

INTERPRETING SDGS FOR SOUTH ASIA: IN SEARCH OF A REGIONAL FRAMEWORK - THE EXPERIENCE OF BHUTAN

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Abbreviations

BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
CSO	Civil Society Organizations
FDI	Foreign Direct Investment
FYP	Five Year Plan
GNH	Gross National Happiness
GNHC	Gross National Happiness Commission
GNI	Gross National Income
HLPF	High Level Political Forum
NA	National Assembly
PPP	Public Private Partnership
SAARC	South Asian Associations for Regional Cooperation
SASEC	South Asia Subregional Economic Cooperation
SDG	Sustainable Development Goals
LDC	Least Developed Country
NKRA	National Key Result Areas
NSB	National Statistics Bureau
VNR	Voluntary National Review

Foreword

The Development Papers Series of the ESCAP South and South-West Asia Office (ESCAP-SSWA) promotes and disseminates policy-relevant research on the development challenges facing South and South-West Asia. It features policy research conducted at ESCAP-SSWA as well as by outside experts from within the subregion and beyond. The objective is to foster an informed debate on development policy challenges facing the subregion and sharing of development experiences and best practices.

This paper by Chimi Dema is prepared as a part of the research and policy initiative titled, *Interpreting SDGs for South Asia: In Search of a Regional Framework*, undertaken by the UNESCAP-SSWA Office in collaboration with the Centre for Policy Dialogue (CPD), Dhaka jointly directed by Dr Debapriya Bhattacharya, Distinguished Fellow at CPD, and the undersigned. Given that we are in the fifth year of the adoption of the 2030 Agenda, it is timely to assess the current status of South Asian countries in terms of progress and existing gaps to identify and address the key challenges for accelerating the implementation of the SDGs. The overall objective is to explore mutual areas for regional cooperation in the subregion from the perspective of various South Asian countries to promote SDG delivery at national level and identify modalities, regional instruments and institutional arrangements that are necessary to support SDG implementation within a regional framework.

This paper provides an overview of Bhutan's initiatives to contextualize and implement the SDGs at the national level in line with the principal guiding philosophy of the Gross National Happiness. It makes a valuable contribution to highlight specific constraints and challenges faced by a least developed and landlocked developing country like Bhutan in terms of connectivity, climate related vulnerabilities and still being one of the front runners in implementing the 2030 Agenda by integrating sustainability and holistic development with national plans and development strategies. With Bhutan being committed to graduating sustainably by 2023, the paper undertakes an important and timely exercise to take stock of challenges in SDG implementation; identify national SDG priorities for regional cooperation; and attempts to articulate means of implementation at the regional level to accelerate the 2030 Agenda for Sustainable Development for Bhutan and other South Asian countries.

We hope that insights and policy lessons drawn in this paper would make meaningful contributions to the ongoing deliberations on how greater integration and cooperation at the regional level could be an important complement to the national strategies in achieving sustainable development.

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Interpreting SDGs for South Asia: In Search of a Regional Framework – The Experience of Bhutan

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Abstract

Bhutan along with the global community adopted the Sustainable Development Goals (SDGs) in 2015. It is one of the early mover countries in the Asia Pacific region and the country has prioritized SDG 1 on no poverty, SDG 13 on climate action and SDG 15 on life on land as national priorities for implementation. The development philosophy of Gross National Happiness (GNH) guides Bhutan in formulation of policies and the national planning process. There are similarities between GNH and SDGs with the three dimensions of social, economic and environment pillars being embedded in the GNH framework. The country's Five Year Plans outline the national priorities and needs and provide the major means to address the SDGs. High level of alignment can be seen between national priorities and SDGs at the goal and target level yet gaps exist in case of some of the SDGs. Existing institutional structure tasked with oversight of SDGs implementation in Bhutan needs to be strengthened for better implementation and monitoring. Key implementation challenges faced by Bhutan relate to financing the SDGs and bridging data deficits. The paper identifies the SDGs, viz., SDG 1 on ending poverty, SDG 7 on clean and affordable energy, SDG 8 on decent work and economic growth, SDG 9 on industry, innovation and infrastructure, SDG 13 on climate action and SDG 15 on life on land for prioritization from Bhutan's perspective. It considers strengthening the means of implementation at regional level to supplement national action through enhanced trade connectivity, energy connectivity and people-to-people connectivity.

JEL Code(s): Q01, O11, O20, F55, Q56

Key words: Sustainable Development Goals (SDGs), Inclusive growth, Regional Cooperation, South Asia, Bhutan

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1. Introduction

Bhutan along with the global community adopted the 2030 Agenda for Sustainable Development in September 2015 at the United Nations headquarters and affirmed its commitment to achieving the 17 Sustainable Development Goals (SDGs). The Agenda 2030 encompassing 17 goals and 169 targets is an ambitious agenda that seeks to build an inclusive and sustainable world on the principle of ‘leaving no one behind’. The SDGs built on three dimensions of economic, social and environmental are integrated and indivisible.² Therefore, achievement of the SDGs will require a holistic approach with strong commitment in terms of enabling policies, stakeholder partnerships at both national and international level and resources to implement these policies and programmes.

Since the adoption of the SDGs in 2015, Bhutan became one of the early mover countries in the Asia-Pacific region and prioritized three goals: Goal 1-No Poverty, Goal 13-Climate Action and Goal 15-Life on Land for implementation. These goals were prioritized based on the urgency to address the issue of poverty, to fulfil Bhutan’s commitment to remain carbon neutral and to showcase Bhutan’s success in preserving its biodiversity.³ Further, Bhutan presented its Voluntary National Review (VNR) Report at the High Level Political Forum (HLPF) in 2018.

Over the last decade, Bhutan has made significant socio-economic gains. For instance, the national poverty rate decreased from 23.2 per cent in 2007 to 8.2 per cent in 2017⁴, literacy rate increased from 59.5 in 2005 to 71.5 per cent in 2017 and life expectancy increased from 66.3 to 70.2 years⁵. Bhutan’s Gross National Income (GNI) per capita stands at US \$3,438⁶ in 2017 surpassing the Least Developed Countries (LDC) threshold and in addition, the unemployment rate was moderately low at 3.4 per cent in 2018⁷. Given its socio-economic achievements, Bhutan is set to graduate from the list of LDCs in 2023 having met two of the three graduation thresholds, GNI per capita and Human Assets Index criteria.⁸ However, challenges and disparities remain at disaggregated level. On the one hand, the overall poverty rate has decreased significantly but disparities are observed across the districts with the lowest poverty rate of 0.3 per cent to a high of 33.3 per cent. The country, is thus, confronted with the last mile challenge of eradicating poverty in all its forms⁹. Similarly, last mile challenges remain in ending hunger and ensuring nutrition with 21.2 per cent of children under 5 being stunted¹⁰. Although overall unemployment is not significantly high, youth unemployment rate is relatively high at 15.4 per cent with higher rate observed for the females at 16.1 per cent compared to 15.7 per cent for males¹¹. Moreover, the country remains economically vulnerable with a narrow export base that is highly dependent on hydropower, vulnerable to effects of climate change and majority of the population still being supported by subsistence farming. As such, Bhutan is yet to meet the economic vulnerability index

² United Nations (2015)

³ GNHC (2018)

⁴ NSB (2017c)

⁵ NSB (2018d)

⁶ NSB (2018b)

⁷ NSB (2018a)

⁸ Countries are eligible to leave the LDC category if they meet the defined graduation thresholds based on three criteria- income, human assets and economic vulnerability. The Human Assets Index is a measure of level of human capital where lower HAI represents a lower development of human capital.

