

Bertelsmann Stiftung (ed.)

Winning Strategies for a Sustainable Future

Reinhard Mohn Prize 2013

Photo credits:

Sebastian Pfützte: p. 41; Gerhard Heidorn/LAIF: pp. 56/cover, 58/cover, 65, 66, 78; Tourism Council of Bhutan (TCB): pp. 63, 68, 71, 75, 77; Ghislaine Grasser: pp. 84, 92, 94/95, 96, 99; CREATISTA/Shutterstock.com: pp. 86/cover, 102; Daniel Korzieniaewski/Shutterstock.com: p. 91; Taina Sohlman/Fotolia.com: p. 104; Oleksiy Mark/Shutterstock.com: pp. 110, 124; Mika Heittola/Shutterstock.com: p. 113/cover; Joe Gough/Fotolia.com: p. 114; Gargonia/Shutterstock.com: p. 118; Estea/Shutterstock.com: cover (Helsinki), pp. 121, 123; Laura Burke: pp. 128/cover, 131, 132, 135, 138, 141, 144; Picture courtesy of the State of Tasmania: pp. 151 (photo: Richard Bennett), 156; Thomas Klinke/Panthermedia.net: p. 152/cover; Flo Fastl/Panthermedia.net: p. 158; Steffi Thiel/Fotolia.com: p. 162; Céline Diebold: p. 165, 168; Martina Berg/Panthermedia.net: p. 166.

Maps: Dieter Duneka.

Portraits: Kerstin Andreae: Britt Schilling; Werner J. Bauer: Bertelsmann Stiftung; Peter Blom: Triodos Bank; Laura Burke: private; Aart De Geus: Arne Weychardt; Céline Diebold: Steffen Krinke; Jörg Dräger: Arne Weychardt; Martine Durand: OECD/Michael Dean; Andreas Esche: Jan Voth; Armando García Schmidt: Eva Blank; Maja Göpel: Faceland; Mark Halle: L'Oreal; Harald Heinrichs: Brinkhoff-Mögenburg/Leuphana; Klaus Jacob: FU Berlin; Marius Keller: Ghislaine Grasser; Norman Laws: private; Brigitte Mohn: Arne Weychardt; Liz Mohn: Arne Weychardt; Ingeborg Niestroy: European Economic and Social Committee; Petra Pinzler: Nicole Sturz; Henrik Riedel: Thomas Kunsch; Uwe Schneide-wind: private; Björn Stigson: Siemens; Rita Süßmuth: Bertelsmann Stiftung; Darren Swanson: International Institute for Sustainable Development; Klaus Töpfer: Institute for Advanced Sustainability Studies; Morgan Williams: Dairy NZ.

Bibliographic information published by the Deutsche Nationalbibliothek

The Deutsche Nationalbibliothek lists this publication in the Deutsche Nationalbibliografie; detailed bibliographic data is available on the Internet at <http://dnb.d-nb.de>.

© 2013 Verlag Bertelsmann Stiftung, Gütersloh

Responsible: Armando García Schmidt

Translation/Editing: Barbara Serfozo, Berlin

Production editor: Christiane Raffel

Cover design: Elisabeth Menke

Typesetting and Printing: Hans Kock Buch- und Offsetdruck GmbH, Bielefeld

ISBN 978-3-86793-491-6

www.bertelsmann-stiftung.org/publications

Contents

Preface	7
<i>Aart De Geus</i>	
Strategy and Action for Sustainable Development – A Global Search for Best Practices	11
<i>Andreas Esche, Armando García Schmidt, Céline Diebold, Henrik Riedel</i>	
Global Trends in Sustainable Development – A View from the RMP 2013 Global Search Process	19
<i>Darren Swanson, Mark Halle, Armando García Schmidt, Andreas Esche</i>	
Challenges and Opportunities for Sustainable Development in Germany	39
<i>Harald Heinrichs, Norman Laws, Henrik Riedel</i>	
Case Studies	53
Bhutan: Paradigms Matter	55
<i>Ingeborg Niestroy, Armando García Schmidt, Andreas Esche</i>	
Costa Rica: Pioneering Sustainability	81
<i>Marius Keller, Ingeborg Niestroy, Armando García Schmidt, Andreas Esche</i>	
Finland: Paving the Way toward a Social Contract for Sustainability	103
<i>Ingeborg Niestroy, Armando García Schmidt, Andreas Esche</i>	
Ghana: Staying on Track in a Challenging Environment	127
<i>Laura Burke, Armando García Schmidt</i>	
Tasmania: Sustaining an Island’s Future	149
<i>Morgan Williams, Ingeborg Niestroy, Céline Diebold, Andreas Esche</i>	

Contents

Factors Driving Strategic and Successful Sustainability Policy: What Can Germany Learn from the RMP 2013 Search Process?	171
<i>Klaus Jacob, Armando García Schmidt</i>	
The Set of Criteria	183
The Working Committee	193
The Authors and the RMP Team	197

Bhutan: Paradigms Matter

Ingeborg Niestroy, Armando García Schmidt, Andreas Esche



Introduction

Strategic sustainability policy requires a paradigm

Bhutan is a model of independent and strategic policy development in which intelligent, effective and comprehensive sustainability policies adhere to the concepts of the common good and intergenerational justice. The concept of “Gross National Happiness” (GNH) realized in Bhutan, which targets sustainable and equitable socioeconomic development, conservation of the environment, the preservation and promotion of culture, and the promotion of good governance, constitutes a guiding principle for all political decision-making processes in the country.

As such, it is unparalleled in the world in terms of its relevance for day-to-day policymaking. Many countries, advanced industrialized nations in particular, have formulated comprehensive sustainability strategies. Yet the impact of such strategies on lawmaking processes and political agendas in these countries remains very limited. Bhutan is unique in this regard. Bhutan’s sustainability strategy is a central feature of the country’s political agenda and is not used as an ex-post justification for political decisions motivated by other concerns. Policies are instead subject to a systematic review with regard to their impact on all sustainability issues and on human well-being. In this manner, policymakers in Bhutan ensure that the well-being of its citizens – today and tomorrow – is given priority over special interests and other concerns.

Since the 1960s, Bhutan has become increasingly modernized and open to the rest of the world. A major step forward came with the transition to democracy, which was methodically planned and implemented. This impressive clarity of purpose is a hallmark of many processes within Bhutan. Development in the country was characterized early on by the agreement of all major actors on the underlying principles of a development model based on the principles of sustainability. Accompanied by an efficient institutional framework, the result has been an economic and social development that is sustainable in the broadest sense of the word. In fact, Bhutan’s implementation of GNH has generated impressive



gains, including sustained high economic growth rates, a major increase in all aspects of the Human Development Index (HDI), a significant reduction in poverty rates as well as the ongoing protection and sustainable use of the country's diverse resources and natural habitats.

Bhutan shows that it's possible to translate the principles of sustainable development into a framework that guides strategic and effective policymaking. This holds true not only for developing countries, but also for industrialized nations. It is therefore no surprise that countries around the world see Bhutan as a model. The U.N. General Assembly has also recognized Bhutan for its efforts in this regard, inviting the country in 2011 to inform the United Nations on its approach and help the United Nations shape the global dialogue on the post-2015 development agenda. In 2012, Bhutan hosted a high-level meeting in New York on "Happiness and Well-Being: Defining a New Economic Paradigm" and established in Thimphu an International Expert Working Group for the New Development Paradigm. Tasked with gathering knowledge and generating forward-thinking ideas for a new and sustainable way of shaping economies globally, the working group presented its findings directly to the U.N. General Assembly in September 2013.

A Himalayan kingdom on the path to modernity

Bhutan is a landlocked country in the Eastern Himalayas, sandwiched between China to the north and India to the south, east and west. At around 38,000 square kilometers, the country

is roughly the size of Switzerland. Bhutan can be broken down into three distinct physiographic zones: the southern belt, made up of the Himalayan foothills and a narrow strip of adjoining flatland along the Indian border; the inner Himalayas, consisting of river valleys and steep mountains; and the high Himalayas, dominated by alpine meadows and snow-capped mountains.

