

The ‘Successful Failure’ of the Sustainable Development Agreement between the Netherlands and Bhutan

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ABSTRACT

This article discusses the practice of implementing the Sustainability Treaty signed by Bhutan and the Netherlands in 1994. This unique treaty represents a new relationship between developed and developing countries, based upon the principles of reciprocity and equality. The operational aspects of this treaty and the impacts are addressed and analysed in this article. The analysis pays close attention to the implementation process in Bhutan and the Netherlands. The analysis includes a review of the policy documents, interviews and case studies of four projects. The core idea of the agreement was to deviate from the traditional form of cooperation by building a two-way path, promoting equity, reciprocity and participation through dialogue, but it never succeeded in achieving its goal due to differences in political ideology and socio-economic status and lack of shared vision. Yet, the analysis shows that the implementation has been a ‘successful failure’. Copyright © 2007 John Wiley & Sons, Ltd and ERP Environment.

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Introduction

BEGINNING IN THE EARLY 1960S, BHUTAN OPENED ITS DOOR TO THE OUTSIDE WORLD THROUGH a planned gradual socio-economic development process. Since then the country has entered into various forms of bilateral development cooperation with countries such as Denmark, Germany, Austria, Switzerland and the Netherlands. From these co-operations, the most innovative has been the sustainable development agreement with the Netherlands, conceived during the preparation of the United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro in Brazil in 1992.

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In the classical development paradigm, cooperation is donor driven and top down. Development takes place according to the parameters of the donor country, which stipulates not only what to do, but also how to do it. The developing countries are induced to follow the same development path as western countries. Furthermore, this cooperation is procedure driven and embedded in bureaucratic rules specifying obligations in detail (Lister, 2000). This classical model focuses on relationships between states and it rarely stimulates public participation (Verhagen *et al.*, 2003). Most development cooperation in Bhutan and other bilateral donor countries fits into this classical pattern (see discussions by Johnson and Wilson, 2006). Various European countries, Germany, Sweden and the United Kingdom, have recently discussed opportunities for creating more equal or mutually beneficiary relations (see also Kayizzi-Mugerwa, 1998; see also Maxwell and Riddell, 1998).

The new development cooperation implied a different starting point instead of following the classic model. It promoted the idea of using a platform where North and South met to debate sustainable development and jointly define the areas of development cooperation. The intention was that a rich country like the Netherlands not only would support Bhutan, but also could learn from the Bhutanese experience in order to increase their level of sustainability. This concept was translated into an operational strategy, in the form of the Sustainable Development Agreement (SDA), which the Netherlands signed with three developing countries: Bhutan, Benin and Costa Rica.

This new approach espoused three specific principles: equality, reciprocity and participation. However, these principles were not defined in the agreement because it was believed that the three principles might need a long learning process (RGoB, 1996; Glasbergen and Miranda, 2003; Verhagen *et al.*, 2003). In the context of the Sustainable Development Agreement (SDA), 'participation is understood as the involvement of a plurality of institutions (community, local, national, government, non-government and the commercial sector) in formulating the strategy, planning and execution of activities' (Verhagen *et al.*, 2003). Equality refers to the respect for each other's opinions and the goal of collaborative decision-making. Reciprocity implies that the four Sustainable Development Agreement (SDA) countries could ask each other questions concerning the policies of sustainable development through an intensive and constructive dialogue.

This new form of development cooperation was introduced as an experiment. The hope was that other countries could replicate the concept. However, this did not happen. In 2005, the Dutch government decided to phase out the funding of the programme. This does not mean that the agreement failed. As will become clear from our analysis, it was a success in Bhutan, but a failure in the Netherlands, for several reasons. Therefore, our research aims to find out

- how this new form of development partnership works in practice with the specific aim of bringing equality, reciprocity and participation among the partners,
- with these principles, how the Sustainable Development Agreement (SDA) can be hailed as a success or failure in the Netherlands and in Bhutan and
- what lessons can be drawn from this kind of development cooperation.

Although our main focus is the implementation of the Sustainable Development Agreement (SDA) in Bhutan, it will be reviewed within the context of the relationship with the Netherlands, and the crucial autonomous developments taking place in the Netherlands, which shaped the whole SDA process.

Research Methods

In an attempt to answer the research questions, several research methods were adopted, combining a policy implementation process analysis with four case studies on specific projects. First, a literature

review was conducted. We referred to SDA publications related to the implementation of the agreement, legal documents, proceedings from the annual policy consultations between the two countries, research reports, reviews and evaluation reports. Also, in the Netherlands, extensive research on the minutes covering the Dutch parliamentary debates regarding this topic were conducted and reviewed. An informal discussion was held with the present employees of the Royal Tropical Institute (KIT), engaged in implementing the treaty.

