

Bhutan's Gross National Happiness Model for Pursuing Sustainable E-Public

Procurement through Good Governance"

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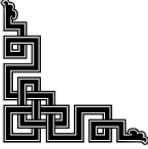

RROYAL GOVERNMENT OF BHUTAN



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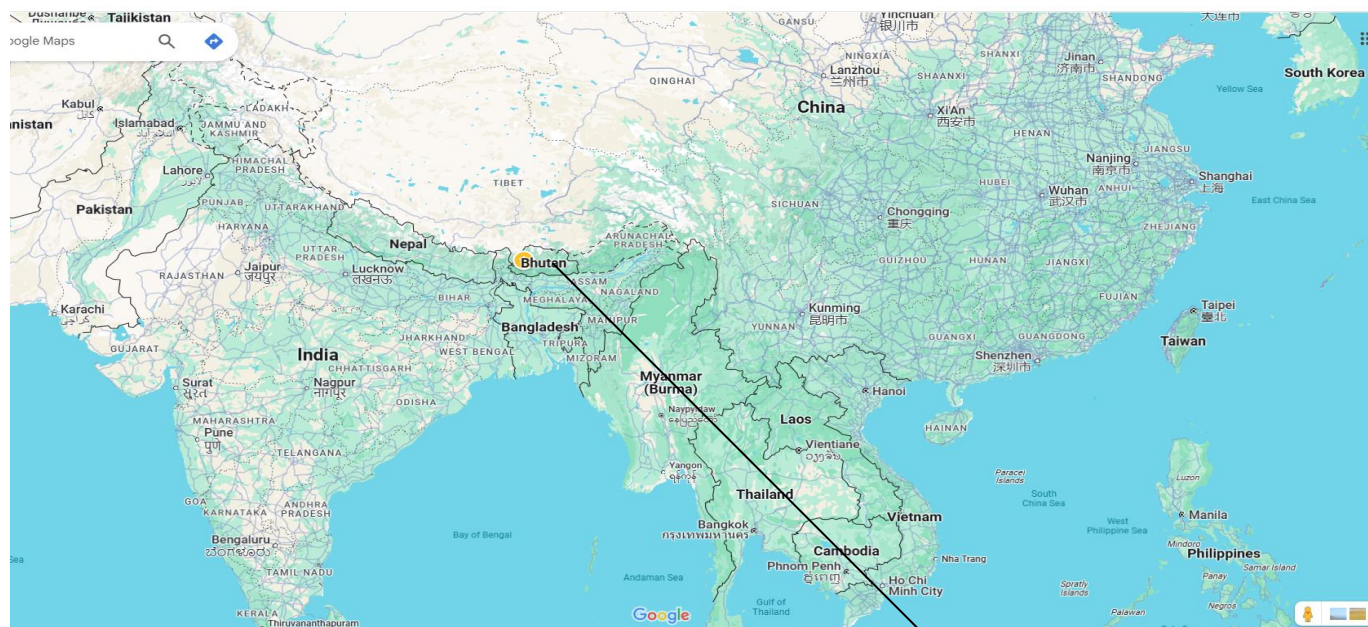
OUTLINE:

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 3. Aims and Objective
 4. Procurement Journey and Current Status on E-GP in Bhutan
 5. Challenges and Issues on E-procurement
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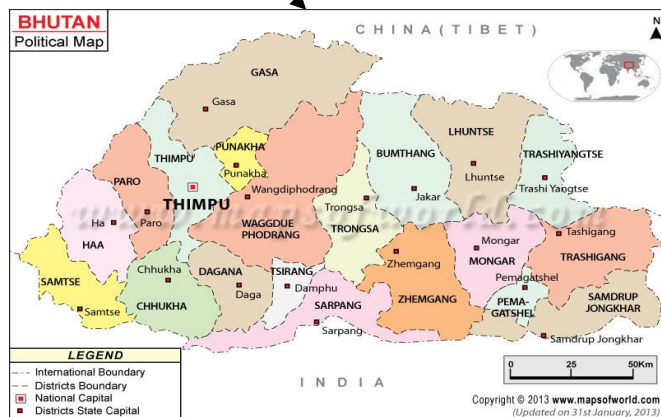
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Bhutan-Profile



Capital: Thimphu
Area: 38,394 sq km
Population: 777,400
Language: Dzongkha
Life expectancy: 68 years (men) 71 years (women)
GDP: \$ 2.6 Billion
Per Capita: \$3920
Development Philosophy: GNH
Constitution: Constitution Monarchy



Source: BSB, 2025.