In recent decades, Bhutan has undergone major political, economic and social transformations. Beginning in the early 1960s, Bhutan's third monarch under the House of Wangchuck, King Jigme Dorji Wangchuck, ended Bhutan's self-imposed isolation and initiated a modernization process that involved intensified relations with neighboring India and heavy investments in the country's health and education systems.

In 1972, he was succeeded by his son, Bhutan's fourth monarch, King Jigme Singye Wangchuck, who was the main driver behind a well-planned and carefully implemented process of economic and social development based on principles of sustainability. It was under King Jigme Singye Wangchuck's reign that the Bhutanese state transitioned from a system of direct royal rule to a constitutional monarchy. This peaceful transition was precipitated by extensive administrative reforms, decentralization and democratization efforts, the latter initially carried out at the local level.



"The crisis of neo-classical economics presents a great opportunity for sustainability: Basic assumptions regarding people's motivations, the quality of their relationships and the priority afforded nature are being revised. Entirely new concepts of progress now appear rational. This would have pleased Einstein: We're moving away from solving our problems with the same ways of thinking that created them in the first place."

Maja Göpel

Director of the Berlin Office, Wuppertal Institute for Climate, Environment and Energy

In June 1998, the king brought an end to direct royal rule, and a cabinet of ministers was appointed. By 2001, King Jigme Singye Wangchuck announced that a constitution was to be drafted. Published in March 2005, the draft constitution was presented by the king and the government in a series of presentations and meetings with ordinary Bhutanese citizens, with all participants discussing its contents. The abdication in 2006 of King Jigme Singye Wangchuck to his successor and Bhutan's fifth monarch, King Jigme Khesar Namgyel Wangchuck, was interpreted by many international observers, such as Freedom House, as a signal of deeper changes underway (Freedom House 2013).

Indeed, the fifth monarch marked further milestones in the country's political transformation by overseeing the country's first free and fair elections based on universal suffrage (March 2008) and formally signing Bhutan's first written constitution (July 2008). There were two political parties that ran in the March 2008 elections: the Druk Phuensum Tshogpa (DPT) and the People's Democracy Party (PDP).



Bhutan's continuing political transformation is on the right track. The democratization process appears to meet with widespread approval, and key stakeholders, including the country's primary political parties, demonstrate respect for the rule of law and commitment to democratic institutions, as evinced by the conduct of general elections in July 2013. According to the Bertelsmann Stiftung's Transformation Index (BTI), the state of democracy in Bhutan as well as the government's management of transformation processes have steadily improved since 2008. In fact, from 2008 to 2014, Bhutan has climbed an impressive 31 places, from 56th to 25th, on the BTI's Management Index ranking (Bertelsmann Stiftung 2014). In July 2013, Bhutan took another step forward in consolidating democracy when it held the country's second-ever general elections without any irregularities. The opposition People's Democratic Party (PDP) won the elections and, at the time of this writing, there are no signs that the country's institutional framework will be rattled by the transfer of power.

Buddhism is the main religion in Bhutan, with a monastic body having traditionally played a crucial role not only in the country's spiritual life, but also within its political structures. However, thanks to the constitution, Bhutan now features the first clear separation of religion and state since Bhutan's unification in the 17th century by the Tibetan religious leader Ngawang Namgyel. Monastic representation in the institutions of government has been eradicated.

There are three main ethnic and linguistic groups in Bhutan: the Ngalong, based in the west and the center; the Shar chop, who dominate the eastern region; and the so-called Lhotshampa, which is the term for the Nepali-speaking Bhutanese traditionally resident in the fertile flatlands bordering India to the south. Aside from Dzonghka (a language similar to Tibetan spoken by the majority of the Ngalong), Nepali and the increasingly important Eng-

lish (which is the medium of instruction in schools and the language of communication in government offices), there are nearly two dozen listed languages spoken in various parts of Bhutan. With the exception of the Lhotshampa, all other groups share similar cultural traditions, are Buddhist and collectively form the majority of the population. The Lhotshampa, whose primary religion is Hinduism, are generally thought to have settled in southern Bhutan in the late 19th and early 20th centuries. Additional waves of migration from eastern Nepal occurred during the 1930s and 1950s.

Concerned about the continuous inflow of Lhotshampa migrants mainly to the south, the Bhutanese government developed in the 1980s new policies and legislation to address what it perceived to be an illegal immigration problem. One such measure, the 1985 Citizenship Act, introduced strict requirements for citizenship that are very difficult for most Lhotshampa to meet. The act, along with a 1988 census, have been the subject of considerable debate and conflicts between the government and members of the Nepali-speaking community. Some 90,000 Nepali-speaking people eventually left the country, many of them settling in refugee camps in Nepal and India. Since 2008, the United States, Canada and other countries have agreed to accept several of these individuals. Today, there are no conflicts between the government and the remaining Lhotshampa community. Ethnic diversity is a cornerstone of public life, and a significant number of government officials and ministers are of Lhotshampa origin.

A model of across-the-board progress

Bhutan's performance on key economic, social and environmental indicators differs considerably from that of other South Asian countries and other countries comparable to Bhutan. This suggests that the gains made in Bhutan can be attributed to the government and stakeholders' capacity to clearly define challenges and shape given frameworks. Indeed, a series of forward-looking policy decisions made since the 1970s have helped make Bhutan a frontrunner in formulating and implementing effective sustainable development policies. These policies have yielded several economic, social and environmental gains.

In the last decade, Bhutan's real GDP growth rate has exceeded that of most other emerging economies in Asia. According to the IMF, growth rates in Bhutan for 2012 reached a near 10 percent and are expected to reach 13.5 percent in 2013, thus outpacing even China.

The country's strong economic growth also features an astonishingly low unemployment rate, which has not surpassed 4 percent since 2005. This low rate would constitute a near full employment rate in an advanced market economy, such as Germany.

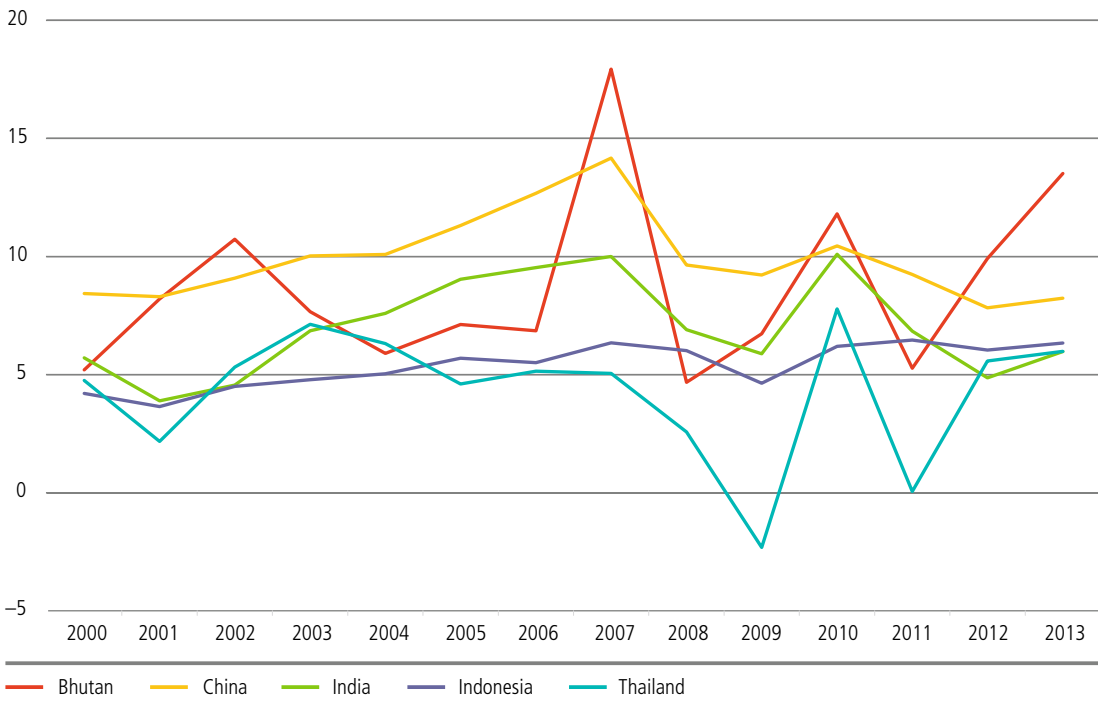
From 1981 to 2011, Bhutan's GNI per capita (PPP\$) has undergone an astounding thirteen-fold increase. For comparative purposes, it is worth noting that whereas Bhutan's GNI per capita was in 1981 lower than the average for South Asia, it has since surpassed this mark. With a GNI per capita of \$5,480 in 2011, Bhutan today is far above the 2011 South Asian average of \$3,319 (World Bank 2013).

