



Bhutan

Country Strategy 2015–2018

Imprint

Federal Ministry for Europe, Integration and Foreign Affairs
Directorate General for Development Cooperation
Minoritenplatz 8, 1014 Vienna, Austria
phone: +43 (0)501150-4454
fax: +43 (0)501159-4454
abtvii4@bmeia.gv.at
www.entwicklung.at

This Country Strategy was written by:

- Federal Ministry for Europe, Integration and Foreign Affairs, Directorate General for Development Cooperation
- Coordination Office for Development Cooperation of the Austrian Embassy, Thimphu
- Austrian Development Agency

Vienna, August 2015

Order:

Austrian Development Agency (ADA),
the operational unit of the Austrian Development Cooperation
Public Relations
Zelinkagasse 2, 1010 Vienna, Austria
oeza.info@ada.gv.at, www.entwicklung.at

Cover: © Norbert Gansterer

Abbreviations

ADC	Austrian Development Cooperation
APPEAR	Austrian Partnership Programme in Higher Education & Research for Development
ADB	Asian Development Bank
FMEIA	Federal Ministry for Europe, Integration and Foreign Affairs
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
DCI	Development Cooperation Instrument
FYP	Five Year Plan
GNH	Gross National Happiness
GPMS	Government Performance Management System
ICIMOD	International Centre for Integrated Mountain Development
OeEB	Oesterreichische Entwicklungsbank (Austrian Development Bank)
OeKB	Oesterreichische Kontrollbank (Austrian Export Credit Agency)
RISE	Rapid Investment in Selected Enterprises
RGoB	Royal Government of Bhutan
UNDAF	United Nations Development Assistance Framework
UNINET	University Network

Executive Summary

The “Bhutan Country Strategy 2015-2018” is the result of a consultative and participative process based on Bhutan’s development policies, taking into consideration the progress made in achieving the Millennium Development Goals (MDG) and targeting at a continued strategic partnership between Bhutan and Austria.

The country strategy is aligned with the 11th Five Year Plan of the Bhutanese Government, with its overall objective of achieving self-reliance by 2020, as well as inclusive green socio-economic development, guided by the development philosophy of Gross National Happiness.

Austrian Development Cooperation (ADC) will address remaining key challenges and will engage in areas of comparative strengths to add value to the development in Bhutan. While maintaining cooperation in the longstanding sectors such as energy, tourism and governance, focus will be put on respective subsectors. Additionally, support to enhancing institutional and human capacity remains at the heart of the strategy. To ensure conservation and sustainable utilization, environmental impacts will be assessed for all interventions.

Within the period of this strategy, Austria is attempting to include further public and private stakeholders in order to add to the relationship’s sustainability by supporting Bhutan’s overall goal of self-reliance by 2020.

I. Introduction

With informal relations beginning in 1968 and formal diplomatic relations established in 1989, Bhutan and Austria have built a lasting cooperation. The productive dialogue at government level has led Austria's Federal Ministry for Europe, Integration and Foreign Affairs (BMEIA) to supporting Bhutan's interests with regard to multilateral fora and institutions, thus exceeding the closer framework of development cooperation. Austria is ready to continue this fruitful partnership particularly through continued bilateral assistance as well as through funding via International Organizations.

The framework for the Partnership with the Austrian Development Cooperation (ADC) is based on the following bilateral documents:

1. Agreement between the Austrian Federal Government and the Royal Government of Bhutan (RGoB) on Technical Cooperation (Thimphu, May 1989)
2. Agreed Minutes on Bilateral Consultations between Austria and Bhutan (Thimphu, May 1997)
3. Bhutan Country Strategy 2010 - 2013

Following the recommendations of the Mid Term Review of the 'Bhutan Country Strategy 2010–2013 both governments agreed to continue the cooperation during the period of the 11th Five Year Plan (FYP) 2013–2018 of the Royal Government of Bhutan¹ with a view to starting phasing-over of development cooperation by 2016. The present country strategy is therefore aligned to the period and the objectives of the 11th Five Year Plan.

II. Policy Framework

II.1. Bhutan's Development Strategy – The 11th Five Year Plan

Bhutan's development planning framework is guided by the development philosophy of Gross National Happiness and its four pillars, namely i) sustainable and equitable socio-economic development, ii) preservation and promotion of culture, iii) conservation and sustainable utilization and management of the environment, and iv) promotion of good governance.

