

Towards environmental assessment of policy in Bhutan

Lex Brown¹, Kunzang Lhamu², Phuntsho Wangyel², Karma Tshering³, Tashi Dorji⁴

¹Griffith University, Australia ²Gross National Happiness Commission Secretariat, Bhutan
³National Environment Commission, Bhutan ⁴UNDP, Bhutan

Abstract:

Policy development occurs across many different sectors of government, and these policies can have far-reaching implications once they have been formalised and become the base for future government activities and budgets. Conceptually, SEA would be the appropriate tool to assess these policies for their environmental consequences. SEA would also encourage the policy proponents to consider environmental and sustainability impacts, issues and opportunities, within their policy designs, preferably during the early stages of policy development. But what do you do when many policies are being developed rapidly, and the time frames and human and financial resources available in a developing country are simply not sufficient to conduct conventional policy SEAs - let alone the fact that some policy proponents may not yet be convinced of the need to do so? This is the current situation in Bhutan where many policies are in various stages of development or approval. This paper describes the formal process in Bhutan within which central government policies are developed, and how attempts are being made there, albeit tentatively, to bring some elements of "SEA thinking" to policy development and approval—recognising the reality that most policies will have to be developed without a formal SEA.

1.0 Bhutan, Gross National Happiness, and sustainable development.

Bhutan is a small Himalayan kingdom covering an area of 38,394 sq. km with a population of 684,982 (Population and Housing Census of Bhutan, 2005). It is bordered by the Tibetan region of China and the Indian states of Sikkim, West Bengal, Assam and Arunachal Pradesh (7th Five Year Plan, Volume I, 1992-1997). Over 72% of the land area is covered with forests including the 26% of land designated as protected areas and 9% as biological corridors (Ministry of Agriculture and Forest Services, 2010). The country is largely agrarian with 79% of its population engaged in agriculture and livestock farming. In 2008, a Democratic Constitutional Monarchy form of government was established in the country.

The Constitution of the Royal Government of Bhutan, Article 5 requires that the Royal Government of Bhutan (RGOB) shall: ... *secure ecologically balanced sustainable development while promoting justifiable economic and social development* ... (RGOB, 2008a). Currently, the Government has embarked on preparation of the country's 11th Five-Year Plan (FYP), 2013-2018. As in previous FYPs, the priorities and strategies are to be guided by the country's development philosophy of Gross National Happiness (GNH) (11th Five Year Plan Guidelines, 2013-2018) with the aim of strengthening its four pillars: i) promotion of equitable and sustainable socio-economic development, ii) preservation and promotion of cultural values, iii) conservation of the natural environment, and iv) good governance.

Sustainable development is integral to the Royal Government of Bhutan's development philosophy of Gross National Happiness (GNH) and there is high level support and commitment to a "middle path" of development. Bhutan has a reasonably well-developed system of environmental safeguards (Environmental Impact Assessment, conservation reserves and pollution controls) but there is an understanding within government that moving towards sustainability requires more than safeguarding, viz. integrating environment and other cross-cutting issues into all policy making and planning processes of government. To this end, the National Environment Commission (NEC) and the Gross National Happiness Commission (GNHC) of the RGOB have been involved in the task of

building capacity in *environmental mainstreaming* (Annandale and Brown, 2012). Mainstreaming recognizes that the environment is the ultimate resource on which all sectoral development depends, placing particular emphasis on the opportunities environment provides for sustainable and inclusive (pro-poor) development (Dasgupta et al., 2005). It attempts to change the “development versus environment” debate to one of “development that utilizes resources sustainably” (Dalal-Clayton and Bass, 2009; Brown and Tomerini, 2009).

It is within this context that we examine the approaches being made within Bhutan to ***mainstream environment, poverty, and other cross-cutting issues*** into the country’s ***policy-making***. Conceptually, Strategic Environmental Assessment (SEA) is the appropriate tool to assess policies, and to ensure that the policy proponents have considered environmental and sustainability impacts, issues and opportunities within policy development (Ahmed and Triana, 2008; CEAA, 2010; Sadler et al., 2011). However the RGOB is developing many policies simultaneously and neither the time frame, nor the human and financial resources, are available to conduct full SEAs. We describe in this paper an approach, albeit tentative, towards adapting the existing policy-making processes to bring some elements of “SEA thinking” to Bhutan’s policy development and approval—recognising the reality that most policies will be implemented *without a formal SEA*.