⁹ GNHC (2019b)

¹⁰ Ministry of Health (2015)

¹¹ NSB (2018a)

threshold, an important indicator, as it prepares to graduate from the list of LDCs in 2023.¹²

Against this backdrop, addressing the last mile challenges to ensure no one is left behind will be critical in ensuring that the SDGs are achieved for Bhutan. Despite the commitment on SDGs, various implementation challenges need to be overcome for successful implementation of the 2030 Agenda in Bhutan's case. In this regard, the first section of the paper examines the SDG implementation challenges in the areas of policy alignment, institutional structure, financing, partnership and stakeholder participation and data deficits. It then identifies priority areas for regional cooperation and possible regional means of implementation or instruments for achieving the SDGs from Bhutan's perspective through greater regional cooperation between South Asian countries.

2. Challenges in SDGs Implementation for Bhutan

This section explores the implementation challenges with respect to SDGs in Bhutan. First, the extent of localisation and integration of the SDGs into the national plans and policies is reviewed followed by initiatives taken on SDG alignment. Then follows details on the institutional structure that has been put in place for SDGs implementation in the country. Next, the financing status and challenges related to resource mobilisation are examined. This is followed by an analysis of stakeholder engagement and the role of partnerships. Lastly, this section delineates the data gaps related to SDG monitoring and underscores the importance of data in monitoring and tracking the progress of SDGs in the country.

2.1 Policy Alignment

While the countries have committed to SDGs as a global development compact, it is critical to assess the national policy framework for SDGs alignment and examine the challenges associated with it. As such, it is important to understand and assess alignment of SDGs with Bhutan's national planning process.

The principles of SDGs and Bhutan's development vision of Gross National Happiness (GNH) have many similarities and SDGs complement the national vision of GNH. GNH is a multidimensional framework that is assessed through nine domains namely psychological wellbeing, health, time use, education, cultural diversity and resilience, good governance, community vitality, ecological diversity and resilience and living standards. These domains can be broadly clubbed under the four pillars of GNH viz. sustainable socio-economic development, cultural preservation, good governance and environmental conservation. The nine domains of GNH are interconnected and resonates closely with the indivisibility of 17 SDGs¹³. The GNH framework embeds the core principles of SDGs, i.e., economic, social and environment elements in addition to highlighting the role of other dimensions such as culture.

¹² The Economic Vulnerability Index is a measure of structural vulnerability to economic and environmental shocks, with higher levels of EVI representing major structural impediments to sustainable development.

¹³ Yangka et al (2018)

GNH as the guiding principle informs the decision- making process in the country whereby GNH policy screening tool based on GNH index is applied for formulation of new policies in Bhutan. It is a tool with 22 variables representing 9 domains of GNH on a scale of 1-4 (1 represents negative impact, 2-uncertain, 3-no negative impact and 4-positive impact) to assess the impact of introducing new policies on whether it is GNH favorable or not¹⁴.

Bhutan’s national Five Year Plan (FYP) is also guided by the principle of GNH and it articulates the socio-economic development priorities and programmes over a five-year period. The implementation of the FYP is one of the key means to pursue GNH and in turn, achieving the SDGs in Bhutan.

The 11th FYP outlined 16 National Key Result Area (NKRAs) to be pursued at the national level from 2013-2018 drawn from the 4 pillars of GNH and GNH survey findings.¹⁵ A rapid integrated assessment of the 11th FYP conducted by the UNDP in Bhutan found that there is a high level of integration with the SDGs at the goal and target level. Out of the 17 SDGs, 14 Goals were aligned and integrated into the 16 NKRAs. The assessment found that of the 169 targets, 143 were relevant for Bhutan excluding targets for Goal 14-Oceans and Goal 17-means of implementation. Goal 14 was irrelevant for Bhutan given that it is a land-locked country and Goal 17 was excluded due to its complexities. Of the 143 relevant targets, 134 targets were found to be integrated into the 11th plan.¹⁶ The high level of SDG integration into the national development plan despite the SDGs being adopted mid-way through the implementation of the 11th FYP can be attributed to the similarities between GNH and SDGs. Nevertheless, the gap analysis also identified that gaps exist with targets related to gender, social protection financial inclusion and migration.¹⁷

The 12th FYP (October 2018-October 2023) drew extensively from various national strategies and documents, stakeholder consultation and international and regional goals in formulating the objectives and NKRAs with indicators and targets.¹⁸ Recognizing the importance of national ownership and integration of SDGs into the national agenda, SDGs were considered as a reference point during the preparation process of the FYP. The priorities for the 12th FYP include building economic resilience and productive capacities in addressing the last mile challenges and preparation for sustainable graduation from the list of LDCs.

The 12th FYP has 17 NKRAs with corresponding indicators and targets identified at the national level which are closely aligned to the 17 SDGs as shown in table 1 below.

Table 1: Mapping of SDGs and NKRAs

<i>SDG1</i> : No poverty	<i>SDG2</i> : Zero hunger	<i>SDG3</i> : Good health and well-being	<i>SDG4</i> : Quality education
<i>NKRA 3</i> : Reducing poverty and inequality	<i>NKRA 8</i> : Food and nutrition security	<i>NKRA 14</i> : Healthy and Caring Society	<i>NKRA 7</i> : Quality education and Skills

¹⁴ Karma Ura (2015)

¹⁵ GNHC (2013)

¹⁶ UNDP (2015)

¹⁷ Targets are SDG 5.4, SDG 6.4, SDG 8.10, SDG 10.5, SDG 10.6, SDG 10.7, SDG 11.7, SDG 12.3 and SDG 15.4.