Bhutan's economic upswing has fostered improvements in living conditions, which are manifest in an increasing life expectancy. According to the United Nations Population Division, whereas the life expectancy at birth of a child born in Bhutan between 1980 and 1985 was

Case Studies

47.9 years, children born between 2010 and 2015 can now expect to live 67.7 years. Having increased by nearly 20 years, life expectancy in Bhutan is higher than that observed in South Asia, including in India (UNDESA 2010).

Figure 1: Annual real GDP growth rates in selected emerging Asian economies

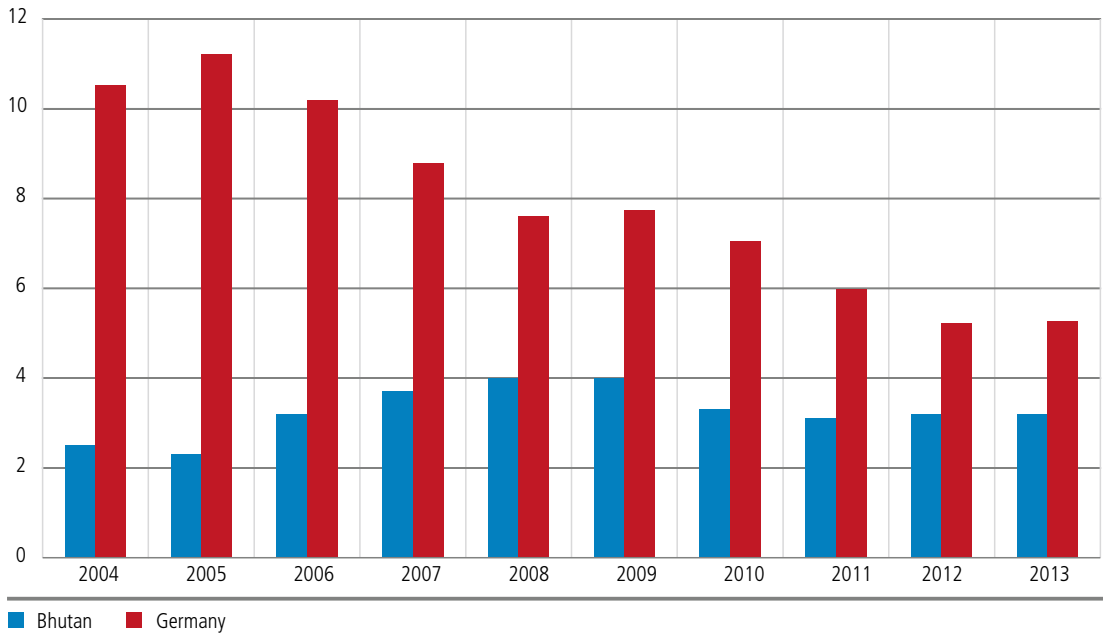


In percent

Source: IMF 2013 (data as of 2011 are estimates)

In addition, from 1990 to 2011, overall and infant mortality rates were halved. At the same time, fertility rates fell from 6.55 born children per woman in 1980 to 2.4 per woman in 2011. Whereas Bhutan's fertility rate in 1980 exceeded the average for South Asia by 1.5 children, it has since dropped to levels below the South Asia average (World Bank 2013). Bhutan has also registered improvements in education: The expected years of schooling for a child at school-entrance age increased by seven years between 1980 and 2011 (from 4.1 years in 1980 to 11 years in 2011) (UNDP 2011), bringing it on par with levels observed in highly developed countries (11.3 years in 2011).

Unlike those of other countries experiencing strong economic growth, Bhutan's environmental record is not suffering as a consequence thereof. In fact, Bhutan has succeeded in increasing its forest cover from an approximate 65 percent of total area in 1990 to 80 percent in 2010 (RgoB-GNHC Briefing 2013).

Figure 2: Unemployment rates in Bhutan and Germany

2004–2013, in percent of total workforce

Source: IMF 2013 (data as of 2011 are estimates)

Sustainable development policies and strategies in historical context

Early policy development

As in several other countries, the first steps taken toward sustainable development in Bhutan focused primarily on achieving improvements in health and education. However, in contrast to other countries, Bhutan shifted its attention to a broader paradigm of sustainable development rather early. It was Bhutan's fourth king, King Jigme Singye Wangchuck, who in the 1970s called for the first time for an alternative path of development, coining the term “Gross National Happiness” (GNH) soon after acceding to the throne.

A story goes that, in 1979, a journalist asked the king about the GDP of Bhutan, to which he replied, “Gross national happiness is more important than gross national product” (Musikanski and de Graaf 2013). While this was apparently an offhand remark, other statements by him indicate that he had already developed a clear vision of a holistic, equitable, inclusive and ecologically sound socioeconomic model.

One of Bhutan's pressing environmental problems at the time was the state of the country's forest cover. From an estimated quasi-natural cover of 80 percent, it had diminished to around 50 percent due to fires, exploitation of wood for construction and fuel, as well as clearance for cattle-raising driven by population growth. By the 1970s, legislation and other measures for

preservation of forested areas and other natural habitats were already in place. Since then, forest cover has returned to its previous level of 80 percent.

Environmental protection is now embedded in Article 5 of Bhutan's constitution. This article defines, *inter alia*, the government's duty to maintain a minimum of 60 percent of forest cover "for all time" – a remarkably long-term-oriented provision against potential short-term gains. A system of protected areas has also been introduced, reaching a coverage of 26 percent in 1995 (RGoB-NEC 1998: 12). Recent figures from the Ministry of Agriculture and Forests show that just over half of Bhutan's land mass is comprised of protected areas, biological corridors and conservation areas (RGoB-MoAF 2008).

Bhutan has proven very effective in using the positive inflow of ideas and resources from developing partners in its overall modernization process, thus fostering sound policies for sustainable development. Switzerland established contact with Bhutan in the 1960s, one of the first European countries to do so, and it remains a major development partner (Reinhardt, Rueegg and Moser-Kamm 2008). UNDP assistance to Bhutan began in the 1970s, initially concentrating on capacity-building and upgrading the human resource base in all sectors.

In the 1980s, external support focused on institutional frameworks for addressing poverty, developing ICT and other key infrastructures, and the promotion of environmental sustainability. It also supported Bhutan's decentralization policy by strengthening the implementation capacity of key institutions. The transparency and determination of Bhutan's governing elite remains highly valued by representatives of development partners and international institutions.

Evolution of sustainable development policies

In the early 1990s, Bhutan's governing elite began formulating sustainable development strategies and establishing the institutional framework needed for their implementation. One such body, the National Environment Commission (NEC), shortly after its creation in 1990, set about drafting a National Environment Strategy (NES) in 1994 that envisioned "a dynamic, long-term vision to achieve sustainable development through improved environmental planning, policymaking and management" (RGoB-NEC 1998: 23). The NES stipulated a strategy for renewable natural resource management founded on principles that "reflect the real values of the natural environment in terms of human needs in a problem-oriented way."