Based on the information gathered, a list of standard questionnaires was designed. Then a list of individuals was compiled to interview in the Netherlands and Bhutan. The employees of the KIT helped to identify key actors and stakeholders to add to our interview list. Similarly, in Bhutan, the Sustainable Development Secretariat (SDS) helped to identify key informants and in some cases arranged for the appointments. The interviews were conducted in the Netherlands during April/May 2005, while in Bhutan they were conducted during June/July in the same year.

In the Netherlands, the interview list included the ex-employees of the implementing agency (Ecooperation). In Bhutan the respondents were mostly civil servants, such as project managers and sector heads.

To determine whether the agreement was a success or a failure in practice, four project case studies were conducted within the programmes of biodiversity, rural energy and culture.

- The first case study on the biodiversity conservation project, Jigme Dorji National Park, was selected since it was the oldest and the largest park in the country. It included a four-day visit to the park headquarters, enabling us to visit project sites and to converse directly with the local people. We also interviewed park officials and were able to witness field activities.
- The second case study focused on the rural electrification project, covering two districts: Paro and Haa. The case study included a site visit and interviewing site engineers, local contractors and the stakeholders.
- The third case study, on culture, focused on the project for institutional strengthening of the School of fine Arts, located in Thimphu. We interviewed the principal and some members of the staff and some of the students.
- The fourth case study was the Zeeuwse Vleugel project in the Netherlands. We interviewed the responsible project leaders and the involved NGO.

Sustainable Development Agreement in Practice: Agreement and Ratification

The cooperation between Bhutan and the Netherlands started with the signing of a Declaration of Intent in Rio de Janeiro, Brazil, in 1992. Based on this, the formal agreement was signed between the government of the Netherlands and Bhutan on 21 March 1994 in the Netherlands. This agreement was implemented through policy dialogue, policy consultation meetings between the two countries and project implementation in Bhutan and in the Netherlands. To steer the whole process, the two countries established a joint committee, consisting of two high officials from each country. The priority issues and thematic areas of cooperation were agreed in joint committee meetings, including the types of project to be promoted for sustainable development. Three types of project, the so-called 'windows of financing', were identified as Project Types I, II and III. Type I projects supported the five-year planned development programme of the government on mutually agreed thematic areas of cooperation. Therefore, the formulation, implementation and coordination of these projects took place in Bhutan only. Type II projects had to be implemented in the Netherlands, which would help to contribute to the

sustainable development in the Netherlands. Type III projects were known as the reciprocal projects, and would be implemented in both countries jointly. A case study on each type of project is presented later.

Ratification of the SDA in the Netherlands

The agreement was formally ratified on 4 June 1996, two years after the signing. For several reasons, ratification became a lengthy and contentious process, because (a) the main principles were challenged, (b) some projects were intensely debated, (c) new funding procedures were opposed and (d) Bhutan's 'assumed' policy on human rights was questioned.

The operationalization of the agreement was also questioned. The Dutch politicians debated the contents and the principles of reciprocity and equality. Initially, the intention was to implement it on an experimental basis, but soon after signing the agreement the ruling government, the Social Democratic Labour Party (PvdA), decided to give this agreement 'a more international and binding character, rather than a informal one'. As such, the members of the PvdA decided to submit the formalization of the SDA for parliamentary approval.

In order to ratify the agreement in the Netherlands, several discussion sessions, within the Lower and Upper Chambers of the Dutch parliament, were held in January and March 1995. It was recognized by most politicians in the Lower Chamber that the SDA in 'such a framework' would be welcome, especially after the Declaration of Intent was signed. However, it became evident that various political parties did not agree with some parts of the agreement (Government of the Netherlands, 1995).

- Some were of the opinion that such cooperation could be placed within the existing framework of traditional development cooperation. They saw the principle of equality as 'nonsense', since only one country was providing the funding.
- Others were concerned with the effect this agreement might have on Dutch policy, so they demanded an exact meaning of reciprocity and a clear intention as to how this principle would be operationalized and what role a partner country could play in the decision-making procedures on sustainable development in the Netherlands.
- Smaller green political parties wanted to know how this agreement could be used to create eco-space for the Dutch Government to re-orientate its policy, to contribute to the fair distribution of eco-space¹ by the Dutch government.

Looking at the three fundamental arguments in the Dutch parliament, it is obvious that Dutch politicians did not feel comfortable with the agreement, especially the principle of reciprocity, which could allow other partner countries to criticize the policies of the Dutch government. For instance, it was feared that the Bhutanese government would use the SDA as a legal backing to stimulate changes in the Dutch materialistic lifestyle and Dutch policies on sustainability issues, though in reality Bhutan's government had neither the intention nor the inclination to interpret the agreement legalistically. For Bhutan, the spiritual and emotional intent of the agreement was more important than political intentions.