¹⁸GNHC (2017)

			NKRA 10: Gender equality
<i>SDG5</i> : Gender equality	<i>SDG6</i> : Clean water and sanitation	<i>SDG7</i> : Affordable and clean energy	<i>SDG8</i> : Decent work and economic growth
<i>NKRA 10</i> : gender equality	<i>NKRA 15</i> : Sustainable human settlements <i>NKRA 17</i> : Sustainable Water	<i>NKRA 6</i> : Carbon neutrality, climate and disaster resilient	<i>NKRA 1</i> : Macroeconomic Stability <i>NKRA 2</i> : Economic diversification <i>NKRA 11</i> : Productive and gainful employment
<i>SDG9</i> : Industry, innovation and infrastructure	<i>SDG10</i> : Reduced inequalities	<i>SDG11</i> : Sustainable cities and communities	<i>SDG12</i> : Responsible consumption and production
<i>NKRA 9</i> : infrastructure, communications & public services <i>NKRA 6</i> : Carbon neutrality, climate & disaster resilient	<i>NKRA 3</i> : Reducing Poverty and Inequality	<i>NKRA 4</i> : Preservation of culture <i>NKRA 5</i> : Healthy ecosystem <i>NKRA 15</i> : Sustainable human settlements	
<i>SDG 13</i> : Climate Action	<i>SDG14</i> : Life Below Water	<i>SDG15</i> : Life on land	<i>SDG16</i> : Peace and Justice
<i>NKRA 6</i> : Carbon neutrality, climate and disaster resilient		<i>NKRA 5</i> : Healthy ecosystem	<i>NKRA 12</i> : Corruption Reduced <i>NKRA 13</i> : Vibrant democracy & decentralization <i>NKRA 16</i> : Justice services

Source: 12th FYP Volume I: Main Document

The alignment of goals indicated that there are no NKRA's aligned to Goal 14: Life Below Water which can be attributed to Bhutan being a landlocked mountainous country and as such, the targets and indicators are not relevant in Bhutan's case. While the Goal 17 has not been mapped against any NKRA's, however, given the complexities of the Goal and its global context, it may have to be assessed separately.

The preliminary assessment of the 12th FYP at the indicator level showed that of the 244 SDG indicators, 26 percent of the indicators are fully adopted, 32 indicators (13 per cent) are partially adopted and about 104 (43 per cent) of the indicators are relevant but not adopted yet. Around 18 per cent of the indicators were found to be irrelevant for Bhutanese context.¹⁹

¹⁹ GNHC (2018)

There are various policies and programmes that have been implemented and are also in the process of implementation since 2015 that address the SDGs. Given the focus on ‘Leaving No One Behind’ by the SDGs and particularly the focus on Goal 1: No Poverty, Bhutan has also accorded high priority to this goal and has prioritized this goal as an early mover country. A major programme implemented in the 11th FYP to achieve SDG 1 targets is the implementation of the targeted poverty intervention programme such as the Rural Economic Advancement Programme (REAP). The programme prioritized 75 of 104 poorest villages that spread across 17 districts which was implemented in collaboration with the Local Governments and a CSO²⁰. Bhutan’s vulnerability baseline assessment report identified 14 groups as vulnerable groups and recommended strengthening legal frameworks with a focus on vulnerabilities and inequalities and enhancing capacities to influence policy and legislation amongst others.²¹ In a similar vein, Bhutan’s VNR report also highlighted that gaps exist in legal and policy framework to protect and promote the rights of vulnerable groups. In line with the principle of ‘leaving no one behind,’ the National Policy for Persons with Disability and National Gender Equality Policy have been drafted. Both the groups have been identified as vulnerable groups.

One of the major policies that resonates closely with the SDGs and contributes towards their achievement is the resource allocation formula (RAF) for the local governments. RAF has a set of criteria based on which resources are allocated taking into consideration the need and priorities of the local governments. Some of the criteria include environment, poverty, GNH index and agriculture amongst others. These criteria are in some sense representative of principle of leaving no one behind.²²

Major priority in the 12th FYP is placed on the implementation of the flagship programmes. These are high-level multi-sectoral programmes that seek to address high priority national issues. These programmes are aimed at ensuring access to 24 x 7 safe drinking water, foster job creation and innovation and leveraging technology for public service delivery. Mobilizing resources and effective implementation of these national programmes will play a critical role in working towards the achievement of the SDGs.

2.2 Institutional Structure

Effective implementation of the SDGs will require proper institutional structure to be in place and effective coordination given the ambitious and interconnected nature of the SDGs in addition to proper alignment with national planning process. Here, the institutional mechanisms in place in Bhutan to implement the SDGs are examined.

In Bhutan’s case, taking into the consideration the existing institutions and mechanisms set up for national planning, the Gross National Happiness Commission (GNHC) is tasked as the high level SDG committee. The GNHC chaired by the Prime Minister is mandated to coordinate the

²⁰ GNHC (n.d.)

²¹ 1. Elderly in need of support 2. Orphans 3. People with disabilities 4. Out of school children 5. Unemployed youth 6. Children in conflict with law 7. People who beg 8. Victims of domestic violence 9. Those working in vulnerable places like Drayang 10. Single parents and their children 11. People affected by HIV/AIDs 12. Individuals engaging in risky sexual behaviour 13. People using drugs and alcohol 14. Vulnerable urban dwellers

²² GNHC (2019b)

formulation and implementation of the FYP, policy formulation and resource mobilization and allocation for capital investment²³. The members of the Commission are the Secretaries of the 10 Ministries, Cabinet Secretary, Secretary of National Environment Commission and GNHC's Secretary as the member Secretary. It involves multi-sectoral representation at the highest level. Therefore, given the interconnected nature of SDGs and the vastness of it, GNHC is responsible as the nodal agency to oversee the SDGs implementation at the highest level. For this purpose, GNHC Secretariat supports the GNHC to coordinate, advise and monitor and track progress on the implementation of the SDGs in Bhutan. Within the GNHC Secretariat, a SDG working committee has been formed with a mandate to oversee, facilitate and guide integration, implementation and for reporting progress status on the SDGs.²⁴ Since the existing institution has mandates to oversee cross-sectoral plans and policies and the national FYPs that are the key means of implementing the SDGs, the existing structure complements and creates synergies in monitoring, coordination and implementation between the SDGs and the national plans.

In addition, Bhutan presented its VNR in 2018 at the HLPF for which a multi-sectoral task force was formed. The task force was mandated to facilitate and coordinate the preparation of the National SDG report. The members comprised of representatives from the Cabinet Secretariat, National Statistics Bureau and the sectors representing the 2018 HLPF thematic areas.

In addition to institutional mechanisms of the Executive Government, there are additional checks and balances through the legislative branch of the government to help ensure that the SDGs are implemented. In the 9th session of Parliament in 2017, the National Assembly(NA) of Bhutan adopted a resolution to embed SDG oversight into parliamentary practice .The resolution adopted that the standing committee of the NA will engage on SDGs, allocate one day of sitting for the deliberation on SDGS in every parliamentary session; ensure parliamentary oversight in integration of SDGs in the next five year plan and mobilize adequate resources for NA to facilitate its oversight role on the SDGs and reporting on SDGs related trips by the Parliamentarians and parliamentary delegations for better understanding of the SDGs.²⁵

Monitoring and reporting of the national plans takes place annually through Government Performance Management System which results in signing of Annual Performance Agreement between the agencies and the Prime Minister.²⁶ This is further cascaded down to individual civil servants through the Individual Work Plan. Thus, the annual monitoring and reporting framework is geared to work towards giving a scorecard of SDGs implementation and monitoring on an annual basis.

