

# Enabling Social Innovation in Bhutan



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## Country Snapshot

**Social innovation: "the processes and outcomes of developing novel approaches to address societal challenges facing people and planet." ↓**

This snapshot represents a descriptive, non-exhaustive overview of key highlights from Bhutan's social innovation ecosystem.

- ✓ Direct focus on social innovation    🔗 Connected but indirect focus on social innovation    ✗ No focus on social innovation

## INSTITUTIONAL FRAMEWORK

### Official Definition of Social Innovation 🔗



- **No single legal definition located** for “social innovation” in primary law or a dedicated national policy framing it as a formal term of art (as of most recent sources reviewed).
- **Closest government-wide “enabling philosophy”**: Bhutan’s development approach is guided by [Gross National Happiness \(GNH\)](#)—a multidimensional wellbeing framework used to inform policy design and assessment. This creates an enabling environment for innovations framed around wellbeing, inclusion, culture and sustainability (even when not labelled “social innovation”).

### Government Body for Social Innovation ✓



- **No dedicated national “social innovation agency” found.** Bhutan’s enabling functions are distributed across planning, digital transformation, civil society regulation, and entrepreneurship support. Key bodies with relevant roles:
- **Gross National Happiness Commission (GNHC)** : Government coordinating body for national planning and five-year plans; central to embedding GNH-aligned priorities across sectors.
- **Government Technology Agency (GovTech)** (established **Dec 2022**): Leads and coordinates government ICT/digital transformation, improving service delivery and enabling “innovation” in public services and the digital economy.
- **Civil Society Organizations Authority (CSOA)** (formally established 2009, per CSOA guidance): Registers and regulates CSOs and facilitates government–CSO coordination—an enabling function for civic problem-solving and social-sector delivery.

### Government Strategy for Social Innovation ✓



- **No standalone “social innovation strategy” identified.**
- Relevant national strategies/plans that indirectly enable social innovation:
  - **13th Five Year Plan (2024–2029)** : Sets a national direction explicitly oriented toward innovation and sustainability as part of the country’s development objectives, with cross-cutting emphasis on inclusive development and resilience.
  - **National Entrepreneurship Strategy (2015)** : Government strategy focused on entrepreneurship development (not specifically “social innovation”), including skills, ecosystem support, and job creation objectives.
  - **Digital development strategies** : National digital transformation direction-setting (including GovTech’s role) supports service innovation and digital solutions for public value.

## Policies, Laws & Regulations

Frameworks directly relevant to civic/collective problem-solving and social-economy activity:

- **Civil Society Organizations Act of Bhutan (2007)** : Establishes the legal basis for CSO registration and oversight through the Authority; enables formalization of civil society activity at scale.
- **Co-operatives Act of Bhutan (2001) and Cooperative (Amendment) Act (2009)** : Establish and update the legal framework for cooperatives—important institutional vehicles for community enterprise and inclusive livelihoods.

Broader enabling policy frameworks (indirect):

- **Economic Development Policy (2016)** : Sets a national policy framework for economic development guided by GNH principles and includes incentive approaches to stimulate priority sectors.
- **Governance and wellbeing frameworks tied to GNH** : [GNH Index](#) use in policymaking functions as an accountability and prioritization mechanism for social outcomes (even where innovations are not labelled “social innovation”).

## Official Statistics

- **No official “social innovation statistics” located** as a standalone system (e.g., national SI registry or SI satellite account).
- Bhutan does **have strong wellbeing measurement infrastructure** through the **GNH Index / GNH Survey** (latest major release: **GNH 2022**), used to track multidimensional wellbeing and inform policy focus areas.
- Administrative data relevant to ecosystem mapping exists via CSOA (registered CSOs, governance standards, reporting requirements), though this is not framed as “social innovation measurement.”

## Government Programs

- **Entrepreneurship and enterprise support programs** (indirect enablers): National efforts under the entrepreneurship strategy and economic development policy focus on job creation, skills, and venture formation.
- **Digital government programs** (indirect enablers): GovTech-led digital service improvements and coordination strengthen the infrastructure for civic-oriented digital solutions.
- **Internationally supported programmes aligned with national priorities** (indirect): For example, UN initiatives explicitly aligned with the 13th FYP’s priorities (jobs, social protection, just transitions) can enable innovation pilots and reforms.

# ECOSYSTEM

## Stakeholders

Non-governmental / hybrid bodies supporting “social venture” activity (often closest to social innovation):

- **Loden Foundation** : Promotes education and **social entrepreneurship** in Bhutan through programs and convening.
- **Loden Tewa – Centre for Social Ventures** : Accelerator focused on growth-stage, purpose-led social ventures (positioned as a dedicated platform for social ventures).