2.0 Central Government Policy-Making in Bhutan

Bhutan started on the path to development in 1961 with its first FYP. A decade later, the Planning Commission was constituted at central level to formulate overall development plans, coordinate sectoral policies and programs, aid management and monitoring and evaluating macro level programmes. Policy and Planning Divisions (PPDs) were also established within all Line Ministries in 1991 as a direct professional link from within the sectors to the central Planning Commission to improve the quality and efficiency of the central policy and planning process.

The Good Governance Plus Report (RGOB, 2005) highlighted that the Department of Planning under the Ministry of Finance be mandated to coordinate the policy formulation process at national level. With the institution of a new government through democratic elections in 2008 (and the Planning Commission strategically renamed the Gross National Happiness Commission—the GNHC) the GNHC was re-constituted with the Prime Minister as the Chairperson, the Finance Minister as the Vice Chairperson and all the government Secretaries as members.

The central level planning process starts with the formulation of the overall development approach and objectives, and strategies for achieving the objectives through sectoral and local government plans. This process begins after the mid-term review of the current plan. The central planning body – the GNHC - issues policy guidelines and indicative plan figures. Based on consultations and priorities identified, plan proposals are submitted and revised according to capacity and budget constraints. The Technical Committee of the Planning Commission and PPDs review the plan before it is discussed and endorsed by the Planning Commission and the Cabinet and finally discussed and approved by the National Assembly. The plan, once approved provides a framework for policies and resource allocation. Adjustments to the plan are made during the annual planning and budgeting exercise in close consultations with the GNHC and Ministry of Finance (to ensure the budget reflects plan priorities).

A Policy Protocol (RGOB, 2008b) was also formulated to ensure coordinated and informed policy making, as was a screening tool mandatory for all new policies—ostensibly for ensuring integration of GNH objectives within each policy. By and large, policies originate with line ministries and the central approval process is managed by the GNHC Secretariat, with Cabinet approval.

The status of policy development is summarized in Table 1. Based on current trends, it is expected that some eight to ten policy proposals will be received each year by the GNH Commission and around five policies will be approved by the Cabinet. It is expected that, in the 11th FYP period (2013 to 2018), around 20 new policies are likely to be proposed, and a few existing ones reviewed.

3.0 Towards mainstreaming environment and other cross-cutting issues in policy

We discuss four matters:

TABLE 1. Current status of policy development at central level in Bhutan. The four cells show policies already approved, draft policies prepared by sectors and currently under review between GNHC & proponents, policies under development by the sectors, and envisaged future policies

<p>Policies approved to date:</p> <ol style="list-style-type: none"> 1. Bhutan Sustainable Hydropower Policy 2008 2. Tertiary Education Policy 2010 3. Economic Development Policy 2010 4. National Human Resource Development Policy 2010 5. National Youth Policy 2010 6. Foreign Direct Investment Policy 2010 (revision of FDI 2008) 7. National Health Policy 2011 8. National Land Policy 2011 9. National Forest Policy 2011 10. National Irrigation Policy 2011 11. RNR Research Policy 2012 	<p>Draft Policies currently under review:</p> <ol style="list-style-type: none"> 1. Draft RNR Research Policy 2. Draft National Renewable Energy Policy 2011 3. Draft Mineral Development Policy 2012 4. Draft Subsidized Timber and Other Forest Produce Allotment Policy 2011 5. Draft Micro, Small and Medium Enterprises Policy 2012 6. Draft National Employment Policy 2012 7. Draft Special Education Policy 2012 8. Draft Early Childhood Care and Development Policy 2012 9. Draft National Education Policy 2012 10. Draft Municipal (Thromde Class A) Finance Policy
<p>Policies being developed by the Sectors (not yet submitted to GNHC):</p> <ol style="list-style-type: none"> 1. Draft Geo-Spatial Data Policy (National Land Commission) 2. Draft Agriculture Subsidy Policy (MoAFS) 3. Draft Food and Nutrition Security Policy 4. Draft National Population Policy (GNHC) 5. Special Economic Zone Policy (MoEA) 6. Public Private Partnership Policy (Infrastructure) (MoEA) 7. Industrial Infrastructure Development Policy (MoEA) 	<p>Future Policies envisaged:</p> <ol style="list-style-type: none"> 1. Social Protection Policy (GNHC/OGZ) 2. Occupational Health and Safety Policy (MoLHR) 3. Vocational Education Training Policy (MoLHR) 4. Labour Administration Policy (MoLHR) 5. Social Security Policy (MoLHR/NPPF) Policy for Recognition and Protection of Intellectual Property Rights (MoEA) 6. Captive Power Generation Policy (MoEA) 7. National Human Settlement Policy (MoWHS) 8. Review of National Housing Policy 2002 (MoWHS) 9. Media Policy (MoIC) 10. ICT & Telecom Policy (MoIC) 11. Transport Policy (MoIC) 12. Broad Band Policy (MoIC) 13. Access & Benefit Sharing Policy (MoAFS) 14. Livestock Development Policy (MoAFS) 15. Food Policy (MoAFS)