To ensure effective coordination among the bodies and proper localization of the SDGs in the country's context, existing institutional structures will need to be further strengthened to track the progress of the national plans in an adequate manner and in turn, implementation of SDGs in Bhutan.

²³ GNHC (2019a)

²⁴ GNHC (2018)

²⁵ National Assembly (2017)

²⁶GNHC (2019b)

2.3 Financing

Financing is one of main constrains in implementing the SDGs and plays a critical role in achieving desired objectives. A study conducted by the World Bank for 140 countries including Bhutan found that the capital investments required to achieve the SDGs related to water supply, sanitation, and hygiene (targets 6.1 and 6.2) amount to about three times the current investment levels.²⁷

Few countries in South Asia like Bangladesh have estimated the costs of implementing the SDGs. In case of Bhutan, such detailed cost assessment on the SDGs implementation has not been carried out yet. However, given the similarities and high level of integration between the SDGs and national policies and plans, the implementation of the FYP is an implementation plan for SDGs and as such financing the consecutive FYPs from 2015-2030 will be the implementation cost for the SDGs in Bhutan's case.²⁸ As per recent UNESCAP research and analysis, Bhutan requires an investment of approximately 12.7 per cent of GDP per year to meet its needs in transport, energy, information and communications technology and utilities.²⁹ Therefore, mobilizing financial resources- both domestic and external resources- will play a critical role in SDGs implementation. The 11th FYP and 12th FYP financing aspects are discussed below from the perspective of SDG financing.

2.3.1. Domestic Resources

The total expenditure in the 11th FYP (2013-2018) was Nu. 223 billion of which 62.1 per cent was met through domestic resources.³⁰ There has been and continues to be great emphasis on self-reliance whereby the domestic resources are able to meet the financing needs for the development activities in the country as highlighted in various strategic and national FYP documents. The domestic revenue finances the current expenditure as mandated by the Constitution. Notwithstanding this, domestic resource mobilization remains a key challenge for the country with most of the capital intensive investment being largely dependent on other financing sources.

The 12th FYP (October 2018-October 2023) has an estimated expenditure of Nu. 310 billion, of which Nu. 116 billion is accounted for capital expenditure and the rest for current expenditure.³¹ Of this, domestic resources is expected to meet 70 per cent of the financing needs for the 12th FYP while about 20 per cent will be met through grants both external and internal.³² The fiscal deficit is projected at about Nu. 29 billion.³³ Thus, enhancing domestic resources mobilization and effective management of fiscal resources is critical to meet the resource gap and achieve the national targets set as per the FYP and consequently the SDGs.

Over the last decade, government revenue averaged about 22 per cent of the GDP ranging from 18 to 24 per cent. The tax to GDP ratio averaged at around 14 per cent between 2008 and 2017. It declined to the lowest of 12 per cent in 2017 in the past decade. This is relatively low compared 20 per cent in some of the advanced countries such as China and Thailand and additionally, the

²⁷ G. Hutton and M.Varughese(2016)

²⁸ GNHC (2018)

²⁹ UNESCAP (2018)

³⁰ About USD 3.2 billion at exchange rate of USD 1=Nu. 70

³¹ GNHC (2019b)

³² Ibid.

³³ Ibid.

government aims to maintain the tax to GDP ratio at 12 per cent for the next five years³⁴. This is a cause of concern since tax revenue forms majority of the total revenue share of around 70 per cent and the target also remains relatively low. It is estimated that the tax collections were below potential with gaps up to 6 per cent of GDP in case of Bhutan.³⁵ It presents an opportunity to mobilize additional domestic resources through enhancement of tax collection.

Table 2: Government Revenue (in percent of GDP), 2008-2017

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenue	24.11	24.25	22.83	22.25	21.63	21.37	20.24	21.22	21.2	18.09
Tax Revenue	10.71	13.18	14.66	15.46	15.63	15.17	14.46	15.05	15.52	12.01
Non-Tax Revenue	13.40	11.07	8.17	6.79	6	6.2	5.78	6.17	5.68	6.08

Source: National Accounts Statistics, NSB 2018

The relatively low tax to GDP ratio can be attributed to narrow tax base. Government has taken steps to enhance tax base and improve administrative aspects. One of the initiatives to enhance tax revenues is the introduction of green tax and sales tax on vehicles and fuels which is also in line with SDG 12 on sustainable consumption and production. Easing the administrative tax paying procedures by introducing online tax payment system is also one of the initiatives attributed towards enhancing revenue.³⁶

Financing gap of around 9 per cent of the total expenditure projected between 2018-2023 also presents the case for strengthening domestic resource mobilization. One of the major reforms to broaden the tax base include the introduction of goods and services tax for which preparatory works are at an advanced stage³⁷. Other tax reforms are also under consideration but this will require strong political will especially in ensuring that progressive taxation systems are considered and focusing on minimizing tax leakages.

Domestic capital and bonds market are also potential areas for resource mobilization in closing the financing gaps. However, barriers such as such as immature financial markets and regulatory risk exists. Notwithstanding this, there are possibilities of exploring green bonds given the country's eco-friendly and pro-environment policies. The need for domestic resource mobilization should not be limited to tax measures and bonds market but also can be enhanced through private sector resources and engagement. Public Private Partnerships (PPP) is a source of financing that Bhutan is yet to fully leverage. PPP can play a critical role for investments in public goods especially urban infrastructure needs and in creating employment opportunities through partnerships between the government and the private sector. This ultimately is significant in terms of achieving SDG 8 on decent work and economic growth, SDG 9 on industry, innovation and infrastructure and SDG 17 on partnerships, with the private sector. For this, there is a need to encourage and create an enabling environment for private sector's involvement. In this regard, a PPP policy is in place along with the rules and regulations and a PPP unit set up under the Ministry of Finance to ensure structured, transparent and institutionalized approach to PPPs and support development of feasible

³⁴ Ibid.

³⁵ UNESCAP (2019b)

³⁶ Ministry of Finance (2016)

³⁷ Ministry of Finance (2019)

projects³⁸. PPP has been identified as a priority for the Ministry of Finance with budget provision for working towards development of projects and providing necessary support too.³⁹ Going forward, sensitization and awareness must be created among the private sectors and other stakeholders and work on creating an enabling environment for PPP.

Overall, increasing domestic resource efforts become even more paramount with Bhutan's scheduled graduation from LDCs status in 2023 and ensuring that it sustains the socio-economic gains that will work towards achieving the SDGs.