Progress in achieving these goals were stimulated in 1994 when Bhutan signed the Sustainable Development Agreement (SDA) with the Netherlands. This agreement aimed at "promoting sustainable development and attempting to establish a new pattern of relationship between the partner countries [...] based on equality, mutual respect and reciprocity."

Published in 1998 under the title "The Middle Path – National Environmental Strategy for Bhutan," the NES placed Bhutan's development concept expressly in the context of sustainable development. At the same time, work was already underway on a wider framework, which from a contemporary perspective can be seen as a truly overarching sustainable development strategy. Building on the broad vision for GNH, while also reflecting on the development of the previous three decades and the challenges that lay ahead, a conceptual and strategic archi-



ecture with six principles and five key objectives was elaborated (later distilled into four pillars, see “Conceptual design and goals”). Published in 1999, “Bhutan 2020: A Vision for Peace, Prosperity and Happiness” was remarkable for its long-term time horizon.

The document confirmed GNH as Bhutan’s “central development concept,” and clarified its goals as follows: “Gross National Happiness does not regard economic growth as being unimportant. On the contrary, it is an important means for achieving higher ends. The challenge is one of finding the balance between material and non-material dimensions of development” (RGoB-PC 1999: 9). The document translates this vision into five objectives: human development; culture and heritage; balanced and equitable development; governance; and environmental conservation (*ibid.*: 12–14). “Bhutan 2020” went as far as defining targets for each of the five objectives that were decisive in the development of subsequent five-year plans (FYPs).

In the new millennium, the concept of sustainable development has been increasingly absorbed by the GNH architecture, which has been elaborated further and embedded in institutions and administrative bodies throughout Bhutan (see “Conceptual design and goals” and “Implementation process”). In parallel, the NES has continued to guide economic activity that has an environmental impact. There are plans to revise the NES strategy document by the end of 2013 and re-evaluate its horizontal implementation in policymaking.

The Netherlands has been an important partner in this phase, hosting in 2001 the first of five international conferences on GNH. Building on the 1994 SDA, it also initiated a partnership of four countries – Benin, Bhutan, Costa Rica and the Netherlands – on the occasion of the 2002 World Summit on Sustainable Development in Johannesburg.

Here again, the idea was to support projects based on the principle of reciprocity between Bhutan and the Netherlands as well as south-south cooperation in the form of collaborative

projects and knowledge-sharing among the three developing countries of Benin, Bhutan and Costa Rica. The Sustainable Development Secretariat was originally established in Bhutan as a support unit under the remit of the Ministry of Finance, but the Planning/GNH Commission later assumed this function (see “Implementation process”).

Conceptual design and goals of the GNH

In a very real sense, Bhutan has been a forerunner in conceptualizing sustainable development strategies. Indeed, the Rio conference’s 1992 call to develop sustainable development strategies was in the 1990s taken up by fewer than five countries in Europe. Even at this time, Bhutan’s GNH vision was uniquely broad and concrete. Throughout the 1990s, the concept of sustainable development carried largely environmental connotations in the developed world and a poverty-eradication focus in developing countries. Broader concepts, such as those already seen in Bhutan, did not evolve and gain widespread currency until the 2000s.

With Bhutan’s transition to democracy in 2008, GNH became enshrined as a principle of state policy in the country’s new constitution (Art. 9 (2)). Initially conceptualized as part of the “Bhutan 2020” strategy, it was further developed and is now based on the following four pillars (RGoB 2012: 4):

- *Sustainable and equitable socioeconomic development*: ensuring equality between individuals, communities and regions in order to promote social harmony, stability and unity and create a just and compassionate society;
- *Conservation of the environment*: ensuring development pursuits remain within the limits of environmental sustainability and are carried out without impairing the biological productivity and diversity of the natural environment;
- *Preservation and promotion of culture*: instilling appreciation for the country’s cultural heritage and preserving spiritual and emotional values that contribute to happiness and minimize the negative impacts of modernization;
- *Promotion of good governance*: developing the country’s institutions, human resources and governance systems to increase opportunities for participation at all levels and enable development choices aligned with the circumstances and needs of families, communities and the nation as a whole.

These four pillars of GNH comprise a compelling paradigm of sustainability with broad reach and scope. This includes the protection, promotion and integration of human rights into the fabric of Bhutanese society. The constitution mandates, for example, that principles of equality be upheld and that the state “strive to promote those conditions that will enable the pursuit of Gross National Happiness.”

This compelling paradigm of sustainability has given rise to an institutional framework able to guarantee that the four aforementioned objectives are always considered when key sociopolitical decisions are made. Indeed, Bhutan has integrated its GNH concept into policy activity from top to bottom in the following concrete ways (see “Implementation process”):

The GNH Commission (GNHC), composed of all ministry secretaries, ensures that overarching state policies, such as the FYPs, correspond to GNH principles. Planning officers provide working links between individual ministries and the GNHC (2009).

While GNH is a starting point for all policies, the GNH screening tool assesses proposed policies in terms of their compatibility with GNH objectives, thereby providing a systematic means of ensuring compliance in practice. The GNH Commission may send policy proposals that fail this test back to originating departments.

GNH is the subject of government awareness-raising campaigns and is widely discussed in the media. GNH surveys and education on the issue in schools contribute to the concept's broad level of acceptance.

The combined top-down and bottom-up approach of the FYPs (which are developed in part through local consultation and the GNH surveys) enable planning to take place within a participation-oriented framework, as defined by the GNH's good governance pillar.

Following the two strategic documents of 1998 and 1999, and the further elaboration of the GNH concept, decisions and concrete actions prioritizing development were taken. For example, all economic policies since then adhere to the overall goal of ensuring the growth and development of a sustainable economy. This impressive foregrounding of sustainability is confirmed by the UNDP-UNEP Poverty-Environment Initiative, which states that “the Economic Development Policy and its complementary policies are very clear in their intent to ensure the growth and development of a green and sustainable economy” (UNDP-UNEP 2011). Long-term goals include:

- the expansion of hydroelectricity: According to the 11th five-year plan, the current 1,500 MW capacity is targeted to increase to 5,000 MW by 2018 and 10,000 MW by 2020;



Case Studies

- bringing electricity to all rural regions;
- establishing a “high value/low impact” tourism sector to avoid the negative consequences of the “low value/high impact” practices seen in countries such as Nepal;
- increasing self-sufficiency in food production through sustainable agriculture practices (RGoB-NEC 1998: 37); and
- increasing organic agricultural production from its current level of 70 percent to 100 percent (RGoB-MoAF, private discussion).

The government has mindfully elaborated these policies and identified further economic opportunities. The following six strategic objectives targeted by the Economic Development Policy of 2010 (RGoB 2010: 5) are guided by the principles of sustainability:

- diversify the economic base while minimizing the ecological footprint;
- harness and add value to natural resources in a sustainable manner;
- promote Bhutan as an organic brand;
- reduce dependency on fossil fuels, especially in transportation;
- increase and diversify exports; and
- promote industries that help build “Brand Bhutan.”

These economic objectives also include a cautious, somewhat restrictive policy on foreign direct investment. The two key objectives of the 2010 Economic Development Policy are economic self-reliance by 2020 and full employment. Along with efforts to bring sustainability



into the mainstream, this is reflected in the theme of the 11th five-year plan (currently in the consultation phase): “Self Reliance and Inclusive Green Socio-Economic Development,” with “green” being further spelled out as “carbon neutral development.”

While the last two FYPs (2003–2013) had poverty reduction as their primary goal, the 11th five-year plan shifts the focus while remaining inclusive: “Reducing inequality by enhancing the standard of living and the quality of life of the most vulnerable sections of our society” (RGoB-GNHC 2012). Growing problems related to urbanization are examined from the perspective of rural-urban migration and rising urban poverty. Increasing environmental management problems, however, will be discussed in a forthcoming revision of the NES.