The overall objective of the 11th FYP is on achieving self-reliance (by 2020), as well as inclusive green socio-economic development. To that effect, transformation to a more diversified economy, the creation of productive employment opportunities, a broader tax base and an enabling environment for private sector will be pursued. A second focus lies on reducing poverty and inequality by enhancing the standard of living and the quality of life of the vulnerable sections of the Bhutanese society. Thirdly rigorous environmental standards should be adopted by incorporating green or carbon neutral strategies in all development activities.

The Eleventh Plan's strategic thrust will therefore be i) inclusive social development, ii) accelerated green economic development and iii) strategic infrastructure development.²

Sixteen National Key Result Areas based on the four pillars of Gross National Happiness (GNH) have been identified towards which all central and local government agencies will contribute through their respective Sector Key Result Areas.

II.2. Austrian Development Policy

The **Three-Year Programme on Austrian Development Policy 2013–2015**³ sets out the basic aims and principles underlying all country strategies, including this one. Poverty reduction, good governance, human security and preserving the environment and protecting natural resources that form the basis for

¹ <http://www.gnhc.gov.bt/five-year-plan/>

² Eleventh Five Year Plan. Volume I: Main Document 2013 – 2018; p 111 ff

³ http://www.entwicklung.at/uploads/media/ThreeYearProgramme_13-15.pdf

sustainable development are reaffirmed as the overall aims of the Austrian Development policy.⁴ Thematic priority areas are 1) water supply, energy, climate protection, agriculture and forestry, 2) private sector and development, and 3) human security, human rights and rule of law.

ADC's strategic approach is framed by Austria's international commitments laid down in the Paris Declaration and more recently in the Busan Partnership for Effective Development Co-Operation. The main principles, which were agreed on by all attending states are: ownership, focus on results, inclusive development partnerships, transparency and mutual accountability⁵. Austria's cooperation also builds on comparative strengths in areas where Austria can contribute experience and add value to the development partner countries, such as the continued use of country systems and the reduction of donor fragmentation.⁶

ADC is moving towards a **whole-of-government approach**⁷ within the framework of this strategy, attempting to include all public and private stakeholders (ministries, parliamentarians, CSOs, and private sector representatives) in the planning process. Furthermore, ADC strives to abide by the precept of policy coherence and the division of labour at international level as well as to combine thematic and geographical priorities. A concrete strategic implementation framework of the Busan principles will be depicted in the annex.

II.3. Learning from Past Engagement

Although Austria's development cooperation programme with Bhutan has had a strong profile within three sectors - energy, tourism and governance - which are highly relevant for Bhutan's development, the gap between Austria's financial and technical assistance and the broad scope of the development goals of sectors made it difficult to value Austria's contribution. Bridging this gap Austria will focus more on subsectors.

Construction projects have been a source of success presenting tangible, high quality and visible results of the collaboration. However, more and stronger emphasis will be put on institution building in order to ensure proper and efficient management of established infrastructure. In this respect capacity development measured at individual level has to be anchored more explicitly in the institutional and organisational setting of the partner organisations, being based on sound capacity needs assessments and taking into account of the enabling/disabling environment.

The Royal Government of Bhutan explicitly declared its wish that ADC should continue its cooperation in the same sectors. There are substantive needs for such a continuation and there is a good potential for further effective Austrian contributions in the respective subsectors.

III. Context Analysis

Bhutan enjoys political stability with two successfully and peacefully conducted national elections in 2008 and 2013. Essential democratic institutions are established and constitutional bodies such as Judiciary, Anti-Corruption Commission and Royal Audit Authority have proven quite robust and have acquired public trust. Bhutan's ranking in the Transparency International Corruption Perception Index (33 out of 176 countries) is remarkable.