2.3.2. External Resources

Official Development Assistance (ODA) continues to play a critical role in complementing domestic resource mobilization efforts to implement socio-economic development activities. The fund flow through ODA has decreased over the past decade but continues to be a major contributor for capital investment in country. Bilateral grants specifically from India constitutes a major source of external resources that is not only limited to financing capital expenditure of the government but also in Bhutan's hydropower sector investment. Other major development partners for Bhutan include the European Union, Japan, Austria, climate financing windows and financial institutions to name a few.

Over the years, few traditional development partners have phased out their assistance to Bhutan due to its socio-economic progress. Further, implications of LDC graduation in terms of external resources include loss of preferential market access and preferential access to climate financing. In addition to grants, access to concessional loans from multilateral financial institutions are identified as an important source for closing the resource gaps.⁴⁰ The loss of preferential treatment post-LDC graduation and the challenges associated with loans on the overall debt burden are limitations to mobilizing external resources.

One of the emerging financing sources is the climate financing window. Given Bhutan's vulnerability to climate change as well as its pro-environment policies, it has mobilized resources from financing windows like GEF-LDCF and Global Climate Fund to implement climate resilient projects which contributes towards SDG 13-Climate Action and SDG 9- Industry, Innovation and Infrastructure. Nonetheless, key challenges remain due to lack of capacities in accessing these funding windows and loss of preferential treatment granted as an LDC post-2023 for climate financing windows.

In line with climate financing, innovative financing mechanisms have emerged in Bhutan. One such initiative is Bhutan for Life, a Project Finance for Permanence mechanism, to sustainably finance effective management of Bhutan's protected areas and biological corridors which make up around 52 per cent of Bhutan.⁴¹ Additionally, Bhutan is also a member of the Biodiversity Finance Initiative to leverage long-term financial resources for supporting the nation's rich biodiversity

³⁸ Ministry of Finance (2017)

³⁹ GNHC (2019c)

⁴⁰ Ministry of Finance (2019)

⁴¹For more details, see <http://www.bfl.org.bt/bflsite/public/app/solution>;
http://www.wwf.org.bt/bhutan_for_life/

conservation and climate action⁴². These green financing mechanisms help to ensure that Bhutan remains economically and environmentally sustainable and contributes towards achievement of SDG 13-Climate Action and SDG 15-Life on Land. Thus, given Bhutan's location in the ecologically fragile eastern Himalayas, innovative financing mechanisms including climate financing, will have to be further enhanced and explored. For this, productive capacity building of various public, private and corporate sectors in enhancing and accessing climate funds will be significant in mobilizing resources and contributing towards the SDGs by 2030.

Besides the traditional sources of external financing through grants and loans, foreign direct investment (FDI) can play a critical role in not only financing but also creating an avenue for engagement of the private sectors in achieving the SDGs. The FDI policy 2010 amended in 2014 is in place to attract investments in the country yet the country has seen a decline in the FDI net inflows. Between 2013 and 2018, the net FDI inflow was negligible at around 0.22 per cent of the overall inflow and 0.21 per cent of the GDP. The FDI net inflow per capita in Bhutan is even further behind the average level of South Asian countries, LDCs and Asian LDCs. The FDI is mainly concentrated in the hospitality sector despite the efforts made to attract FDIs in other sectors like agriculture, forest and manufacturing as highlighted in the FDI Policy. Efforts have also been made in improving the ease of doing business ranking for a favorable investment climate with it identified as a key performance indicator at the national level in the 11th FYP as well as the 12th FYP. The FDI Policy is also set for revision in 2019. Thus, concerted efforts are required henceforth in attracting FDI into the country for both financing national priorities and private sector engagement as we move closer to 2030.

Given the vastness and challenges in financing the SDGs, Bhutan's VNR highlighted the need for a strategy in mobilizing external resources and other assistance as it prepares for a smooth transition and a sustainable LDC graduation beyond 2023.⁴³ There is a need to mobilize additional resources- both domestic and external and at the same time ensuring that available resources are managed effectively to address the SDGs.

2.4 Partnership and stakeholder participation in SDG implementation

The implementation of the SDGs based on the principle of leaving no one behind must be an inclusive process. The process must ensure stakeholder engagement in agenda setting to ensuring accountability; this requires the involvement of the public sector, the government, civil society organizations (CSO), the private sector, academia, development partners and the general public in a coordinated manner.⁴⁴

Recognising the importance of national ownership and the need for multi-stakeholder engagement, a national level sensitization workshop on SDGs was conducted in October 2015 followed by a series of sensitization and awareness programmes on the SDGs during the formulation phase of 12th FYP from 2016 to 2018.⁴⁵ The groups included government agencies, local governments,

⁴² UNDP (2016)

⁴³ GNHC (2018)

⁴⁴ Bhattacharya et al (2016)

⁴⁵ Lhamo and Tshering (2017)

CSOs, private sectors, parliamentarians, political parties and youth representatives.⁴⁶ Despite efforts to sensitize and generate awareness, key challenges remain in terms of low level of awareness on the SDGs and lack of coordination as highlighted in Bhutan's VNR report in 2018.

In terms of SDGs implementation, the government is engaging and collaborating with the CSOs on implementation of various programmes that address the SDGs. For instance, between 2013 and 2018, government's targeted poverty reduction program, REAP, was implemented in collaboration with the local governments and a CSO focussed on rural development to address SDG 1- No Poverty.⁴⁷ Similarly, agencies are taking initiatives to collaborate with CSOs where relevant, for instance, collaboration with the Tourism Council of Bhutan and Bhutan Toilet Organization, a CSO in management of road side amenities particularly restrooms for the tourists.⁴⁸ Such collaborations with the CSOs have to be consistently pursued by the government at different levels for implementation of plans and programmes and ensure programmes are complementary for SDGs achievement.

The role of the private sector is critical as the country focuses on building productive capacity and diversifying the economy and in achieving the 2030 Agenda. Bhutan's VNR report highlights that there has been awareness raising in promoting the roles of communities, civil societies and the private sector in contributing to the national and international goals and creating an enabling environment is central to the development strategy.⁴⁹ While the hydropower forms the bedrock of the economy, there are significant challenges in diversifying the economic base that is associated with the landlocked aspects of the country. In order to expand the opportunities, investments through flagship programmes in tourism, organic production and cottage and small industries and start-ups are to be implemented. These programmes seek to provide support to various businesses especially small scale enterprises and work towards an enabling environment and ultimately, promote job creation in the economy. Furthermore, the private sector can enhance their contribution to the SDGs through their corporate social responsibility (CSR) avenues. For this, the government must create awareness and guidelines to ensure companies' CSR plans are aligned to address the existing challenges and emphasize their role in achieving the national goals and the SDGs. This is an area that can be enhanced to form stronger partnerships with the private sector to accelerate SDG implementation in the country.

Effective collaboration and partnerships must also be fostered with the development partners and ensure that the resources are mobilized through a collaborative effort and effectively managed in addressing the national priorities and avoid duplications.