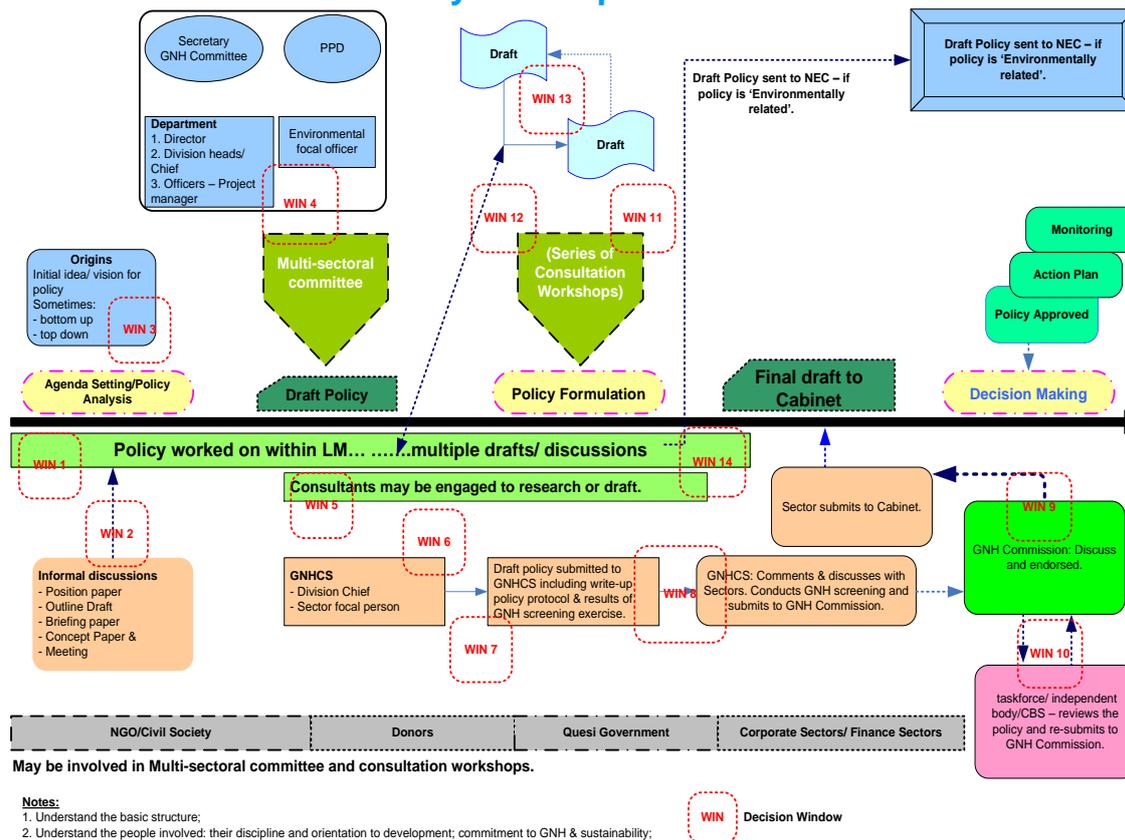
- A search for opportunities for mainstreaming environment and other crosscutting issues within the policy-making process
- Modification of the policy protocol, introducing requirements for an early “concept paper” and consultations
- Building capacity in the use of shorthand tools to undertake policy assessments rapidly
- Potential longer term use of SEA.