As formulated from the onset, the GNH continues to include an economic growth component. GDP growth targets are currently 10 percent – lower than 2011’s 12 percent, but higher than the average 7 percent annual growth seen since 1980. This reflects the 11th five-year plan’s “focus on consolidation rather than expansion ... pursued in a sustainable manner without compromising access and quality of service delivery” (*ibid.*: 10). Economic growth is seen here as a means to achieving balanced development across all sectors of society rather than as a goal in itself.

Environmental policies have been an important element in fostering this “greening of the economy.” The Environmental Assessment (EA) Act, an early procedural instrument targeting those areas of overlap between the economy and environmental issues, was passed in 2000. This Act is comparable to the European Commission’s Environmental Impact Assessment Directive for projects (dating from 1985 and transposed to Germany, for example, in 1990) and its 2001 Strategic Environmental Assessment Directive for plans and programs.

However, the Bhutanese EA Act combines the two scopes of application while also extending it to policies. Following on from the new constitution and the EA Act, the comprehensive National Environmental Protection Act of 2007 (NEPA) demonstrates the attention that Bhutan’s policymakers have given to best practices from around the world and their desire to adapt it to the country’s conditions and needs.

Some of the NEPA’s principles go even further than those mandated by the European Commission. These principles include the fundamental right to a safe and healthy environment, intergenerational justice, the precautionary principle, a “Principle of 3Rs” (minimizing impact and reducing, reusing and recycling materials), the “polluter pays” principle, freedom of information and access to justice. “Any individual whose right to a safe and healthy environment has been affected or is likely to be affected shall have the right to seek legal redress” (NEPA 2007: Chapter I, 16).

The NEPA further defines the functions of the National Environment Commission and other competent authorities, including those at the district level as well as the Environmental Tribunal, and it empowers the NEC to take action to prevent environmental harm. It also defines the citizen’s role in environmental protection. Under the heading “Stewardship of the Environment,” it repeats the provision of the constitution (Art. 5 (1)), which states that “Every Bhutanese is a trustee of the country’s natural resources and environment for the benefit of the present and future generations and it is the fundamental duty of every citizen to contribute to the protection of the natural environment, conservation of the rich biodiversity and prevention of all forms of ecological degradation...” (NEPA 2007: Chapter V, 67).



A whole array of financial instruments is foreseen by the NEPA. These include:

- fiscal incentives for environmental protection and compliance;
- tax incentives;
- reductions in customs and other duties for the importation of environmentally friendly and energy-efficient technologies;
- charging levies;
- charging fees for utilization of natural resources; and
- mechanisms for valuation of natural resources and compensation for same (ibid.: Chapter VI).

Furthermore, it defines citizens' rights to environmental information and participation. The National Environment Commission is consequently bound to provide information and promote environmental education and awareness and allow citizens to participate in decision-making.

Implementation process

Institutionalizing sustainability

Bhutan's GNH concept has been deeply integrated into the country's planning, decision-making and coordinating bodies, thereby ensuring that sustainable development is systematically considered in all overarching and sectoral policies. Policy is guided by FYPs, which are jointly developed in a process of bottom-up consultation and top-down guidance, with consistent reference to the GNH concept.

The key government actor and coordinating body in developing the FYPs is the GNH Commission, an interdepartmental body chaired by the prime minister and composed of all

10 ministry secretaries, the head of the National Environment Commission and the GNH secretary. This body replaced the former planning commission in 2008, integrating the SD Secretariat, and it is tasked with ensuring that the GNH concept is firmly embedded in all core policies. Each ministry also has a planning officer responsible for GNH-related issues. The government's working style and its processes of consultation with societal stakeholders are deliberative and highly consensus-driven.

At the end of each planning period, progress is evaluated with reference to statistical data and through a process of community consultation in which local needs and desires are surveyed. These meetings are also used as an opportunity to discuss the GNH philosophy at the local level in an attempt to create a popular sense of ownership and deeper understanding of the underlying issues. Similarly, the GNH concept is taught in schools, and other awareness-raising activities are designed to implant the idea as an element of national culture.

This institutional framework draws praise from outsiders, as do the country's policymakers. Bhutan has "genuinely enlightened leaders interested in best practice around the world and in taking the country to a higher level of well-being and development," said one interviewee from a development cooperation organization during a discussion held in January 2013. This stands "in contrast to most ruling elites in developing countries, who support their own power and set up the systems to this end, including access to knowledge."

But Bhutan has not only integrated the notion of GNH into its entire planning and policy-making system, translating it into the overarching FYPs as well as into sectoral strategies, plans, programs and policies. It has also developed different instruments which ensure that the principles of the country's development philosophy are always taken into account when taking a major decision. The aforementioned Environmental Assessment can be seen as one of these instruments. Another is the so-called GNH screening tool. This semi-quantitative screening process, assessing whether a proposal complies with GNH, is applied at all levels of planning.

The "GNH screening tool" was introduced to complement the system of policymaking (Figure 3). This tool assesses all proposed policies, plans and projects for their compatibility with the objectives of GNH. As such, it can be compared with the (sustainability) impact assessment (IA) that has been applied to European Commission policy proposals since 2004.

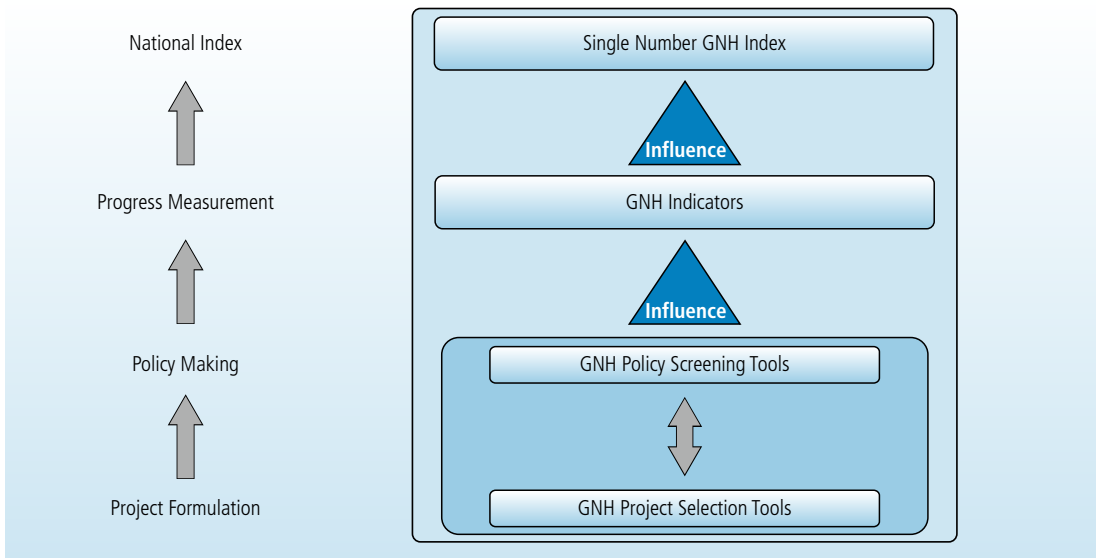
The European Commission's IA system evaluates alternative policy proposals and identifies the alternative with the least negative impact (and/or the greatest benefit). It functions in a similar way to the GNH screening tool in that proposals may be sent back to Commission directorates, which might ultimately lead to the selection of a different alternative. However, as far as we know, there have been no instances where all alternatives were rejected by the European Commission.

Bhutan's approach is a sequential testing of one proposal. The GNH Commission returns to the responsible ministry any proposal that fails to pass this test or to meet a threshold defined in the semi-quantitative GNH screening tool. Prominent examples of proposals not passing the GNH screening include proposed application for WTO membership, a large hydroelectric project, a golf course and a major mining project. The latter was sent back twice and has still not passed.