As such, the 12th FYP for Bhutan is underpinned by the principle of triple Cs- Coordination, Consolidation and Collaboration focusing on collaborative efforts among various stakeholders. To realize this, sensitization on the SDGs will have to be a continuous process especially given the change in personnel at various levels. Additionally, various stakeholders must be consulted in policy formulation stage and an enabling environment created for participation of various stakeholders to contribute towards achieving the SDGs.

⁴⁶ GNHC (2017)

⁴⁷ GNHC (2018)

⁴⁸ Kuensel (2018)

⁴⁹ GNHC (2018)

2.5 Data Deficit

SDGs with their numerous targets and indicators entail high data requirement to track progress. Access to high quality and reliable data is crucial to ensure monitoring, transparency and accountability for spending and tracking the progress on SDGs.⁵⁰ Further, availability of disaggregated data in terms of gender, age, location is extremely significant to ensure that no one is left behind.

Meeting these data requirements remains a major SDG implementation challenge for Bhutan. Data required for SDGs tracking remains limited and unreliable for most cases. It was reported that of 244 indicators, data is available for 84, partially available for 66 and unavailable for 94 indicators (refer figure 1).⁵¹ It was also highlighted that Bhutan fares relatively well in terms of data related to health, poverty, education and employment. Other areas of concern relate to the quality and reliability of the available data and existing capacities to bridge the identified data gaps.

Figure 1: Data Availability for SDG indicators in Bhutan



Source: GNHC (2018)

An analysis of the data availability for the South Asian countries based on global database reveals that Bhutan had one of the highest data deficiencies in the region with no data for 59 per cent of the indicators after Maldives and Afghanistan at 62 and 61 per cent respectively.⁵² Similarly, an overview of the statistical capacity of national statistical systems of South Asian countries as per the World Bank in terms of methodology, periodicity and timeliness and source data shows that Bhutan does not fare well in the region. Bhutan's statistical capacity score of 65.56 in 2017 is below the South Asian average of 74.07 (table 3).

⁵⁰ Bhattacharya et al (2016).

⁵¹ GNHC (2018).

⁵² Tilakaratna (2018)

Table 3: Statistical Capacity Score for South Asian Countries, 2017

Country	Statistical Capacity Score
South Asia	74.07
Afghanistan	51.1
Bangladesh	70
Bhutan	65.56
India	91.11
Maldives	52.22
Nepal	73.33
Pakistan	75.56
Sri Lanka	83.33

Source: World Bank, World Development Indicators Database.

A data ecosystem mapping was carried out by UNDP and National Statistics Bureau (NSB), the national statistical agency, to identify data gaps for 12th FYP and the SDGs. It found out that weak coordination among data producers within the national statistical system is a key constraint in producing timely and quality data. Therefore, the quality of statistics remains low in terms of relevance, reliability, timeliness, comparability, consistency and coherence.⁵³ The data ecosystem also identified the need for capacity development especially for those involved in producing data at the local level.

These gaps highlight the need for multi-stakeholder involvement for better coordination and capacity building for all stakeholders involved is a necessity. In this, the role of national statistical agency should be strengthened and collaboration with data consumers strengthened to produce timely, relevant and reliable data.

3. Regional Cooperation for SDGs: The Bhutanese Perspective

The preceding sections identified the SDGs implementation challenges in the country and the means to address them at the national level. Bhutan as a part of the South Asian subregion with close links geographically, economically and culturally, can benefit immensely from regional cooperation in achieving the SDGs. The first part of this section will identify various SDG related priority areas from Bhutan's perspective. Then, the study attempts to identify possible means of implementation for the priority areas at the regional level using a regional approach.

3.1 Priority Areas for Regional Cooperation

This part of the paper discusses the SDG priorities from Bhutan's perspective that require regional cooperation and a regional approach for their effective implementation.

Goal 1: No Poverty

Bhutan has made significant strides in reducing both income and multidimensional poverty. The income poverty rate decreased from 12 per cent in 2012 to 8.2 per cent in 2017⁵⁴ and the

⁵³ NSB (2018c)

⁵⁴ NSB (2017c)

multidimensional poverty decreased from 12.7 to 5.8 per cent.⁵⁵ Despite the progress, disaggregated data show high level of disparities still persist and Bhutan is confronted with the last-mile challenge of eradicating poverty in all its forms. The incidence of poverty is higher in rural areas at 11.9 per cent than 0.8 per cent in urban areas and higher incidence of poverty is reported for households headed by people aged 65 or older compared to those headed by people aged 25 years or younger.⁵⁶ Disparities are also observed in other aspects like literacy rates between people who are identified as poor and non-poor. Goal 1 was prioritized for implementation immediately after the adoption of SDGs in Bhutan.

Poverty is cross-cutting in nature that has implications on other sectors/goals such as health and education. In the regional context, South Asia accounts for second highest number of poor people in the world and is confronted with the massive challenge of eradicating poverty.⁵⁷ SDG 1 has high synergistic relationship with other SDGs in Asia and the South and South West Asian subregion would need to scale up investments to end poverty and hunger and achieve health and education targets.⁵⁸ Regional cooperation to enhance efforts in poverty reduction can address the SDGs. For this, experience and knowledge sharing platform could be explored along with the possibility of tapping into the SAARC Development Fund in implementing programmes related to poverty reduction through its infrastructural and social windows which can be of huge potential for financing, particularly for smaller countries in the region with the possibility of transforming it into a South Asian Development Bank.⁵⁹

Goal 7: Affordable and clean energy

It is estimated that there is a potential of around 30,000 MW of hydropower of which 23,730 MW is commercially viable.⁶⁰ Currently, it has an installed capacity of 1,606 MW which is only 6 per cent of its potential.⁶¹ Around 99 per cent of households in Bhutan have access to electricity⁶² and electricity exports constitute the main item in the export basket to India. On the other hand, petroleum products constitute the highest imports in the total import basket and petroleum imports are increasing.

South Asia as a region has tremendous potential in hydropower generation with only about 13 per cent of it exploited.⁶³ Bhutan has exemplary bilateral cooperation with India on hydropower infrastructure development and trade. Besides Bhutan, India has agreements with Nepal as well. Cross-border cooperation in the energy sector particularly hydropower infrastructure development and trade in electricity especially with the energy deficit countries could be explored. In this regard, Bhutan's VNR also highlighted the need for triangular cooperation in energy sector among Bhutan, Bangladesh and India. Regional cooperation in energy among South Asian countries can substantially improve access to clean and renewable energy (targets 7.1, 7.2 & 7.b).