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Background and Methodology

Gross National Happiness Model is a new policy paradigm and innovation to pursue digital procurement through good governance within the Gross National Happiness framework.

GNH is a development philosophy which embodies a holistic approach and guiding philosophy which are globally accepted approaches aimed at enhancing regional trade and cooperation and hence is easily replicable in global trade leverages.

By integrating the GNH framework into digital procurement initiatives, Bhutan can ensure that these initiatives contribute to the country's overall development goals and promote a more equitable, sustainable, and happy society through good governance.

Objectives:

Bhutan can leverage the GNH Index and its nine domains, particularly "**good governance**," to ensure that digital procurement initiatives align with the country's holistic development goals and contribute to overall well-being which promote innovation, competitiveness, accountability, sustainability, transparency and value for money without compromising the country economy progress.

Procurement Journey and Current Status -Bhutan Digital Public Procurement

With an introduction of the Procurement Cadre System in Bhutan 2006. The major transformation in the procurement process has been shifted from conventional to digital green procurement system governed by good governance within the legal framework of four pillars of GNH (Gross National Happiness). With the modernization and digitalization, digital procurement play a vital role in navigating global trade market. It leverage digital technologies to automate procurement process optimizing efficiency and effectiveness in the strategies sourcing and contract management system promoting transparency and accountability adhering to the rules of law. It is inevitable and the only way forward for an automation and streamlining the complexity of procurement system toward achieving and value for money and international best practices. It address challenges by digitizing and automating procurement activities, allowing for more efficient workflows and better decision-making with the aim of making it a reality.

The e-GP (Electronic Government Procurement) system was officially launched in Bhutan on June 21, 2017 by the Prime Minister, Dasho Tshering Tobgay, it was initially piloted with select

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government agencies and then mandated for procurement of goods, works, and services across all government agencies starting January 2018.

The launch of e-GP marked a significant step towards modernizing Bhutan's procurement process and enhancing transparency and efficiency in government operations. The system was developed in a phased manner guided by the principal of good governance and legal framework.

The e-GP system is designed to provide a single point of access for all government procurement information, including tenders, corrigenda, and contract award notifications. It aims to streamline the procurement process, reduce corruption, and improve accountability.

PHASE -I 2017

- ❖ e-GP Homepage
- ❖ E-GP Registration
- ❖ Tendering
- ❖ Debarment
- ❖ Annual Procurement Plan
- ❖ Reporting
- ❖ Admin
- ❖ E-learning

PHASE- II 2020

- ❖ Grievance
- ❖ System Integration
- ❖ Enhancement to Registration
- ❖ Reporting to HOPA
- ❖ Evaluation

PHASE III 2023

- ❖ Contract Management
- ❖ Integration of E-payment and E-invoices
- ❖ System Enhance of Non-Consulting Services
- ❖ Reporting of Community Contracting
- ❖ Reverse Auction
- ❖ E-Supply Order

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❖ **System Integration with other Stakeholders**

Following systematic integration has been under full operation and implementation with the existing E-GP system.

- Integrated E-PEM (Electronic Payment System) other financial institution
- Integrated e-Tool system and CMI (Construction
- Integrated RCSC portal
- Integrated and develop e-catalogue for framework contract and direct contracting
- Enhancement for systematic review and check and balance with RAA(Royal Audit Authority) and ACC(Anti-Corruption Commission)
- Online Grievance System
- Enhancement of Community Contract Registration and Update

E-Procurement Challenges and Issues

Implementing e-procurement in Bhutan faces challenges related to technology adoption due to lack of infrastructure, cyber security, and stakeholder engagement.

Lack of technological expertise, block chain and systematic integration of system with other stakeholder and data security are key areas of concern. Following are the issues and challenges come across during the phase of implementation.

Technological Expertise:

Lack of awareness and insufficient adequate training and professional related to the usage of modern technologies to automate E-procurement system hinder implementation and adaption by stakeholder and business sectors.

Systematic Integration

Due to complexity in the systematic integration toward connecting the e-procurement system with other existing system required expertise for efficient integration. Hence, lack of expertise to expand the networking hinder timely delivery of services and implementation.

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Ensuring Data Security

Digital Procurement handles sensitive information related to financial and other data which requires robust security measures to protect against cyber threats. Further due to legal limitation contribute challenges in decision making and systematic adaption by the bureaucratic and politician.