According to the Ministry of Agriculture and Forests, the hydroelectric project was rejected because it would destroy a tiger habitat and negatively impact local communities. The applica-

tion process for WTO membership, initiated in 1999, came to a halt when the first democratically elected government launched a broader debate on the advantages and disadvantages of joining based on two main arguments: determination to avoid “gambling on the country’s future” and the impact that joining would have on the development philosophy of GNH (BBS 2012), as assessed by the GNH screening tool.

Figure 3: GNH in policymaking



Source: Ura 2009

Participation

Participation within the institutional framework of a competitive democracy remains a comparative novelty in this very young democracy, and the idea of a political system driven by competition between people and parties continues to inspire some unease within a traditional culture of harmony. However, future development is regarded with optimism, and the second general election, held in summer 2013, has been the object of considerable popular anticipation.

Whereas the idea of competitive democracy still has to be ingrained, a tradition of direct participation and immediate communication between local communities and individual citizens with the government and the administration in general has long been in place. Today, consultation with local communities takes place during all planning and policymaking processes, during the drafting of the FYPs and in approving development projects – most notably during the construction of large hydropower facilities. In the early phases of a FYP, for example, government officials spend two months visiting each of the country’s districts. Citizens were also consulted on the drafting of the new constitution, which was issued in 2005 and formally enacted in 2008.



Local governance has a participatory character, and there is significant room for input from civil society organizations (CSOs). However, the CSO sector so far remains relatively small. A CSO act governing the sector was passed in 2007, and examples today range from long-standing organizations founded by members of the royal family (e.g., the rural-development-focused Tarayana Centre or the Royal Society for Nature Protection, the country's largest environmental NGO) to a growing number of independent bodies (e.g., the media-literacy-focused Bhutan Centre for Media and Democracy, or BCMD). The concept of GNH seems to be supported by the majority of CSOs.

In interviews, CSO community members praised aspects of Bhutan's governance environment, noting generally "good government policies" and that "people believe in the strength of the government." The CSO act is deemed a good framework that encourages the establishment of CSOs. The tenor of public debate was seen as a positive feature of society: "The debating and agonizing is good – it is acknowledged that there is no quick solution," said the director of the BCMD.

The GNH Survey and resulting GNH Index can also be considered tools of direct communication between the population and the government and of participatory policymaking. Globally, the GNH survey is one of the best-known instruments of GNH-related policymaking in Bhutan. The GNH Index was developed in 2008 to measure progress toward the constitutionally stated goals of GNH. It complements economic performance indices with a social survey tool that measures economic, human, social, ecological and cultural factors. Nine domains were subsequently defined: psychological well-being, living standards, health, culture, education, community vitality, good governance, balanced time use and ecological integration.

These domains are further underpinned by 38 sub-indices, 33 indicators and 124 variables, which form the basis of the GNH survey. This survey, which has so far been conducted twice (2008 and 2010), is a major undertaking: It comprises 700 questions in day-long structured interviews with around 7,000 citizens across the country, that is, 1 percent of the population – a sample size that is unparalleled in social-monitoring efforts elsewhere around the globe.

The idea is to use the GNH survey in a two-stream fashion: firstly, to determine the state of satisfaction of the population and provide insight into the quality of life in villages and towns; and, secondly, to use the results to guide further policymaking and identify the most effective initiatives for each local community. In the first phase, the data is aggregated with sophisticated weighting algorithms to form the GNH Index. This method includes “sufficiency” thresholds (according to international standards) and “happiness” thresholds as well as the number of domains in which “not-yet-happy people” lack sufficiency.

The index increases as more people become happy or when not-yet-happy people achieve sufficiency in more domains. The data is analyzed in various social categories and is used to:

- a) understand happiness: How many people are happy? In what way are they happy?
- b) increase happiness: Who is not yet happy? What do they lack? The domains are subsequently analyzed to determine where action should be prioritized.

The GNH Index results of the 2010 survey are: happy people: 41 percent; not-yet-happy people: 59 percent; and the domains in which not-yet-happy people lack sufficiency: 43 percent. Some of the other main outcomes of the 2010 survey were:

- Bhutanese have the most sufficiency in health, then ecology, psychological well-being and community vitality.
- In urban areas, 50 percent of people are happy; in rural areas, it is 37 percent.
- Urban areas do better in health, living standards and education. Rural areas, do better in community vitality, cultural resilience and good governance.
- Happiness is higher among people with a primary education or above than among those with no formal education, but higher education does not affect GNH very much.

Outcomes and achievements

Bhutan has been a leader in instrumentalizing the concept of sustainability, as expressed through the GNH concept. It has successfully integrated the four pillars of GNH into its entire decision-making and implementation system. On the whole, these institutional and procedural mechanisms seem to be very well coordinated. There are tangible achievements in the economic, the social and the environmental areas related to this process.

In the economic realm, the “departing point of all policies is sustainable development,” as noted by the secretary of the Ministry of Economic Affairs. The Economic Policy of 2010 resonates strongly with the “green economy” guidelines of the United Nations Environmental Program (UNEP); however, social aspects of sustainable development are also well integrated. The application of the GNH screening tool helps to keep the focus on sustainability at all times.

Hydropower, typically a controversial issue with negative environmental and social impacts, is a core area of focus in economic policy. Thanks to Bhutan’s geography, hydropower

results in comparatively minimal environmental and social impact; but even here, as noted above, one large project was rejected because it did not pass the GNH screening test. New projects are planned in a participatory way, with instruments designed to benefit the affected communities. For example, people losing land or homes due to new development may choose between a financial settlement or replacement, and a recently introduced regulation gives these people an inheritable property right as a certain amount of the energy produced.

An ongoing rural electrification campaign has reached a fifth and final stage, today addressing the country's most remote settlements. However, some discussion has focused on renewable off-grid alternatives that in some cases might represent a better option than grid-provided electricity. Among these options, "micro hydro" offers a good alternative, and solar and wind are also being cultivated. These developments also offer social opportunities, as people can be trained to manage the renewable installations.

The tourism sector offers another example of how different interests are balanced. A conflict over mountaineering arose in the 1980s, with foreign tourists eager to climb the Himalayas' highest unclimbed peaks. However, members of local communities who considered the mountains to be sacred complained to the government, which banned mountaineering in 1987 (and renewed the ban in 1992).

Employment has not been a deeply controversial issue. At just below 4 percent, Bhutan's unemployment rate is roughly at a level considered to be full employment in developed countries.

The aim of food self-sufficiency has returned to the agenda, driven by the high costs of imported food and related macroeconomic issues, such as inflation. The country is also targeting 100 percent organic agricultural production, up from its present 70 percent. This may allow it to serve niche markets to which its unique geography is well suited.

In a similar vein, the 11th FYP aims at national financial self-sufficiency by 2020. The outlook for achieving this goal is unclear, however. State spending on capital goods and services for hydropower projects in recent years has driven public debt from a low of 34 percent of GDP in 1997 to 67.7 percent in 2009 (IMF 2013). A continued inflow of development assistance, which covers 40 percent of Bhutan's government expenditures, has helped reduce the balance of payments (Bertelsmann Stiftung 2014). The government's investment in these hydro-power projects is expected to generate revenues in the long run that will facilitate the goal of financial self-sufficiency.

Bhutan also registers several successes in the social realm. As noted earlier (see "A model of across-the-board progress"), life expectancy in Bhutan has improved considerably, as has the expected years of schooling for the country's youth. In terms of these improvements, together with a net primary enrollment of 95 percent registered in 2011, Bhutan is on par with countries considered by the UNDP to exhibit a "very high" level of human development. The drastic decline in infant mortality rates, improving HDI scores (from .3 in 1984 to .617 in 2007) and a declining Gini coefficient (from 46 in 2003 to 35 in 2007) reflect an overall decrease in poverty. In fact, Bhutan's Gini coefficient – a measure of income inequality – is comparable to that of Switzerland.