⁵⁵ NSB (2017b)

⁵⁶ NSB (2017c)

⁵⁷ Lakner et al (2018)

⁵⁸ UNESCAP (2019b)

⁵⁹ UNESCAP SSWA (2018a)

⁶⁰ SAARC Energy Centre (2016)

⁶¹ GNHC (2019c)

⁶² NSB (2017a)

⁶³ SAARC Energy Centre (2016)

Goal 8: Decent Work and Economic Growth

Goal 8 is cross-cutting in nature and is closely interconnected with other SDGs. Achievement of most of the goals will also hinge on achieving this goal. Bhutan is one of the fastest growing economies in Asia with the growth mainly driven by its hydropower sector. The economic base remains relatively narrow with the export base mainly constituting of hydropower which is concentrated with India. For instance, 77.6 per cent of Bhutan's export was destined for India and around 83.9 per cent of total imports from India.⁶⁴ As a result, Bhutan persistently experiences high level of trade deficit with India.

The last five years have recorded moderately low level of unemployment rate but disaggregated data shows high level of unemployment among the youth in Bhutan. In 2018, youth unemployment was recorded at 15.4 per cent.⁶⁵ The structural transformation that it experienced is not commensurate with quality jobs being created with majority of the population still engaged in agriculture despite its declining share in GDP. South Asia as a region is also collectively confronted by the same challenges of lack of skills, informal sector and high youth unemployment. In light of these common issues, the region can benefit from regional cooperation with a focus on trade that can harness the potential of large South Asian market and building productive capacities in the subregion that can ensure gainful employment for all (target 8.5).

Goal 9: Industry, innovation and infrastructure

Goal 9 calls to develop quality, reliable, sustainable and resilient infrastructure including regional and transborder infrastructure. In terms of transport infrastructure, Bhutan has invested heavily in building up its road network within the country and roadways remains the primary means of transport given the geographical specificities of Bhutan being a landlocked mountainous region. The key challenge remains reliable and quality road infrastructure that are also climate resilient. In addition, air connectivity plays a crucial role in growth and in connecting Bhutan to the external world. Bhutan has limited regional and international connectivity. In this regard, development of sustainable infrastructure at the regional level necessitates regional cooperation which further has implications on trade and achievement of other SDGs.

Strengthening and development of information and communication infrastructure will be critical to increase access to communications technology and affordable internet (target 9c). Significant investment has been initiated in critical infrastructures like optic fibre and critical government services are being provided through online services. Regional cooperation to establish third international gateway for Bhutan would be critical in ensuring access to internet and fostering people to people connectivity.

It is estimated that the South Asian Association for Regional Cooperation (SAARC) members will need to invest an additional of 2-2.5 per cent of GDP annually in infrastructure to meets the SDGs targets.⁶⁶ Given such financing gaps, regional cooperation through pooling of resources and optimizing various regional groupings like Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and SAARC will be one way to finance such gaps.

⁶⁴ Ministry of Finance (2018)

⁶⁵ NSB (2018a)

⁶⁶ UNESCAP (2019b)

Additionally, role of multilateral institutions like the ADB, World Bank and UNESCAP can be tapped to bring on countries on board for common understanding and cooperation.

Goal 13: Climate Action

Climate change is one of the biggest threats to sustainable development and as a landlocked least developed country located in ecologically fragile mountainous environment, the adverse impacts of climate change are graver for Bhutan compared to other countries. Its economy is heavily dependent on sectors that are highly vulnerable to climate change. The main source of revenue for the country is the hydropower sector which is dependent on the glaciers and more than half of Bhutan's population depend on agriculture for their livelihoods.

Bhutan has committed to remain carbon neutral and has numerous policies and strategies in place to mitigate and adapt to climate change. It has more about 70 percent of forest coverage as mandated by its Constitution and has communicated its Nationally Determined Contribution. It has prepared and implemented National Adaptation Programme of Action and is preparing its National Adaptation Plan.⁶⁷ Weather forecasting and flood warning systems have improved with automatic hydromet stations installed in 99 stations. Nevertheless, high investments related to climate adaptation and mitigation measures pose a key challenge for Bhutan and building productive capacity to withstand climate change will be critical.

The Asia-Pacific SDG progress report 2019 reported that the South and South West Asian⁶⁸ subregion is regressing on Goal 13 and as such, there is need to reverse this trend.⁶⁹ Collaboration on climate action for integration of early warning systems at the regional level will be of benefit not only to Bhutan but also for others especially those in the downstream. Further, mechanisms to build human and institutional capacities on climate change through research, knowledge sharing and focus on technology will be essential. For this, existing institutional settings within the SAARC framework like the SAARC meteorological, agricultural and forestry centre which are intertwined with climate change can be leveraged on. Additionally, subregional organizations like ICIMOD could be strengthened for research and knowledge sharing platform for the South Asian region.

Goal 15: Life on land

Goal 15 was one of the SDGs prioritised for immediate implementation to showcase Bhutan's success in preservation of its biodiversity. Environment is one of the domains of GNH and 70 per cent of Bhutan's area is covered with forests. There are legal frameworks and regulations emphasising sustainable management and utilisation of natural resources. Yet, there are reports of drying water sources and other challenges. South Asia as a region is one of the most vulnerable to climate change which has implications on its natural resources. Further, the nations in the region have shared natural resources that necessitates regional cooperation. For instance, water is a major shared natural resource which must be sustainably managed through cooperation for the greatest benefits to all in the region. For this, cooperation on natural resources with a focus on water will be critical in achieving the targets for SDG 15. Along this line, hydrological information sharing

⁶⁷ GNHC (2018)

⁶⁸ Afghanistan, Bangladesh, Bhutan, India, Iran (Islamic Republic of), Maldives, Nepal, Pakistan, Sri Lanka, Turkey

⁶⁹ UNESCAP (2019a)

will be essential particularly in the monsoons. Other areas of cooperation include cooperation on preservation of flora and fauna in the region (Target 15.7).

3.2 Means of implementation

This part of the paper discusses various means of implementation to promote SDGs at the regional level based on the priorities identified above. These are trade connectivity, energy connectivity and people-to-people connectivity which could further the SDGs in South Asia.

Trade Connectivity

Bhutan's trade remains concentrated with India followed by Bangladesh in the region; as of 2018, its trade with other countries in the region does not feature in the top 20 for both imports and exports.⁷⁰ Furthermore, its export base is mainly concentrated in hydropower. A recent UNESCAP study has estimated that Bhutan has an unexploited intra-regional trade potential of around 9 per cent which is the lowest in South Asia. Nonetheless, there are opportunities for Bhutan to reap benefits from intra-regional trade specially to diversify its economy. Further, the performance of trade sector is implicitly linked and has implications on achievement of other SDGs like SDGs 2, 8, 9, 10 and 17 where trade policy has been embedded in the Goals.