In the first phase, some project activities, started during the ratification process, triggered intensive debate in the Netherlands. The first controversy arose in connection with a request by Ecooperation² from partner countries to express their views on the environmental impact of the expansion plan of (the Dutch) Schiphol Airport. This infuriated some of the political parties in the Dutch parliament. As a

¹ Eco-space is a concept that refers to the developed countries that are using excessive ecological space in the developing countries to meet their materialistic lifestyle. Hence, the developed countries should pay developing countries to compensate for not using their eco-space (Opschoor and Weterings, 1994; Weterings and Opschoor, 1994; van Vuuren *et al.*, 1999; Beekman, 2004).

² This is the Dutch 'national mechanism' created to coordinate the SDA activities.

result they dubbed the concept of reciprocity as ‘symbol policy’, ‘artificial’, ‘unrealistic’, ‘superfluous’, ‘a new form of hobby’ and ‘insignificant’ (Government of the Netherlands, 1995). Next, the government of Bhutan’s decision to implement a Type II project in the Netherlands evoked further debate (we will discuss this project below). The government of Bhutan financed a project with US\$100 000 (using the SDA budget, originating from the Dutch national foreign aid budget) to help farmers promote sustainable development in the Netherlands, but Dutch politicians were uncomfortable with the project, as it meant taking assistance from a poor country. As a result the project became the subject of negative publicity for the SDA in the Dutch media.

In the second phase, the new funding procedure was opposed. It was argued that the SDA framework should be adjusted to fit under the existing system of Overseas Development Assistance (ODA) programme of the Ministry of Development Cooperation in the Ministry of Foreign Affairs (Government of the Netherlands, 1995), rather than creating a new system and an organization to perform the same function. However, the Dutch Ministry of Foreign Affairs was planning to decentralize all ODA responsibilities to their respective regional embassies all over the world. The result was that the main objective of the SDA, to deviate from the traditional top-down approach of providing development assistance to a two-way process, failed.

When a delegation of Dutch officials visited Bhutan, the controversy over the country’s human rights record emerged and was discussed in the Dutch parliament. In a parliamentary report, Bhutan was stated to be a ‘totalitarian state’ lacking any political parties, unions or organizations representing Bhutanese civil society (Government of the Netherlands, 1995). Later, the Christian-Democrat parliamentarian³ van Ardenne expressed her views in a newspaper article titled ‘Fairytales and how Bhutan is in reality’ (van Ardenne, 1996). In this article she observed that Bhutan has only one religion (Buddhism), and no freedom of expression. Additionally, since Bhutan had not signed any International Human Rights Treaty, a question was asked as to whether the Netherlands should have an agreement with Bhutan at all (van Ardenne, 1996).

As a result of these controversies, the issues were discussed in the Lower Chamber in May 1995. At this time, major political parties sought further clarification from the ministers and proposed changes in some aspects of the agreement in order for them to vote in favour of the agreement. Despite the proposed changes, the majority, consisting mostly of the opposition parties, accepted the agreement on 13 June 1995. Similarly, the debate in the Upper Chamber also demanded adjustments to the agreement. The discussions were more critical than in the Lower Chamber regarding the implementation of the agreement. After making several changes to the concept of reciprocity, in a joint workshop,⁴ the long debated agreement stood ratified by a slim majority on 4 July 1996.

Ratification in Bhutan

In Bhutan, unlike the Netherlands and Costa Rica (Glasbergen and Miranda, 2003), there was little political debate on the treaty. The agreement was ratified without opposition. Both the King and the cabinet approved the agreement. The Bhutanese involved were excited about the new direction of promoting sustainable development in Bhutan. However, they were anxious about the developments in the Dutch parliament. In Bhutan, the agreement is interpreted less legalistically without calculating future recourse, which is a simplistic view of the agreement. This simplistic view of the agreement did not

³Later she would become the responsible minister.

⁴To clarify the principles of reciprocity, a workshop was conducted among the SDA countries in Bhutan, as required by the Dutch parliament.

hinder the implementation of the agreement, since Bhutan enjoyed full political support and willingness to participate from the stakeholders.

Implementation of the Agreement

Before implementing the agreement, the structure and the working procedures were worked out. First the implementation of the Sustainable Development Agreement required each country to establish national mechanisms to coordinate the SDA programmes. In the Netherlands, 'Ecooperation' was institutionalized as an autonomous organization to coordinate the developments and operationalization of the agreement. An Advisory Board of Ecooperation, representing various (non-governmental) organizations and institutions, helped Ecooperation (Government of the Netherlands, 1995).

In Bhutan, the Sustainable Development Secretariat (SDS) was established in the Ministry of Planning. The Secretariat was guided by the Bhutan Task Force (BTF), which was comprised of various sectors of government departments. Bhutan's government granted autonomous status to SDS in 1999, and the BTF was reconstituted to a Board of Sustainable Development (BSD). The board was represented by the government representatives, autonomous institutions, businesses and non-governmental organizations. The BSD is responsible for monitoring and evaluation of all SDA programmes and projects on the basis of physical and financial progress reports and field visits (Rinzing, 2001).