With about 2.500 USD Gross Domestic Product (GDP) per capita Bhutan is on its way to a Middle Income Country. Over the last decade GDP growth has stayed robust at around 9 percent. After a slowdown in 2012 the economy is expected to increase again to around 8%–10% over the period of the 11th Five Year Plan. Bhutan's GDP growth is led by hydro power development which together with tourism is the main driver of the economy. Bhutan's "high value – low impact" tourism is one of the major sources

4 Three Year Programme on Austrian Development Policy 2013 – 2015, p 6

5 Busan Partnership for Effective Development Declaration, 2011: http://effectivecooperation.org/files/OUTCOME_DOCUMENT_-_FINAL_EN2.pdf

6 EC, „ The Busan Commitments: an Analysis of EU Progress and Performance“ : http://ec.europa.eu/europeaid/how/ensure-aid-effectiveness/documents/20140411-study-eu-progress_en.pdf

7 OECD JOURNAL ON BUDGETING – VOLUME 5 – No. 1 – ISSN 1608-7143 – © OECD 2005, p. 141 : <http://78.41.128.130/dataoecd/13/1/37714814.pdf>

of foreign exchange earnings and can contribute significantly to the creation of employment opportunities. However, the main challenges of the Bhutanese economy are the lack of diversification, aid dependency, limited potential to create productive jobs and being import-driven.

Although Bhutan has taken great strides towards poverty reduction by reducing the poverty rate from 23 percent in 2007 to 12-13 percent in 2012, inequalities and disparities at local level, continued migration to urban areas, youth unemployment and inequalities in health and education remain considerable challenges and point to the need for continued efforts at tackling non-income poverty. The Human Development Index ranks Bhutan at 140 out of 186 countries.

IV. Strategic Objectives and Areas of the Austrian-Bhutanese Collaboration

The 11th Plan marks a critical period for Bhutan's development regarding the goal of self-reliance and graduation from the Least Developed Country category by 2020. Apart from key drivers of economic growth such as Energy and Tourism, Good Governance and Rule of Law will be key elements in order to overcome poverty as well as economic and social vulnerabilities.

Austria will therefore continue and consolidate its past engagement in the Energy and Tourism Sector. Apart from concluding Austria's engagement in rural electrification, the support will focus on the sustainability and safety of Hydropower development including minimization of its environmental impact. With regard to Tourism, the main thrust will be to spread the benefits of Bhutan's "high-value, low-impact" Tourism to larger portions of the population, particularly to the poorer eastern regions of the country by creating job opportunities, increasing rural income-generation and strengthening pertinent capacities. Socio-economic development, peace and security and protection of human rights are mutually dependent. To underpin the role of the Rule of Law for inclusive development and poverty reduction, Austria will contribute to support equal access to justice by strengthening legal protection, legal assistance, redress and conflict resolution through state and non-state institutions.

IV.1. Energy Sector

The Energy Sector is the main backbone of the Bhutanese economy. Harnessing the hydropower potential through accelerating the hydropower development is considered crucial to realise the objective of self-reliance by 2020. It will be equally important to sustain the huge investment into hydropower plants made in the past as well as to fathom possibilities for increased energy efficiency. In order to ensure a minimum adverse effect on the environment from these development activities, the 11th Five Year Plan envisages to enhance and to strengthen integrated water utilisation and management. Austria has a long track record in the energy sector in Bhutan. Apart from completing the 7th phase of Austria's support to rural electrification ADC will continue and consolidate its engagement in this sector in line with the National Key Result Areas " Sustainable Utilization and Management of Natural Resource " and " Water Security" by

1. Supporting the use of energy efficient technologies, processes, products and standards
2. Supporting the establishment of river specific minimum environmental flows (Sector Key Result Area).
3. Contributing to further enhance institutional and human capacity in the sector

IV.2. Tourism

The 11th FYP identifies Tourism as one of the priority sectors under the strategic thrust area of "Green and Accelerated Economic Development".⁸ Tourism is part of the Rapid Investment in Selected Enterprises (RISE) programme under the assumption that it will generate employment, revenues to the government and returns to entrepreneurs. Doubling the number of tourists combined with the development of new products and destination promotion particularly to enhance tourism development in the

eastern part of the country shall serve as one strategy to achieve these goals. Accelerating the development of sustainable tourism has to go hand in hand with high standard quality tourism and hospitality services.

Austria's development policy attaches priority to the role of the private sector in development and poverty reduction. The multifaceted tourism sector is well suited to encompass and involve also poorer and underprivileged population groups as market participants in vertical and horizontal value chains.

Austria pays specific attention to opportunities for 'pro-poor-tourism', resulting in increased net benefits for poor people. This approach to tourism development and management enhances the linkages between tourism businesses and poor people so that tourism's contribution to poverty reduction is increased and poor people are able to participate more effectively in product development.

