlighted in the Voluntary National Review Report, 2018 in order to garner support from development partners..

3.3.1 Lack of integrated Monitoring, follow up and review mechanism

As the SDGs are incorporated and integrated into the Five Year Plans which in turn are converted into annual performance targets, the established national monitoring and evaluation systems such as government performance management system (GPMS), mid term review of FYPs, terminal review of FYPs, program and project monitoring and evaluation would take care of SDG monitoring too. However, in order to make the monitoring reports specific to SDG requirement, efforts are underway to develop a unified monitoring and reporting dashboard to automate and systematize SDG monitoring. GNHC in collaboration with UNDESA will implement a project titled "*Institutional arrangements for policy integration, coordination, and stakeholder engagement in SDG implementation and reviews in Africa, and Asia and the Pacific 2018-2021*" to develop the SDG dashboard to track SDG implementation progress.

In addition GNHC also finds it necessary and important for Royal Audit Authority to periodically carry out both performance auditing on the implementation of SDGs both at national and agency levels as we embark on the implementation of SDGs with the 12th Plan as the first major step on the long journey of Agenda 2030.

I would like to thank the Royal Audit Authority for its support and cooperation.

P.O Box: 127, Tashichhodzong, Thimphu

PABX – 00975-2-325192/325850/325741/321053. FAX- 00975-2-322928

AFD PABX – 00975-2-333230/333231/333232/333234/326777 FAX – 00975-2-326779

Website: www.gnhc.gov.bt

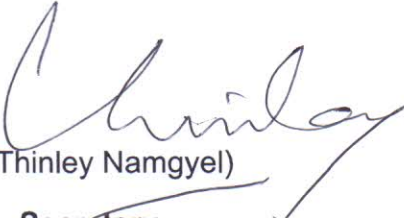


རྒྱལ་ཡོངས་དགའ་སྐྱིད་དཔལ་འཛོམས་ལྷན་ཚོགས།

Gross National Happiness Commission



A copy of Bhutan's VNR report that was submitted to the UN has been attached for your kind reference.


(Thinley Namgyel)
Secretary

Copy to

- Chief, PPD, GNHCS

Management Action Plan Report

Recon No.	Audit Recommendation in brief	Action Taken or To be Taken	Estimated Implementation Date	Estimated Completion Date	Responsibility Entrusted to:	
					Name & Designation	EID no.
5.1	The Government should provide clear policy direction for SDGs					
5.2	The GNHC should integrate the SDGs into Five Year Plans, policies and strategies					
5.3	The Government should carry out an assessment of resources required					
5.4	The GNHC should institute a mechanism to Monitor, Follow-up and Review the progress of SDGs					
5.5	A support mechanism should be instituted for ownership of SDGs related data					

ACCOUNTABILITY STATEMENT

PERFORMANCE AUDIT OF PREPARDNESS ON SUSTAINABLE DEVELOPMENT GOALS

NO.	RECOMMENDATIONS	NAME& DESIGNATION	EID NO.
5.1	The Government should provide clear policy direction for SDGs		
5.2	The GNHC should integrate the SDGs into Five Year Plans, policies and strategies		
5.3	The Government should carry out an assessment of resources required		
5.4	The GNHC should institute a mechanism to Monitor, Follow-up and Review the progress of SDGs		
5.5	A support mechanism should be instituted for ownership of SDGs related data		

(s/d)

Hon'ble Secretary
GNHC



Reporting on Economy, Efficiency & Effectiveness in the use of Public Resources