Project Selection and Implementation Procedure

Each year the national mechanisms organized a Periodic Policy Consultation (PPC) meeting between the two countries. During the meetings representatives from state, market and civil society identified fields of cooperation based on the thematic areas agreed during the Joint Committee Meeting. They also proposed new projects under Type I for implementation in Bhutan. Some Type III projects were also identified for implementing in both the countries. The PPC meetings also reviewed policies, programmes and arrangements for projects, which were already developed.

The implementation of the agreement did not proceed as originally envisaged due to the lengthy existing development aid procedures that were common in the Netherlands at that time (see Figure 1). The SDS Board first screened the project proposals submitted by the sectoral agencies in Bhutan. After the board's approval, the proposal was sent to a Dutch development aid organization active in Bhutan, SNV, for field verification. After comments from SNV, SDS forwarded the proposal to Ecooperation. Ecooperation then submitted it to the Ministry of Development Cooperation for final approval. The Ministry of Development Cooperation then decided whether the projects were approved and accordingly informed Ecooperation and SNV in Bhutan.

As the structure and procedures were being implemented, the Dutch decided to transfer development responsibilities to the Dutch embassy in New Delhi. The implications were that, for several reasons, funding for all Type I projects was suspended for almost two years. In 2001, when the SDA activities were revitalized, a new system was introduced, but it was still based on the traditional model. As shown in Figure 2, the project approval timeline was shortened to just two steps, since the embassy was now delegated with responsibility and authority to approve and finance all projects. Now Bhutan's government was able to implement much bigger projects with less bureaucratic procedures.

As a consequence, the decision making power regarding Type I projects remained in the hands of the donor country, as practiced in the traditional development aid model.

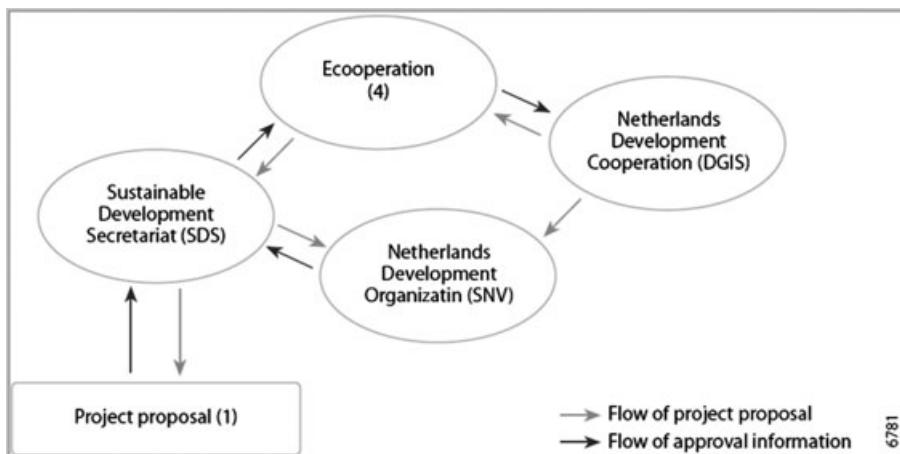


Figure 1. Procedural arrangement for project approval before the decentralization of responsibilities

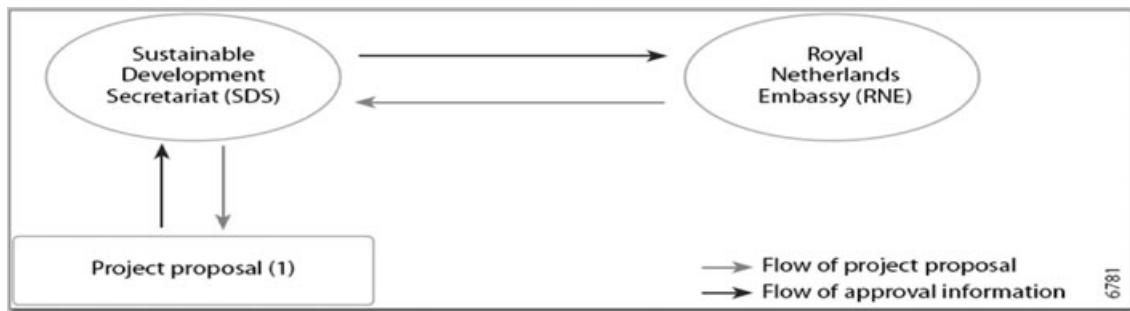


Figure 2. Procedural arrangement after decentralization of responsibilities

Analysis of Projects

Over the last 11 years (1993–2005) the overall budget allocation for the SDA in Bhutan was modest. Only Euro 38 million (average Euro 3 million per annum) was allocated to Bhutan, which is less than the Euro 60 million to Costa Rica and Euro 48 million to Benin. A significant portion of the total budget (91%) was allocated to Type I projects, while Type III and Type II projects received a far smaller share at 8.4% and 0.2% of the funds respectively.

