

GNH Model for Procurement of Works that Ensures Social, Economic, and Environmental Sustainability – Case Study on Successful Community Contracting in Bhutan



{This article is an abridged version of the submission on “GNH Model for Procurement of Works that Ensure Social, Economic, and Environmental Sustainability – Case Study Based on a Successful Story about Community Contracting in Bhutan” made by Mr. Pema Wangchuk, Associate Lecturer with Jigme Namgyel Engineering College, Dewathang, S.J, Bhutan, for the South Asia Procurement Innovation Awards.}



Summary

GNH (Gross National Happiness) Model of Community Contracting in Bhutan has successfully safeguarded social, economic, and environmental sustainability in Bhutan. This case study points to the relationship between happiness and development in Bhutan through procurement in accordance with Gross National Happiness principles, guidelines and rules. Around 90% of the kingdom's developmental activities are associated with infrastructure development through community

contracting at the level of gewog (block or a group of villages) and chiwog (administrative levels below gewog). The case study proves that GNH principles can coexist with development and progress, and community contracting has a greater impact on improving living standards of the rural people in Bhutan. The study concludes with justifications for adopting the GNH Model of Procurement in Bhutan as a Development Tool.

- | Costs of community contracting are significantly lower.
- | A high proportion of community contract costs are used to pay local labor and for local materials.
- | The community benefits directly from additional income, thereby contributing to Gross National Happiness.
- | Local communities have an incentive in implementing works of a high quality because they are the beneficiaries.

Background

All five-year plans for development of infrastructure in Bhutan have been implemented mostly at local levels owing to the Royal Government's priorities. Though there have been significant increases in investments on infrastructure development of the country, finding contractors to carry out works, especially in remote areas, has been difficult, leading to increase in cost as well as delays in implementation of planned activities. Therefore, the Bhutan Administration has decided on an alternative procurement of works at local level, with "Community Contracting Protocol" addressing all hassles encountered so far.

Challenges Addressed

One of the most important challenges is to ensure that local development progresses in accordance with Gross National Happiness policies and guidelines. Accordingly, a Community Contracting Protocol has been circulated by the Ministry of Home and Cultural Affairs (MOHCA), Bhutan. The main advantage of this

protocol is that community contracting encourages local communities of the country's mostly hilly and forest regions to assume ownership of their development project outputs. More so, community contracting suits remote areas, where commercial contractors are unwilling to work. Such contracting allows local communities flexibility in deciding for themselves the appropriate mix of paid and unpaid (voluntary) labor.



Impacts Generated

The advantages enshrined in the Community Contracting Protocol are:

- Costs of community contracting are often significantly lower than those of commercial contracts;
- A high proportion of community contract costs are used to pay local labor and for local materials. So, the community benefits directly from additional income, thereby contributing to Gross National Happiness;

- Community contracting is an effective means of mobilizing community labor and ensuring that works are completed on time;
- Local communities have an incentive in implementing works of a high quality because they are the beneficiaries of these works.

Level of Innovation

The GNH Community Contracting Model enshrined in Bhutan's sacred Constitution stipulates that "The State shall strive to promote those conditions that enable the

As a result, unlike other nations, Bhutan focuses every socio-economic development on value creation, starting from the grass root level and depending on needs of the local people. While doing so, the maximum participation of people is always ensured and maintained. Around 90% of developmental activities are associated with infrastructure development at gewog and chiwog levels, which include maintenance of farm roads, irrigation channels, drinking water supply, construction of farm houses, maintenance of schools, RNR centers, BHUs, and ORC buildings, and other essential infrastructure



pursuit of Gross National Happiness." The Dzongkhag Tshogdu (District Councils) and Gewog Tshogde (Block Councils) have the autonomy in formulating Five Year Plans and Annual Plans for their Dzongkhag and Gewog. Moreover, these councils monitor and evaluate development policies, plans, and projects, as per procedures formulated by the Gross National Happiness Commission. Similarly, all local governments of the country's 20 districts and 205 gewogs execute their annual plans in line with GNH guidelines to promote national goals, that is: "To fulfill the wellbeing of citizens together with development."

development. The annual budget for most of these activities is from the Gewog Development Grant (GDG).

Replicability

A few gewogs in Bhutan, which have successfully implemented the community contracting approach over the last couple of years, are Kana in Dagana District, Kabjisa in Punakha District and Bidung in Trashigang District. Kana Gewog is one of the remote gewogs in Dagana. It majorly benefited with construction of a new farm road, while Kabjisa and Bidung

gained from maintenance works and constructions of useful farm houses for farmers. All these were executed in 2016-17 by their own people after forming an association or a small group. According to Choiku Gyeltshen, the Gewog Administrator Officer, Kana Gewog, budget for construction of new farm roads were allocated from GDG and works were carried out by the local people themselves through community contracting.

Scalability and Sustainability

Socio-economic development and sustainability is one of the main pillars of Bhutan's Gross National Happiness. This principle makes all development processes in Bhutan sustainable and vibrant. All stakeholders, who involve in community contracting as committee members, must uphold directions of the GNHC (Gross National Happiness Commission) as well as the following objectives of GNHC:

- To guide long-term sustainable socio-economic development and strategies;
- To ensure that GNH principles are mainstreamed into plans and policies in line with regional and international commitments;
- To mobilize adequate resources on a timely basis and ensure equitable and efficient allocation; and
- To monitor, facilitate, and coordinate implementation of policies, plans, and programs, thereby ensuring effective delivery.

The gewog budget is sustainable because every year the Government of Bhutan allocates Nu. 2 million fund in the form of GDG to all 205 gewogs in Bhutan. When it comes to preservation of environment, the Bhutanese Constitution mandates for around 60% of forest cover at all times to come in Bhutan. Therefore, local authorities remain aware that preservation of the forest is to be always prioritized, despite developmental activities at their village level.

Lessons Learned

The case study has shown that community contracting in Bhutan does bring a rapid revolution in the field of procurement of works, thereby ensuring socio-economic development, sustainability, and preservation of environment. GNH model in procurement of works at local levels is viable and lucrative in various parts of gewogs and chiwogs, with massive benefits, such as:

- Encouragement of local community to assume ownership of project outputs;
- Costs of community contracting often being significantly lower than for commercial contracts; and
- A high proportion of community contract costs are used to pay local labor and for local materials, so the community benefits directly from additional income.