3.1 Searching the policy-making process for “decision windows”/ “windows of opportunity”.

With policies originating within the line ministries, but approval process managed by the GNHC, an initial first task was to search for windows within the generic process of policy development that provided opportunities for assessment and mainstreaming. Figure 1 is the result of brainstorming sessions which pulled together the formal and informal components of a generalized policy development process, showing the different players, stages and activities. We have deliberately chosen not to simplify Fig. 1 for this paper—its complexity is an important part of the story. In brief, the central horizontal arrow is the time from policy conception to implementation; the green box below this line represents the internal and iterative policy development activities within the line ministries (LM); other boxes and arrows indicate a range of consultations between the LM and different stakeholders; and the orange boxes below this indicate the GNHCs consultation and approval processes that lead to the final policy draft going to Cabinet.

The analysis then identified “windows” in Fig. 1 where there could be opportunities for

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mainstreaming interventions—labeled “WIN xx”. Many of the “decision-windows” (UNEP, 2009) were associated with internal processes within the LM; the others with its interactions with GNHC.

Also analysed were (not illustrated here) who the players were within the window, their skill set, and the nature of the intervention required to utilize the opportunity within the window.

Many of the interventions identified consisted of awareness-raising amongst the players regarding environment and sustainability, of the need for mainstreaming, the benefits of doing so, and tools and approaches—with players ranging from professional line ministry (LM) planning staff through to decision-makers. Such awareness raising is occurring as ongoing activities in Bhutan, as part of RGOB’s current preparations of the country’s 11 FYP, and we do not consider them further here. Instead, we focus specifically on decision windows within the GNHCS and LM interaction.

3.2 Modification of the Policy Protocol (WIN 2 to 10 in Fig. 1).

It was recognized early on in the efforts to mainstream environmental and other cross cutting concerns into policy that effective and efficient integration could only happen if done so at the beginning of the formulation of a policy. The then current policy protocol included requirements for the proponent to consult various stakeholders during the formulation of the policy, to include strategies to mainstream within the policy formulation, and for reviews of the draft by the GNHC Secretariat. However, it was observed that line ministry action on these requirements nearly always took the form of identification and mitigation of possible adverse impacts of the policy on the environment (and further, this action was generally a result of persuasion by the NEC, GNHC, or other sector with a concern for the environment, and not originated by the sector itself that was formulating the policy). In this respect, the approach and outcomes did not differ much from the reactive safeguards approach to the environment that is the current norm in Bhutan. It failed to encourage or entice the sector to **undertake mainstreaming at the beginning of policy formulation**. It was believed that, despite the best intentions, the then requirements of the policy protocol were

Fig 1. An “unofficial” analysis of the the formal and informal components of the central policy development process in Bhutan, showing the different players, stages and activities involved. The WIN boxes are the “decision-windows”, or “windows of opportunity” identified where there was potential for mainstreaming environment and other cross-cutting issues in the policy-making process.

not being effective in achieving the integration of development, environment, and other cross cutting issues, in policy formulation, or leading to different policy outcomes or goals.

In this light, the Research and Evaluation Division under the GNHC looked at the windows of opportunity identified in Fig. 1 that could serve as strategic entry points for the integration of other cross cutting concerns at the beginning of the policy formulation stages. Subsequently, the GNHC has been able to insert, within the policy protocol, the following new requirements¹ (see Box 1):

- i) that sectors **develop a three page concept note** on the proposed policy and submit it to the GNHC for review and endorsement before drafting the policy, and
- ii) that in the event a consultancy is required for the drafting of the policy, the **Terms of Reference for the consultancy be submitted to the GNHC Commission for review.**

It should be noted that the concept note does not focus on the identification of adverse impacts on GNH principles and other cross cutting issues and associated mitigation measures, but instead on the identification of opportunities and alternatives within the policy development—for their integration into the policy. This was done with the clear intent to drive - and encourage - the sectors to become proactive, changing their perspectives so that they would look beyond just environmental safeguards, to think laterally, and to seek additional or alternative goals and outcomes for their policies that also address environmental, sustainability, climate change, poverty, and other cross-cutting issues—and contribute towards GNH outcomes.