Table 1 shows the fund allocation of Type I projects based on the thematic area of cooperation agreed in the Joint Committee Meeting. The maximum fund was spent on biodiversity conservation (34%) compared to other programmes.

On the other hand, Type III projects are the reciprocal activities, which are implemented in both countries. Over the last 11 years, more than Euro 3.3 million – a modest sum – was spent on various reciprocal activities in Bhutan and in the Netherlands. Three specific themes of cooperation identified were to work on ecology, economy and social cultural pillars of the vision of Gross National Happiness (see also Rinzin *et al.*, 2006). The proportion of funds utilized in each theme was 40% on economic activities, 17% on ecology and the remaining 43% on operational expenses of the Sustainable Development Secretariat.

| Programme/projects | Amount (Euro) | No. of projects | Percentage |
|--|---------------|-----------------|------------|
| Biodiversity conservation | 11 779 000 | 9 | 34% |
| Human resources development/institutional capacity development | 9 667 000 | 13 | 28% |
| Sustainable rural electrification | 9 590 000 | 5 | 28% |
| Culture | 1 667 000 | 5 | 5% |
| SDS operational fund and SDF ¹ | 2 056 000 | 55 | 6% |
| Total | 34 759 000 | 87 | 100% |

Table 1. Type I projects implemented in 1993–2005

Source: Koninklijk Instituut voor de Tropen, the Netherlands, and Sustainable Development Secretariat, Bhutan.

¹ Sustainable Development Fund (SDF) funded many small projects under US\$60 000.

Case Studies of Type I and II Projects

To analyse the implementation of the treaty at the project level we conducted four case studies: three in Bhutan, one in each focus area of the treaty, and one in the Netherlands.

Type I Project: Biodiversity Conservation – Jigme Dorji National Park

Since biodiversity conservation is a priority programme, several projects have been implemented. The main objective of this programme was to establish a functional link between the park residents and conservation interventions to ensure the sustainability of the park residents' livelihood, and maintain the biological diversity balance within the national parks (RGoB, 2004). One of the parks was the Jigme Dorji National Park. It was established in 1974 and lies in the North-West of Bhutan, covering a total area of 4349 km². The altitudes range from 1400 m to over 7000 m above sea level. Some 6500 local residents live within the park and are directly or indirectly dependent on the natural resources for sustenance. The government adopted the Integrated Conservation and Development (ICDP) approach as the development strategy. According to Maroney, the ICDP strategy works well for the local communities residing within and around protected areas, and also falls within the goals of Convention on Biological Diversity (CBD) (Maroney, 2005).

The project activities were focused on (a) reducing human pressure on the surrounding natural resources, (b) providing environmental education, (c) demonstrating best practices in fuel use, fodder and horticulture cultivation and garbage management and (d) campaigning for health and hygiene. Financial subsidies were also given for fencing, roofing materials and the supply of seed varieties. Income-generating activities were encouraged to promote '*in situ* conservation' such as growing medicinal plants on buy back condition and the development of tourist campsites.

Our interviews with the local people revealed that the project was able to create awareness for conservation of biodiversity. The park management noticed more locals reporting poaching and other offences, in the restricted areas, to the park office, compared with before. For instance, the reporting of the harvesting of medicinal plants, poaching endangered species like tiger and illegal felling of exotic plant species were on the rise mainly due to awareness.

However, the project faced internal challenges such as lack of cooperation from the district administration, lack of proper planning and inadequately trained staff. At the same time, garnering community support was difficult due to frequent changes in community representatives, and individual motives overriding the community interest often delayed the planned activities.

Type I Project: Rural Energy

The vision of Bhutan's government is to electrify all rural areas by 2020 (RGoB, 1999). This is crucial as Bhutan's *per capita* fuel wood consumption (1.2 tons) is one of the highest in the world (RGoB, 2000), which is detrimental to realizing the goal of sustainable development. Bhutan has a vast hydropower potential.⁵ Currently, only 3% of the technical and economical potential is harnessed. The bulk of the energy produced (some 90%) is currently exported to the north-western grid of India.

In Bhutan, distribution of electricity to rural areas is costly due to rough topography; it is also environmentally sensitive to construct high electricity pylons across the high mountains and protected areas. However, as agreed between the governments, the objectives of this Rural Energy Project were the electrification of over 3100 rural households through 11/33 kV grid extension lines, and the installation of 1200 photovoltaic cells. Bhutan Power Corporation (BPC) (the state owned company) was formed to supply electricity through grid extension projects, while the Department of Energy in the Ministry of Trade and Industry implemented the solar electrification project. So far, at least 2051 households have been electrified through grid extension, though the exact number is not known as Phase II of the project is ongoing, and 1879 photovoltaic solar panels have been installed (RGoB, 2005a,b).