In continuation of a longstanding engagement in the tourism sector and aligned to the National Key Results Area "Sustained Economic Growth" and the Sector Key Results Area "Contribution to GDP, Revenue and Employment" Austria will contribute

1. to further enhancing and strengthening the quality of vocational education and training
2. to develop tourism human resources and to create employment and additional income in three eastern districts

IV.3. Governance

Good Governance is the fourth pillar of the Bhutanese Development Paradigm of Gross National Happiness and provides an enabling environment that is vital for sustainable and equitable socio-economic development. In the 11th FYP special emphasis is put on effectiveness and efficiency of public services. The introduction and full implementation of a Government Performance Management System (GPMS) will enhance performance and accountability with respect to tangible and measurable outputs of the public sector.

Austria's Development Policy focuses on strengthening the rule of law and on promotion and protection of Human Rights, which above all provide the foundation for good governance. An independent, transparent, fair and functional judicial system and equal access to justice are key elements in this regard. Although Bhutan has made far-reaching strides with regard to separation of powers, professionalization of judiciary and legal reforms, some key institution-building challenges remain. There is no Bar Council and Bar Association including a formal regulation of the legal profession as well as no system for effective and equitable delivery of legal aid, including free legal aid. Beyond that there is a dire need for legal research and education within the country. To address this, the opening of a Royal Institute of Law is envisaged for 2017.

Furthermore, equal access to justice remains a challenge in particular for women and marginalized groups such as victims of domestic violence, children in vulnerable situations, persons with disabilities, etc.

In continuation of Austria's engagement in the legal sector and in alignment with the 11th FYP's National Key Results Area "Improved public service delivery" and Sector Key Results Area "Strengthened Accountability, Transparency, Efficiency and Effectiveness in Governance" as well as in harmonisation and collaboration with other development partners, Austria will contribute

1. to support strengthened efficiency and effectiveness in governance
2. to increase legal awareness by promoting legal literacy and education
3. to provide legal assistance
4. to facilitate fair and alternative conflict resolution and legal redress

V. Principles and Cross Cutting Issues

Apart from the internationally agreed principles of **ownership, alignment, harmonisation, results orientation and mutual accountability** as pointed out above, Austria engages in Bhutan in **areas of comparative strengths** where it can add value to the development in its partner country. Austria addresses energy and energy efficiency, water management, rural development, agriculture and forestry as well as food security and climate change resilience in a closely interlinked way (nexus approach). Tourism being one of the most important economic factors of the Austrian economy, Austria can share a wealth of experience particularly with regard to improvement of the quality of services and strengthening of capacities. Furthermore, in the area of good governance, the promotion and protection of human rights and the rule of law have for long made up the thematic priorities of the Austrian Development Cooperation. Austria applies a human rights based approach to its interventions.

Human Rights, women's empowerment and Gender Equality

Protection and fulfilment of human rights is a prerequisite for achieving sustainable development. Realisation of human rights is both a means and a goal of effective development cooperation. In order to realize a human rights based approach, Austria's development cooperation applies the principles of non-discrimination and equality, participation and inclusion, and transparency and accountability to its programmatic interventions. The principle of equity, equality and non-discrimination implies fairness in distribution of benefits and opportunities, equal chances and substantive equality as well as prohibition of unfair distinction based on sex, age, national or ethnical origin, language, religion, disability etc. Austria will support duty bearers in their capacity to respect, protect and fulfil human rights as well as rights-holders to know, exercise and claim their rights.

The Austrian Development Policy particularly emphasises Gender Equality and the empowerment of women as key to poverty reduction, economic growth and social development. Bhutan is a signatory of the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) and has undertaken numerous strides to promote gender equality and women's empowerment. Nevertheless there are still key challenges which have to be addressed such as the prevalence of gender based violence, lack of a gender legal and policy gap analysis as well as lack of adequate structures and resources to implement existing gender related policies and laws.⁹ The present strategy will exhaust all possibilities for gender mainstreaming in the three sectors as well as targeted interventions towards gender equality and women's empowerment.

Education and Capacity Development

Local capacities are central to sustainable development, and as such at the heart of this strategy. Capacity development allows people, institutions and society as a whole to manage their affairs successfully. Consequently, and in line with the priorities of the 11th FYP, all programmes and interventions will be accompanied by respective measures.