Environmental successes have included reforestation efforts, which have brought about a substantial increase in forest cover of the country's land area, as well as an expansion of protected natural areas that include corridors for wandering animals, such as tigers. Bhutan

serves as an important carbon sink and vowed at the 2009 United Nations Climate Change Conference to remain carbon-neutral. At 0.8 global hectares per capita, the country's ecological footprint is well under the threshold of 2 typically used as a benchmark.

Successes in governance include Bhutan's anti-corruption commission, which is one of five independent constitutional bodies. The country was ranked 33rd of 183 countries worldwide in Transparency International's 2012 Corruption Perceptions Index. One of the goals of the 11th FYP is to achieve a top-20 rank in this index by 2018.

Explaining and popularizing the idea of sustainability and of GNH itself must also be counted among the government's tangible achievements. A number of awareness-raising activities take place, perhaps most significantly within schools. By 2010, all teachers had been trained to explicate GNH as well as the related concept of "greeneries" – essentially natural, intellectual, academic, social, cultural, spiritual, aesthetic or moral values.

This educational program is also tightly linked to the country's focus on preserving its traditional culture. A further notable success is the measure stipulating that new buildings include elements of traditional architecture and thereby uphold cultural traditions. With a complex national microcosmos that includes 20 local languages, the governing principle might be compared with the EU's motto of "unity with diversity."

Challenges ahead

Despite the successes noted above, Bhutan faces significant ongoing challenges both as a country and in terms of its sustainability strategy. Bhutanese policymakers are aware of these issues, and express both concern and the will to address them.

Urban development issues – most notably waste management and waste water treatment – are high on this list. Thimphu, the capital, does have a wastewater treatment plant, but this has evidently reached the limits of its capacity. Plastic bags have been banned, but plastic waste is nevertheless seen in cities. Urban areas are also facing transport challenges. Thimphu has a public bus system, but improvements are needed.

Increasing rural-urban migration has been an issue of repeated concern. Cities are reaching their physical limits from the point of view of sustainability. The approach pursued by the 11th FYP, which calls for establishing more small urban developments across the country, seems quite sensible in this regard. Concrete policies aimed at providing all parts of the country with electricity and telecommunication facilities are part of the set of overall developing aims of the government.

Balancing the GNH philosophy with growing Western and globalized influences will be an increasingly difficult challenge. Growing consumption has been a topic of discussion for more than 10 years. The opening of the country to TV in 1999 also entailed an opening to influences from advertising and other media, and some Bhutanese writers have expressed worries that this might lead to popular desires that clash with the GNH concept.

It is unclear how the government would deal with such a conflict of interest should a large share of the population call for such desires to be accommodated. Indeed, these new influences may pose the most significant challenge to Bhutan's cultural uniqueness. However,

lessons on safeguarding cultural wealth from the corrosive effects of global modernity can be learned from other regions. One recent strategy for muting this influence has focused on media literacy and critical-thinking education programs, as currently conducted by the Bhutan Centre for Media and Democracy.

The issue of youth unemployment is linked to this challenge. Today, young people returning from studies abroad or graduating at home are faced with job shortages. This is in part because well-educated people traditionally expect government jobs, while the rising share of young people with higher education has made competition for these positions stronger. Moreover, private-sector jobs are still considered to have lower status, and entrepreneurial desire within the educated population is not strong, though it is explicitly fostered by the government.

Beyond political and social challenges, Bhutan faces very significant threats from climate change in the form of an increased risk of flooding and the endangerment of hydropower projects, the country's main source of income. Some technical measures are being taken, but these are so far considered to be limited in effect. All the country's main valleys, which are home to its main settlements, are threatened; in one of them, the Punakha valley, the last major flood occurred in 1994.

Bhutan has also contributed its voice to the climate change debate, being firmly on the side of vulnerable countries. Following its pledge at the 2009 COP 15 meeting of Kyoto Protocol signatories in Copenhagen, Bhutan adopted a carbon-neutral strategy and, with the support of Denmark, it initiated subregional collaboration on climate change in 2011 involving itself, Bangladesh, India and Nepal.

What we can learn from Bhutan

At first glance, it may appear that Bhutan's success is specific to its context: It is a small country with a relatively homogenous population that adheres strongly to a particular religion and philosophy. As such, it seems to share little with the heterogeneous societies of the OECD and the challenges they face. While Bhutan's sustainability strategy is in itself singularly successful and innovative, the question arises whether the country is really able to serve in whole (or in part) as a role model for the development of similar strategies in other nations.

However, a closer look at Bhutan's sustainability strategy and the unique impact the GNH concept has on its political agenda yields several highly valuable lessons for other countries around the globe. In fact, Bhutan may



well be at the forefront of a paradigm shift underway in modernization and development strategies that, aside from being desirable, may very well be necessary if we are to avert ecological collapse, ensure sustainable societies and secure the well-being of humankind in the long run.

Bhutan's status as a role model derives from its success in conceptualizing sustainability beyond specific problems and integrating sustainable development into all aspects of social and economic life. Sustainability is institutionalized both from the top (through the constitution) and from the bottom (through school curricula and participatory processes). It informs long-term policy visions (the Vision 2020 document) and concrete plans (the FYPs). Other countries, no matter their size, can learn a great deal from this systemization of sustainable development mechanisms.

Paradigms matter: Bhutan stands out in global comparison not only for its proven ability to achieve forward-looking societal change over the past 30 years, but also for its success in implementing a cross-cutting sustainability policy. By way of example, Bhutan has demonstrated that the will to reform and the power to formulate and implement such a policy must draw upon a clear institutional framework. Indeed, in order for such a policy to take hold in society, a paradigm of societal progress must already be in place. In Bhutan, the four pillars of its GNH concept – sustainable and equitable socioeconomic development, conservation of the environment, preservation and promotion of culture, and the promotion of good governance – comprise such a paradigm, and one that is without equal in the world in terms of its relevance for day-to-day policymaking.

The institutionalization of sustainability into the DNA of the political process may serve as a role model for other countries, even in the developed world. Although many European countries, for example, have formulated sustainability strategies and, in some cases, installed precise indicators by which progress is regularly measured, the impact of such indicators and strategies on actual policy processes is very limited.

In fact, a key challenge in Germany, for example, is that the application of sustainability instruments falls short of the stated intentions and envisioned effects of the country's national sustainability strategy (see the contribution in this volume "Challenges and Opportunities for Sustainable Development in Germany").

Even if national priorities can be shifted, sustainable development principles must still be integrated into policymaking processes. This practical issue is ultimately a function of governance. Bhutan's systemic approach to sustainability shows that it's possible to mainstream sustainable development into all mechanisms and structures of policymaking, from ministers to civil servants to all members of parliament.

It can provide a model to other countries seeking to institutionalize sustainable development mechanisms. Each country will of course interpret these lessons in its own way. But experience in Bhutan, as well as in Europe, has shown that understanding of and support for sustainable development principles must permeate a political system if they are to be successful. This is best underpinned by efficient horizontal coordination mechanisms between sectors, but advocacy must also come – as in Bhutan – from the top level of leadership.

A number of threads are converging in the global search for a new development paradigm. In 2011, the U.N. General Assembly applauded Bhutan's holistic approach to development, explicitly recognizing the broad understanding of sustainability as applied in Bhutan as a good example of



a new economic paradigm by inviting Bhutan to help launch the global “New Development Paradigm” initiative. Bhutan was encouraged to develop and introduce alternative frameworks and measures together with a high-ranking group of scholars from around the world.

The 2012 Rio+20 conference closed with the decision that universally applicable sustainable development goals should be developed and incorporate the Millennium Development Goals, which have been primarily focused on poverty eradication. Bhutan can serve as a role model throughout these efforts. The country’s decades-long experience in addressing environmental and poverty-eradication goals as part of a unified policy framework gives it credibility beyond its geopolitical weight. In this case, a small country may ultimately have a very large impact indeed.