This is a programme-based project and work followed strict bureaucratic procedures. The projects were executed by awarding contract work to national contractors through open tender. Public participation in the decision making process as to whether to proceed with the rural electrification programme was limited to the local level. Once the district development approved proposals, BPC was notified about the requirement. The work demanded intensive inter-departmental coordination, negotiation and obtaining clearance from the National Environment Commission, the Department of Forestry, the Department of Nature Conservation (if it passes through a park boundary) and the Department of Roads.

The results of our interviews revealed positive reactions from the communities and the conservationists. People expect to benefit by being less dependent on fuel wood, enhancing education, improving health and carrying out income generating activities. Similarly, conservationists felt, in the long run, electrification would help conservation, since construction was carried out in accordance with Forestry Act and Road Act.

Type I Project: Culture – Institutional Strengthening of the School of fine Arts

The School of fine Arts is the only institute that teaches students to learn Mahayana Buddhist culture. As Bhutan is built on this cultural identity as a sovereign and independent nation, it recognizes 13 kinds of arts and crafts (Zorig Chosum). Earlier these traditions had been inherited through families and taught only in the monastic institutions (RGoB, 2005a). However, the government saw a rapid decline of these arts in recent years and only a few people possess the knowledge to preserve this heritage. As the culture is interwoven with all aspects of life in Bhutan, the sustainable development project would not achieve its goal without the promotion and preservation of this cultural heritage.

The culture project aimed to expand existing infrastructure facilities, revise curriculum and strengthen management and the teaching capabilities of the institute. The principal stated that the project was able to revive many declining arts and crafts.

- By 1999 only one man was known to exist in the country who could make the traditional Bhutanese boots. This master trained six students and now it has become a regular programme.

⁵Theoretically, Bhutan possesses 30 000 MW of hydropower potential, of which some 16 000 MW is considered technically and economically feasible (RGoB, 1999).

- The traditional art of sword⁶ making has already been lost. Two Bhutanese received training in Bangkok in order to restore this art.
- The mineral pigments for traditional painting were revived from locally available materials.
- The traditional drum making skill has been restored, by recapturing the skills from the few artisans remaining in Bhutan.

In recent years, the enrolment rate of students has increased beyond the institute's capacity. The principal saw this as a positive development, in which the future of the 'proud' cultural heritage of Bhutan is ensured.

Type II Project D in the Netherlands: Zeeuwse Vleugel Project

In the Netherlands, the environmental sustainability of Dutch agriculture was threatened by the government policies restricting use to only 'high yield wheat varieties'. This policy meant that the traditional wheat varieties that were produced using conventional methods were forbidden and gradually disappeared from the market. The high levels of use of chemical fertilizers have resulted in the pollution of the soil and groundwater in the Netherlands. These incidences had led some Dutch farmers, like the farmers from the Zeeuwse Vleugel Foundation,⁷ to realize that there was an urgent need to change the conventional method and produce wheat varieties by sustainable farming methods. Although the sustainable farming methods provided lower yield per hectare compared with conventional farming methods, the production especially of the local variety known as Sunnan⁸ did not need any use of chemicals and was able to sell at twice the price in the market. However, as it provided a low yield per hectare, this wheat variety was forbidden from production, and therefore was not put on the official Dutch seed list, resulting in low genetic diversity (Ura and Wangdi, 2000). This inspired the Bhutan government to promote agro-biodiversity development in the Province of Zeeland in the Netherlands. The Dutch government provided the funds to Bhutan through an SDA project (Type III) equivalent to US\$100 000.

The project aimed to do the following.

- Restore the local wheat variety called Sunnan with improved baking qualities, which was to be farmed using sustainable methods (by avoiding use of chemical fertilizers).
- Develop local capacity in the production of baking wheat varieties.
- Promote diversify through rational utilization of local crop genetic resources.

To realize these aims, the Zeeuwse Vleugel Foundation adopted an integrated management style. The foundation invited partners from various regional cooperatives and private and public institutions to become allies in the Zeeuwse Vleugel Foundation. The foundation established an executive board and an advisory board to advise the farmers.

The project carried out research studies on the preservation and analysed samples from the local wheat varieties. In three years (1997–2000) some 21 varieties of winter wheat and 13 varieties of summer wheat were evaluated for their suitability as baking wheat under sustainable farming methods. From these

⁶The honoured high officials usually wear swords during official duties.

⁷In Zeeland, a Dutch province in the South of the Netherlands, around 20 farmers established the Zeeuwse Vleugel Foundation' (a non-profit foundation) in 1991. They established this foundation to produce 'Sunnan', a wheat variety, in Zeeland, by using 'sustainable' farming methods. Usually this wheat variety was used for making all kinds of agricultural product, but due to change in government policy the production of this wheat variety was forbidden. The aim of the Foundation was to research the possibilities to produce Sunnan as a wheat variety in a sustainable way.

⁸This native wheat variety had already dropped out of the national seed list and was on the verge of extinction.

varieties, 'Sunnan' and 'Renan' were selected for growing purposes as the main summer and winter wheats.