Infrastructure limitations

Limited internet access and robust internet facilities in Bhutan impact to reach Supplier onboarding and are limit the systematic integration. Most of the stakeholder and business sectors are using traditional method and inadequate infrastructure contribute implementation.

Stakeholder engagement

Most of the business operators and private sectors are not easily adequate to the modern technology and due to lack of digital knowledge and insecurity toward digitalization are the major factor which further contribute adaption of e-procurement system.

Benefits and Opportunities

E-Procurement automate procurement process and adaption to e-procurement system has following benefits and opportunities including

1. Cost Saving

E-procurement lead to significant to cost saving. It's also help to identify areas for supplier consideration and leverage in decision making.

2. Increase Efficiency and Effectiveness

E-Procurement streamline procurement process and with systematic automation contribute time saving and improve efficiency and effectiveness and achieve value for money

3, Improve Transparency and reduce Corruption

E-Procurement enhances transparency and provide information readily available to the general public and bidders which is transparent and it also helps organizations to identify inefficiencies

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and make informed decisions. Further improve deficiencies and reduce corruption through systematic integration.

4. Enhance Supplier Relationship

E-Procurement facilitates better communication and collaboration with supplier and promotes customer relationship enhancing communication, transparency efficiency which ultimately leading to better communication and service delivery and customer satisfaction.

5. Streamline Procurement Process and Resource Utilization

E-Procurement with the system integration helps in resource utilization and optimum utilization of government resources leading to reduced waste and improved inventory control with accurate data information and cost management.

Future Strategies

Under the leadership of His Majesty the king, Bhutan envisions that digital transformation is a crucial path toward for the nation, leveraging technology for national development and progress. Align with the His Majesty vision, E-GP is one platform which showcases Bhutan digitalization and automates procurement process which will drive future strategies by enabling efficient resource allocation, fostering transparency, and promoting sustainable development goals.

By embracing digital platforms, Bhutan can streamline procurement processes, reduce costs, and ensure compliance with regulations, ultimately leading to a more robust and sustainable economy development which will shape future strategies in Bhutan through good governance.

Digital procurement can play a key role in contract management across the globe in achieving real time service delivery, improve value for money and competitiveness ensuring fair and transparent procurement process through strategic sourcing using block chain and artificial intelligence.

With the implementation of digital procurement in Bhutan under the framework of good governance guided by the development philosophy GNH and sustainable development goals by promoting environmental, social, and economic sustainability. Bhutan can use digital platforms to prioritize suppliers with ethical and environmentally responsible practices, promoting sustainable

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sourcing and procurement activities through the systematic integration promoting competitiveness and digital innovation.

E-procurement can also facilitate the development of new digital products and services in the procurement sector, creating new opportunities for local entrepreneurs and businesses sectors. Bhutan can leverage digital tools to implement supply chain management techniques like inventory optimization, price optimization and better resource allocation, further reducing procurement costs and help bureaucratic and policy maker for uniformed decision making

To overcome all these challenges and limitation, The Department of Procurement and Properties under the Ministry of Finance and has been focusing and strengthening the legal framework promoting transparency, Data security and fostering collaboration with the stakeholder and business sector integrating the e-procurement system with the existing business process under the legal framework Bhutan Pubic Finance Act- Procurement Rules and Regulations 2025 and competency based framework and code of conduct 2021.

With the digitalization to safeguard all the data security, Gov-Tech was established to address security threats by implementing robust cyber security measures, including AI-powered threat detection, developing secure architectures, and enhancing the public sector's cyber security posture to the external threat

Digital Economy and Innovation:

- By fostering a digital-first approach to procurement, Bhutan can create a more competitive and innovative economy.
- Digital procurement can also facilitate the development of new digital products and services in the procurement sector, creating new opportunities for local entrepreneurs and businesses.

Governance and Inclusion:

- Digital procurement can improve governance by streamlining processes, reducing corruption, and promoting transparency.



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- Bhutan can use digital platforms to engage with citizens and businesses in the procurement process, ensuring inclusivity and participation.
- By providing access to digital tools and information, Bhutan can empower marginalized populations to participate in the digital economy and benefit from digital procurement opportunities.

Conclusion:

Digital procurement in Bhutan is not just about automating processes, it's about transforming how the country manages its resources, fosters transparency, and achieves its sustainable development goals. By embracing digital procurement, Bhutan can create a more robust, sustainable, and inclusive economy for the future guided by the development philosophy “Gross National Happiness” under the legal framework and principal good governance toward country sustainable development and digital transformation.

TASHI DELEK

THANK YOU