South Asia remains one of the least integrated subregions with more than 67 per cent of trade potential unexploited estimated at \$ 81.2 billion which is estimated to double by 2020 to \$ 172 billion.⁷¹ The low level of intraregional trade is associated with high cost of trade within the region, for instance, the cost of trading within South Asia is high as 114 per cent while cost of trading within ASEAN region is only 76 per cent.⁷² The cost of trading with distant partners is estimated to be lower than within the region. Low level of intraregional trade is also due to high incidence of informal trade given the long porous borders; informal trade is estimated at 50 per cent of formal trade in South Asia.⁷³ Bhutan's informal trade with India is estimated at three times the formal trade.⁷⁴ Other factors such as the poor supply capacity of the LDCs in the region, poor trade facilitation at borders and prevalence of non-tariff barriers explains the low level of intraregional trade.⁷⁵

Studies have shown that advancing trade liberalization from tariff elimination and minimizing barriers can result in welfare gains and net trade creation and that the gains will be significant for smaller countries.⁷⁶ The South Asian Free Trade Agreement (SAFTA) has been in force since 2006 but remains limited with respect to exploiting the full trade potential owing to sensitive lists that the countries maintain and imposition of high para- tariffs which are excluded from the free trade agreements. Reducing the sensitive lists items will be critical and there has been significant reduction for the subregional LDCs.⁷⁷ An important area to advance trade in region will be strengthening the trade facilitation at the land borders through investment in infrastructures given the long-porous borders and the prevalence of informal trade. This will be significant in reducing

⁷⁰ Ministry of Finance (2018)

⁷¹ UNESCAP SSWA (2018c)

⁷² Ibid

⁷³ Kathuria (2018)

⁷⁴ Ibid

⁷⁵ UNESCAP SSWA (2018c)

⁷⁶ Ibid

⁷⁷ Ibid

the costs of cross-border trade. For this, taking a coordinated approach to form trade corridors and infrastructure by optimizing the current set up such as BIMSTEC, SAARC and South Asia Subregional Economic Cooperation (SASEC) is imperative. The regional trade liberalization initiatives and policies must however have the objective of inclusive growth to ensure that no one is left behind.

Energy Connectivity

The role of energy is crucial for development and growth and is closely linked to the environment. South Asia has energy deficit that could be addressed through regional collaboration. The region suffers from insufficient energy resources, poor cross-border transmission links, bottlenecks in domestic energy infrastructure and lack of investment in energy sector.⁷⁸

Countries like Nepal and Bhutan has high potential for generating hydropower from the Himalayan rivers and currently, cooperation in this sector is limited to bilateral agreements with India. Regional cooperation can foster establishment of cross-border infrastructures for efficient utilization and low cost energy market. The SAARC framework for energy cooperation was signed in 2014 and needs further impetus for its implementation. The subregion can explore creation of regional energy market through SAARC power grid and SAARC market for electricity trade.⁷⁹ This can lead to matching the demand and supply of energy using differences in capacity, demand and seasonal patterns across countries.⁸⁰ Regional cooperation in terms of investment, capacity building can be sought across other areas of renewable energy that can benefit the region at large and addressing the SDGs.

People-to-People Connectivity

Leveraging on information and communications technology can not only enhance service delivery such as health, education and businesses but also is essential for creating people-to-people connectivity. In this regard, reliable and affordable access to internet and information in the region will be critical. Disparities exists within and across countries for access to internet with a major obstacle being the poor quality of cross-border IT and telecommunication infrastructure.⁸¹ Investments in improving telecommunications infrastructure and services at regional level should be explored to narrow the digital divide. In this regard, leveraging on multilateral institutions and their initiatives such as UNESCAP's initiative for Asia-Pacific Information Superhighway can create connectivity through affordability and accessibility of broadband internet.

More importantly, creating people-to-people connectivity through institutional linkages and softer aspects of culture should not be ignored. Institutional connectivity can create a platform for intergovernmental discussion, business partnerships and knowledge sharing. This can be pursued through effective regional institutions and also through institutional linkages amongst the South Asian countries. Regional organizations such as SAARC, BIMSTEC and regional UN agencies like UNESCAP can play an important role in creating these partnerships for the region. Beyond the formal channels, track-II diplomacy can play an important role in creating people-to-people connection. A network of think tanks/research institutions on knowledge sharing and through

⁷⁸ Ibid

⁷⁹ UNESCAP (2018b)

⁸⁰ Ibid.

⁸¹ UNESCAP (2018c)

shared culture by leveraging on ICT should be enhanced. This will be important in fostering regional partnerships and addressing the SDGs.

4. Conclusion

Since the adoption of SDGs in 2015, Bhutan became one of the early mover countries to implement the SDGs in the Asia-Pacific region and has taken several initiatives in this regard. The SDGs have been aligned to the national planning process through Bhutan's FYP which identifies national priorities and needs to be addressed. High level of alignment was found between the SDGs and both the 11th FYP and the 12th FYP at the goal and target level. Nevertheless, gaps were also identified for certain SDGs and goals in the 11th FYP. Going forward, the implementation of its 12th FYP will have to address the identified gaps in SDGs alignment. There are few key programmes, including flagship programmes planned to be implemented in the next five years that will work towards addressing the SDGs. The current institutional set-up for the national plans and policies is also mandated to align SDGs into national plans, monitor and track its progress. As such, it will be critical to strengthen the existing institutional capacities, especially at the local levels for optimum results. Bhutan presented its VNR at the HLPF in 2018 where lessons learned in the implementation of the SDGs so far would offer critical insights.

The main areas of implementation challenges remain in financing the SDGs and data deficit in tracking its progress. Meeting the financing requirements for the SDGs through both domestic and external resources is a challenge, especially in the context of graduation from LDC status. There are opportunities to mobilize domestic revenue in a greater way, but efforts have to be made to broaden the tax base and prevent leakages. Additionally, a coordinated approach must be put forward to mobilize external resources in collaboration with development partners. Overall, in addition to enhancing the revenue base, effective management and utilization of both domestic and external resources will be critical. Given the high level of data requirements for the SDGs, this is a critical area that needs to be enhanced through capacity building initiatives to produce timely and quality data to track the SDGs. In terms of partnerships, awareness and sensitization is being carried out on SDGs but it will require concerted efforts in engaging the various stakeholders especially the private sector and businesses in implementing and addressing the SDGs.

In the regional context, SDG 1 on ending poverty, SDG 7 on modern energy, SDG 8 on inclusive growth and productive employment, SDG 9 on infrastructure and industrialization, SDG 13 on climate action and SDG 15 on life on land will have to be prioritized from Bhutan's perspective to achieve the Goals with greater regional cooperation. In order to promote regional cooperation in achieving the SDGs, means of implementation in three broad areas, namely, trade connectivity, energy connectivity and people-to-people connectivity, has been identified. Regional institutions will play a critical role in this regard and a coordinated and collaborative approach underpinned by regional level ownership of the SDGs amongst existing institutions can create, contribute and accelerate SDGs implementation. Enhancing the track-II diplomacy through think tanks and other softer aspects by leveraging ICT will be critical for South Asian countries. Overall, these instruments should provide a platform for the countries to come together for cooperation and a coordinated regional approach to achieve the SDGs by 2030.

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