A Bhutanese evaluation team reported that the project was highly successful, as the local capacity was developed in the production of baking wheat varieties; the cropping system was made more sustainable through the application of appropriate technology; the negative effects of high input agriculture on the environment were minimized and the project promoted diversity, through rational utilization of local crop genetic resources (Ura and Wangdi, 2000).

The Dutch stakeholders hailed this project a success, as it provided 'moral' support to the farmers in Zeeland, giving new hope by helping them to put Sunnan back on the list of official Dutch seed varieties. It gave the farmers a sense of victory over the government decision.

Stakeholder Reflections

As stated in the introduction, the Sustainable Development Agreement is a concept that reflects the new development thinking of the 21st century. In the Netherlands, the respondents (those representing Ecooperation) saw the agreement as an innovative idea, distinct from the mainstream traditional ODA framework; the core idea was the distribution of 'eco-space' (see above). They felt the idea was a result of a new awareness in the Netherlands regarding their unsustainable development practices. So the SDA could be used to increase the fair distribution of eco-space. For instance, since the Netherlands is not able to sustain its eco-space, the government pays Bhutan in order to use Bhutan's carbon credit, not because Bhutan lacks sustainability.

The Dutch stakeholders said the SDA lacked political will in the Netherlands. They interpreted the reciprocity principle from a legalistic viewpoint, i.e. creating permanent political obligations to pay Bhutan or allowing the Bhutanese government to criticize Dutch environmental policy. Some opined that the ratification process in the Dutch parliament was dominated by the traditional 'development-cooperation specialists', who had little idea about the core ideas of the SDA, and the issue of sustainable development and the distribution of eco-space. Hence, they did not see the two-way development road as realistic.

Some respondents saw the implementation of the agreement strategically faulty, as it demanded change in their policy and the implementation culture when experimenting with something new and innovative. The establishment of an independent national NGO (Ecooperation) separate from the Dutch Ministry of Foreign Affairs, according to them, proved to be the biggest mistake. According to the respondent, such an innovative programme should have been allowed to gradually develop and should have been given a longer learning period within the ministry.

However, some saw the SDA as successful, as it was ahead of its time. The discussions were centred on reciprocity, but in reality the principle of equality was found to be more difficult to operationalize in a donor-recipient relationship.

In Bhutan, respondents saw the SDA quite different initially. They felt the SDA gave hope and excitement, but the long ratification process and subsequent changes in development aid procedures dampened this excitement. In terms of funding, respondents felt that a relatively small amount of aid funds was allocated to Bhutan to achieve the broad SDA goals. The implementing procedures of the SDA accommodated flexibility, innovation and participation in order to promote sustainable development.

Also, the decentralization of management responsibility of the Dutch development assistance to Delhi benefited Bhutan. They saw that the approval procedurals were shortened and the Bhutanese National Mechanism (BNM) was able to propose and implement much larger projects in support of national sustainable development programmes. However, Bhutanese respondents expressed surprise at the decision

of the Dutch government to withdraw from the agreement, after much work had already been completed.

Evaluation of the SDA

In 1996, during the ratification process, the need to evaluate the agreement was expressed. The new Minister of Development Cooperation (see footnote 4), in 1998, could not understand the concept of the agreement. So the minister asked for an evaluation of the SDA in all four countries.

The evaluation was initiated by the Ministry of Foreign Affairs and conducted by the ITAD⁹ evaluation team. The team concluded that the agreement was poorly structured in terms of objectives, lack of clarity and initiatives, which led to a confusion at the beginning. The terms reciprocity, participation and equality, as the basic principles of the agreement, were neither accepted to be applicable, nor clearly defined. Attempts to define these principles proved to be difficult, especially for reciprocity, and consequently it became the subject of disagreement. Last, the organizational reforms within the Dutch Ministry of Foreign Affairs caused significant disruptions to the whole programme.

In Bhutan positive forces that existed helped in implementing the SDA, but the absence of civil society groups, the small size of the development aid in comparison to other partner countries (Benin and Costa Rica) and limited trade links between Bhutan and the Netherlands failed to generate the desired impacts. Similarly, other constraints such as lengthy approval procedures and the weak institutional capacity in Bhutan also contributed to this result.

Based on the evaluation report, the minister changed the mandate for the Dutch implementation agency Ecooperation by restricting its tasks to Type III projects. The Royal Tropical Institute (KIT) was selected to take over the responsibilities of Ecooperation (Government of the Netherlands, 2001a, 2001b).