Civil society enabling and accountability actors:

- **CSOA** : Key government-facing platform for CSO regulation and coordination (enables a functioning civil society ecosystem).
- **Bhutan Transparency Initiative (BTI)** : Civil society strengthening work and reporting relevant to governance and civic accountability (ecosystem enabler).

Cooperative movement / farmer groups:

- Bhutan’s cooperative framework (2001/2009) underpins producer groups and community enterprise models that often deliver inclusion and livelihood impacts.

## Support Initiatives ✓

Most visible and structured non-financial support for “social innovation-like” activity is through:

- **Social venture acceleration and investment readiness** (e.g., Loden Tewa / Loden Foundation initiatives).
- **Entrepreneurship ecosystem development** (policy-led, skills and enterprise support; often focused on youth employment).
- **Digital transformation platforms** that reduce friction for service access and enable new models for delivery (GovTech ecosystem role).

## Collaboration ✓

- **Government–development partner alignment** around national priorities appears common (e.g., programmes aligned to the 13th FYP).
- Public examples of **formal cross-sector “social innovation partnerships”** (explicitly labelled as such) are limited in publicly available documentation; collaboration is more often described via entrepreneurship, livelihoods, digital transformation, and wellbeing outcomes.

## Events & Awards ✓

- Publicly documented national “social innovation awards” were not consistently identifiable in official sources reviewed. (Where awards exist, they are more commonly framed as entrepreneurship, youth innovation, or sectoral recognition.)

# FINANCE

## Financing Schemes ✓

- **No robust public estimate found** for “average total annual funding/investment specifically directed to social innovation” as a category.
- Financing sources that often support SI-adjacent activities include:
  - **Public funding via national plans and sector budgets** aligned to wellbeing and inclusion priorities (GNH-aligned).
  - **Entrepreneurship/SME financing and banking channels** (general enterprise finance; not SI-specific).
  - **Philanthropy and mission-driven support** for social ventures (e.g., via Loden Foundation’s ecosystem activities).
  - **Multilateral/bilateral development financing** for social protection, jobs and resilience initiatives aligned with national plans.

## Financing Inclusivity

- Stated national priorities emphasize inclusion and wellbeing (via GNH and the 13th FYP), suggesting a **policy intent** to support vulnerable groups and equitable development.
- In practice, the **dedicated social venture/impact investment market appears small**, and access constraints for rural communities and early-stage ventures are frequently discussed in broader entrepreneurship ecosystem analyses.

# SOCIETY

## Public Awareness of Social Innovation

- The term “social innovation” is not consistently used in mainstream official discourse; **GNH** and “wellbeing,” “innovation,” “entrepreneurship,” and “community vitality” are more common frames.
- Public discourse includes a visible emphasis on national experimentation with development models grounded in wellbeing and sustainability (GNH framing).

## Research

- **Academic/practitioner research relevant to social innovation** often sits within: wellbeing policy (GNH), development studies, entrepreneurship education, and governance.

Key examples:

- **GNH measurement and policy research** anchored in the Centre for Bhutan & GNH Studies' survey work (e.g., GNH 2022).
- Policy and practitioner analyses on entrepreneurship ecosystem constraints and opportunities.

## Education & Human Capital

- Explicit “social innovation” degree programs were not prominent in the sources reviewed; however:
  - Entrepreneurship education is actively discussed in Bhutan’s policy and education discourse (often aligned with youth employment and national development goals).
- **No reliable estimate located** for the proportion of graduates gaining credentials specifically focused on social innovation.

## Entrepreneurship



### EIU Business Environment Ranking

cover **82 countries/territories**; Bhutan is **not clearly listed in the open-access materials reviewed**, and country-level rank/score appears gated.



### Innovation Capacity

Bhutan has faced inclusion/data coverage issues in GII; official Bhutanese government communication notes Bhutan was included in earlier editions up to 2016 but later faced data coverage limitations.

Global Innovation Index (GII):



### Social entrepreneurship prevalence

GEM provides global data and reports; however, **Bhutan-specific GEM social entrepreneurship prevalence figures were not found in open sources reviewed.**

## Social & Environmental Consciousness



### Solidarity

WVS Wave 7 includes **66 countries/territories**; Bhutan does not appear to be among the standard Wave 7 participants in the documentation reviewed.

World Values Survey



### Political participation

Bhutan is classified as a “**hybrid regime**” in the Democracy Index 2024, with overall score 5.65 (rank 79) and political participation 3.89/10.

EIU Democracy Index 2024



### Volunteering

The WGI 2024 exists, but Bhutan’s most recent country-level ranking/metrics were **not reliably retrievable from accessible official sources in this review.** (Older reporting indicates Bhutan ranked highly in earlier editions, but this is dated.)

CAFWorld Giving Index 2024



### Sustainability

Bhutan ranks 103<sup>rd</sup> overall (score 43.3) and 131<sup>st</sup> on Climate Change (score 35.3) in the 2024 EPI.

Environmental Performance Index (EPI) 2024