Box 1 The relevant section within the protocol states:

The formulation of any policy will begin with the preparation of a Concept Note of maximum 3 pages by the proponent sector, which will be submitted to the GNHC for endorsement. The Concept Note should clearly state the following:

- i) The reason/rationale for proposing the policy (what issues need to be addressed and government directives).
- ii) The process and indicative timeline that will be followed in developing the policy including likely need/use of Technical Assistance (TA). (If TA is to be used, the ToR must be shared with RED, GNHCS for comments)
- iii) Identify opportunities and alternatives to integrate GNH principles and crosscutting issues such as environment, poverty, climate change, gender, etc. within the policy.
- iv) Major impediments or risks foreseen in development of the policy.

The new requirements in the protocol also has the benefit that the sectors proposing the policy are to shoulder the responsibility of integrating cross cutting issues into the policies within their sectors, rather than focussing on sector-specific issues alone, leaving it to others to raise environmental concerns. These may appear as small procedural changes, but their potential impact is high, enabling timely and appropriate consideration of mainstreaming in all policy-making. The changes are an enabling prerequisite for mainstreaming, and their potential has to be judged in conjunction with parallel awareness-raising and capacity-building exercises within the sectors.

3.3 Rapid policy assessment

Steps are also being taken to build capacity in use of a rapid “SEA-like” assessment tool to utilize, while policies are still in the draft stages of development. This will be used by the GNHC and others, and form the basis for responses to both the early Concept Note and the late Final Draft Policy prepared by the proponent line ministry (the assessment has to be “rapid” because the allowable time period for the GNHC to provide such responses is very short). In addition to building this capacity within the GNHC, it will also be built within the Policy and Planning Divisions of the line ministries, who can then utilize such internal assessments as early input to policy formulation.

There has been some preliminary success in utilization of the Environmental Overview as a “rapid SEA tool” (Brown, 2000), and this will be evaluated further in terms of its ability to achieve the mainstreaming of cross-cutting issues of environment, climate change, poverty, and gender in the formulation and negotiations regarding future policy, but within the very tight time constraints, and human resource constraints, available in Bhutan.

3.4 Strategic Environmental Assessment

¹ The policy protocol also refers to a “policy screening exercise” and a GNH policy and project screening tool is provided on the GNHC website. It is recognized that this tool has limitations in achieving the required mainstreaming of crosscutting issues in policy formulation, but as yet it has not been modified.

Despite the current imperative for assessment processes and tools that can be applied quickly, this should not be seen as excluding the possibility that conventional SEA may be applied at some stage in the future. SEA could be conducted by a proponent line ministry - undertaken in association with policy formulation. It can also be noted that the GNH Commission also has the mandate to commission SEAs for development programmes likely to have a major socio-economic, and environmental impact on the country. So far two SEAs have been conducted: the Punatshangchu II Hydropower Project and the Dhamdhum Industrial estate.

4.0 Summary

Constraints on time and resources in a developing country are likely to inhibit the application of the SEA tool in policy vetting and policy formulation. This is the case in Bhutan where a wide range of central government policies are simultaneously under active and rapid consideration. One response, driven by a strong commitment in the country to sustainable development as a pillar of Gross National Happiness, has been to find windows of opportunity within the **existing policy formulation process**, where there is potential to **integrate** or **mainstream** environmental and other crosscutting issues into policy-making and approval. Such windows exist, primarily within the sectors that are the policy proponents, and where awareness-raising and capacity building to consider crosscutting matters is critical, and in the centralized vetting and approval provided by the GNHC. Relatively small modifications to procedures have been able to increase the opportunity of “SEA-thinking” to be applied to policy formulation and approval.

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