Withdrawal of the Netherlands

Barely seven years after signing the agreement in 1995, the Dutch government decided to withdraw from the agreement, based on the evaluation report of the national mechanisms in 2001. The new minister considered the agreement as a waste of money for the Dutch Government (Government of the Netherlands, 1999) and therefore wanted to end the agreement. The exit strategy promised funding for Type I projects until 2007, but ended funding for new projects. The Dutch government also agreed to provide initial financial assistance to kick-start a new form of South–South Cooperation among the three countries: Bhutan, Benin and Costa Rica. This South–South Cooperation provides an opportunity to further test the SDA principles of equality, reciprocity and participation. There is no dominant donor in this agreement and as such the stakes are equal. The challenge is how to translate these principles into different projects and activities. The future looks bleak, as the countries are far apart, with diverse cultural, economical, environmental and technological background. The language differences are a major constraint during consultation meetings. In addition, long-term financing of this cooperation after 2008 is uncertain. The crucial test for the SDA is whether partners will be able to attract new donors to support this new cooperation.

⁹ ITAD is a consultancy organization, which provides advice to policy makers after conducting an evaluation.

Reflection on a New Paradigm of Development Cooperation

At the time the Earth Summit in Rio de Janeiro, Brazil, in 1992 was prepared, the Dutch government was looking for a new platform for the exchange of ideas, knowledge, experiences and resources between the developed and the developing countries. This raises the crucial question of what form such a new relationship should take. Referring to the SDA between Bhutan, Benin, Costa Rica and the Netherlands, a legally binding agreement does not seem to be the right way to enter into such a new venture, as the cultural differences in the interpretation of the agreement vary. The principles of equality, reciprocity and participation were subject to open interpretation. These deficiencies put the Dutch politicians on the defensive at the time of the ratification in parliament. They were aware of the legal implications and did not want to take a risk on this new venture.

Analysing the three principles, it was hard to determine whether equality was possible within the donor-recipient relationship of the SDA. Also, the meaning of reciprocity could not be clarified to the satisfaction of the Dutch government in order to determine the intentions and direction of the SDA, partly due to political changes. Although the participation principle was not an issue at the time of the ratification of the treaty, at the implementation level it became a problem in Bhutan as the need for capacity building in the Bhutanese National Mechanism and stakeholders became apparent.

The SDA did not enjoy sufficient support in the Netherlands. As a consequence, the core idea of the SDA, i.e. breaking away from the traditional mode of development cooperation, became a bone of contention between the independent implementing agency Ecooperation and the Ministry of Development Cooperation (DGIS) in the Ministry of Foreign Affairs.

Nevertheless, many innovative projects were developed and implemented, but mostly in Bhutan. The same results were shown for the comparable SDA with Costa Rica (Glasbergen and Miranda, 2003). Bhutan benefited most from Type I projects. It supported the national development programmes of the government and some projects were implemented successfully, like rural energy and culture. Unfortunately, where citizens' participation was required, the projects were less successful, such as in the biodiversity projects, due to the conflicts of interest, stakeholders' participation and information exchange.

Cooperation for sustainable development, such as the SDA, can be successful only if all partners share an equal stake: financial resources, technological competence and the same vision. The core idea of the agreement was to deviate from the traditional form of cooperation by building a two-way path, promoting equity, reciprocity and participation through dialogue, but it never succeeded in achieving its goal due to differences in political ideology and socio-economic status and lack of shared vision.

On the other hand, in Bhutan the SDA can be hailed as a successful venture. It was able to instigate new development thinking. The policy makers were able to look at the development programme from a holistic perspective. It created a venue for debate amongst the development managers representing different sectors of the various line agencies, monk bodies, private sectors and interested individuals and made them realize, for the first time, that each represents a part of the whole in the process of sustainable progress.

In hindsight, it can be said that in order for such innovative ideas to be successful the best starting point should be to test this concept with smaller projects within the existing institutional setting, rather than by an agreement. If these results were found to be favourable, the next step would be to promote, at the international level, the signing of a formal agreement between countries with similar backgrounds in order to achieve a specific goal. Also one of the core initiatives of this agreement was to foster participation among the state, civil society and the market. In the Netherlands the only project, Zeeuwse Vleugel, clearly demonstrated this was possible, but in Bhutan the Type I projects were taken as the responsibility of the state to implement due to their national importance.

In the end, the Netherlands decided to withdraw from the SDA, giving a modest sum of Euro 11 million as a pool fund for the rest of the member countries (Benin, Bhutan and Costa Rica) to pursue the goals of sustainable development. This arrangement under the theme of South–South co-operation presents an excellent opportunity to deepen the partnership through exchange of experiences, sharing of expertise and implementing projects of common interest to promote sustainable development with equality, mutual respect and reciprocity. The challenge for this new partnership agreement is to attract new donors with concrete results and sustain the partnership. Though Costa Rica and Bhutan share some common ground, the difference with Benin is much greater in all respects. For instance, communication is a major problem amongst all three countries. Therefore, to be successful, such development cooperation can best be organized between countries in the same region with a similar culture, landscape and development stages. To promote reciprocity between rich and poor countries, open dialogue and mutual learning and willingness to adopt are key requirements in the process of sustainable development.

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