References

- BBS. “A step towards WTO?” *BBS news service*, August 29, 2012. www.bbs.bt/news/?p=17054.
- Bertelsmann Stiftung. *BTI 2014. Bhutan Country Report*. Gütersloh: Bertelsmann Stiftung, 2014.
- Freedom House. *Countries at the Crossroads. Bhutan Report*. Washington, D.C.: Freedom House, 2013. www.freedomhouse.org/report/countries-crossroads/2011/bhutan.
- IMF (International Monetary Fund). World Economic Outlook Database, October 2013. www.imf.org/external/data.htm.
- Musikanski, Laura, and John de Graaf. “The Happiness Initiative: The Serious Business of Well-Being.” *Solutions for a Sustainable and Desirable Future* (4) 1: 2013. www.thesolutionsjournal.com/node/1221.



- NEPA (National Environmental Policy Act). Thimphu: RGoB, 2007. www.dit.gov.bt/sites/default/files/EnvironmentProtectionAct2007.pdf.
- Reinhardt, Ernst, Ueli Rueegg and Peter Moser-Kamm. *Far apart and close together: Bhutan and Switzerland – Partners in Development since 1950*. Weinfelden: Wolfau-Druck, 2008.
- RGoB (Royal Government of Bhutan). *Economic Development of the Kingdom of Bhutan, 2010*. Thimphu: RGoB, 2010. www.moea.gov.bt/downloadfile/edp2010.pdf.
- RGoB. *Bhutan: In Pursuit of Sustainable Development. National Report for the UN Conference on Sustainable Development 2012*. Thimphu: RGoB, 2012. <http://sustainabledevelopment.un.org/content/documents/798bhutanreport.pdf>.
- RGoB-GNHC (Royal Government of Bhutan, Gross National Happiness Commission). *Tenth Five-Year Plan 2008–2013, Volume 1*. Thimphu: RGoB-GNHC, 2009. www.gnhc.gov.bt/wp-content/uploads/2011/10thplan/TenthPlan_Vol1_Web.pdf.
- RGoB-GNHC. *Guidelines for the Preparation of the Eleventh Five-Year Plan (2013–2018)*. Thimphu: RGoB-GNHC, 2012. www.gnhc.gov.bt/wp-content/uploads/2011/04/Guidelines-Revised-FINAL.pdf.
- RGoB-GNHC. Briefing 2013.
- RGoB-MoAF (Royal Government of Bhutan, Ministry of Agriculture and Forests). *Statistics of protected areas*. Thimphu: MoAF, 2008. www.moaf.gov.bt/moaf/?wpfb_dl=101.
- RGoB-NEC (Royal Government of Bhutan, National Environment Commission). *The Middle Path. National Environment Strategy for Bhutan*. Thimphu: RGoB-NEC, 1998. www.thegef.org/gef/sites/thegef.org/files/documents/Middle%20Path.pdf.
- RGoB-PC (Royal Government of Bhutan, Planning Commission). *Bhutan 2020: A Vision for Peace, Prosperity and Happiness. Part II*. Thimphu: RGoB-PC, 1999. www.drrgateway.net/content/bhutan-vision-2020-0.

- UNDESA (UN Department of Economic and Social Affairs). *World Population Prospects, the 2010 Revision*. New York: UNDESA, 2010. <http://esa.un.org/unpd/wpp/index.htm>.
- UNDP (UN Development Programme). *Human Development Report 2011: Sustainability and Equality: A Better Future for All (Bhutan)*. New York: UNDP, 2011. <http://hdrstats.undp.org/images/explanations/BTN.pdf>.
- UNDP-UNEP Poverty-Environment Initiative. “Country Brief Bhutan.” Presentation at the PEI Asia-Pacific Regional Lesson Learning Workshop on Institutionalizing Pro-Poor Environment Mainstreaming in Government and UN. September 14–16, 2011. www.unpei.org/what-we-do/pei-countries/bhutan.
- Ura, Dasha Karma. “Gross National Happiness as a Larger Context for Healing and Global Change.” Presentation held at the OECD World Forum, Charting Progress, Building Visions, Improving Life. October 27–30, 2009 in Busan, Korea. www.oecd.org/site/progresskorea/44120751.pdf.
- World Bank. World Development Indicators (WDI). Various indicators, 1980–2011. World Bank Data. 2013. <http://data.worldbank.org/data-catalog>.

Interviews were conducted from January 12 to 18, 2013 in Bhutan by Andreas Esche, Armando García Schmidt and Ingeborg Niestroy. Charles Thrift of the International Institute for Sustainable Development (IISD) conducted basic research in advance of the interviews. A special thanks goes to the Honorary Consul of Bhutan in Germany *Dr. Wolfgang Pfeiffer* and *Dasho Kado Tshering*, whose tireless efforts and warm-hearted support were instrumental in making this report possible. The authors alone take responsibility for the content and views expressed in this report. We would like to thank *Christian Kroll* at the Bertelsmann Stiftung for his valuable input.

We would also like to express our gratitude to *His Majesty The Druk Gyalpo Jigme Khesar Namgyel Wangchuck*, fifth Dragon King of the Kingdom of Bhutan, for granting an audience to the research team.

Finally, we would like to thank everyone in Bhutan who took the time to speak with us:

Tashi Choden, Director, Secretariat for the New Development Paradigm, Royal Government of Bhutan, Thimphu; *Ron Colman*, Member of the Steering Committee, New Development Paradigm, Thimphu; *Garab Dorji*, Founder & President, Guide Association of Bhutan (GAB), Thimphu; *Kinley Dorji*, Secretary, Ministry of Information and Communications, Thimphu; *Lam Dorji*, Executive Director, Royal Society for Protection of Nature, Thimphu; *Thinley Dorji*, Chief Environment Officer, National Environment Commission, Thimphu; *Pema Gyamtsho*, Minister, Ministry of Agriculture and Forests & National Environment Commission, Thimphu; *Namkha Lhamo*, Singer and Actor, Thimphu; *Sonam Ongmo*, Editor at large, The Raven Magazine, Washington; *Siok Sian Pek-Dorji*, Executive Director, Bhutan Centre for Media and Democracy, Thimphu; *Chhimmy Pem*, Head, Marketing & Promotion and Operations, Tourism Council of Bhutan, Thimphu; *Tashi Penjore*, Deputy Chief Environment Officer, National Environment Commission, Thimphu; *Wolfgang Pfeiffer*, Honorary Consul of the Kingdom of Bhutan to the Federal Republic of Germany, Bietigheim-Bissingen; *Thakur Singh Powdyel*, Minister for Education, Ministry of Education, Thimphu; *Karma Lodey Raptan*,

Assistant Resident Representative, Energy, Environment & Disaster Mgt., United Nations Development Programme, Thimphu; *Walter Roder*, Country Director, HELVETAS Swiss Intercooperation, Thimphu; *Sonam Tashi*, Acting Chief Planning Officer, Policy & Planning Division, Ministry of Economic Affairs, Thimphu; *Lyonpo Sonam Tobgye*, Chief Justice of Bhutan, Supreme Court of Bhutan, Royal Court of Justice, Thimphu; *Kado Tshering*, Aja Boutique Tours & Treks, Thimphu; *Sonam Tshering*, Secretary, Royal Government of Bhutan, Ministry of Economic Affairs, Thimphu; *Ugyen Tshewang*, Secretary, National Environment Commission, Thimphu; *Karma Tshiteem*, Secretary, Gross National Happiness Commission, Thimphu; *Claire Van der Vaeren*, Resident Coordinator, United Nations System's Operational Activities for Development in Bhutan, Thimphu; *Choiten Wangchuck*, Director, Department of National Budget, Ministry of Finance, Thimphu; *Chime P. Wangdi*, Secretary General, Tarayana Foundation, Thimphu; *Rinchen Wangdi*, Chief Program Coordinator, Development Cooperation Division, Gross National Happiness Commission, Thimphu; *David Alan Wright*, Senior Advisor and Project Director, International Section, Director General's Office, Norwegian Water Resources and Energy Directorate, Oslo.