Austria supports training on the job, professional training in respective local **institutions, academic partnership and exchange programmes** (such as the APPEAR Programme, EURASIA-PACIFIC – UNINET; Ernst Mach Follow-up Grant) based on the needs of the partner country as well as research programmes and networks. Networks can open up new possibilities for strengthening the overall partnership framework and to create synergies: Bhutanese experts and researchers who participated in earlier scholarship programmes (Alumni) would provide a sound basis for establishing sustainable networks with Austrian partners in the field of science and research, as well as the private sector.

Environment and Climate Change

Sustainable development can only succeed by consistently mainstreaming environmental issues into national development policies. Austria's engagement is in line with the provisions of the 11th Five Plan to work towards a carbon neutral, green and climate resilient development. Bhutan as a landlocked, mountainous country faces special challenges as the very diverse ecosystems of mountains are also extremely vulnerable. Given the particularly vulnerability of both the energy and tourism sectors to the

9 ONE UN, Joint Strategy Document: Promoting Gender Equality and Women's Empowerment.

expected impacts from climate change and the general vulnerability of Bhutan to climate induced disasters, climate proofing of interventions will be important for ensuring their sustainability. All interventions under this strategy will be assessed against their impact on the environment as well as the sustainable utilisation and management of natural resources.

VI. Coherence, Synergies and Complementary Instruments

Whole of Government Approach Development Policy is a task for the whole government. In order to deploy Official Development Assistance (ODA) funds in a coherent, complementary, effective and efficient manner, all Austrian Government Institutions seek to improve networking and coordination. The Coordination Office therefore serves as a lynchpin for Austrian government institutions that are engaged in Bhutan.

The Austrian Federal Ministry for Agriculture, Forestry, Environment and Water Management is funding a programme that aims to develop climate change adaption measures for and use the mitigation potentials of the main forest types in Bhutan. Additionally, experts and relevant stakeholders are trained through in-country courses and workshops as well as through formal academic education, participating in the mountain forestry master course and doctoral studies at the University of Natural Resources and Life Sciences in Vienna.

The Austrian Federal Ministry for Science, Research and Economy and the Bhutanese Ministry of Economic Affairs will collaborate on the basis of a Memorandum of Understanding focussing on the areas of Transport, Infrastructure, Energy, Tourism and SMEs. Beyond that the Ministry promotes scholarships, research programmes and networks such as the EURASIA- Pacific UNINET and the Ernst Mach Follow-up Grant.

The Federal Ministry of Finance is in charge of the Austrian Development Bank (OeEB), the Austrian Soft Loan Scheme and the cooperation of IFIs and as such one of the main partners for ADC:

The Austrian Development Bank is specialised in implementing private-sector projects in need of long-term finance on commercial terms. To be eligible, the projects must be economically viable and bring about an added developmental benefit. As a subsidiary of the Austrian Export Credit Agency (OeKB), it is a private financial entity with a public mandate. At the same time, it benefits from the network and international know-how of OeKB Group.

Austrian Export Finance Credit is an important facility which has been successfully used by RGoB for financing the equipment for hydropower projects. This facility provides credit on reasonable interest rates under special terms and conditions. RGoB has already utilized a credit for Basochhu Lower stage and a credit to finance the electromechanical equipment for Dagachhu Hydropower Project.

The long standing dialogue between the Austrian and the Bhutanese parliaments will be continued in order to further strengthen the successful development of the young democracy and the important role of parliamentarians for achieving Bhutan's development goals.

Complementary instruments of the Austrian Development Cooperation can be addressed in the areas of economic cooperation, science and research, NGO Cooperation (non-governmental organisations) and Humanitarian Assistance. Beyond that Austria will exploit synergies with multilateral development programmes and the EU foreign aid instruments.

Business and Development

Business Partnerships allow for the Bhutanese and Austrian business communities to jointly contribute to socio economic development in Bhutan. They are based on a co-financing approach that requires companies to make long-term investments to achieve both developmental benefit for Bhutan and economic benefit for the company.

Science and Research

Strengthening of institutional, systemic and individual capacities improves teaching, research and management in tertiary education institutions. Based on this approach and on the needs of the partner

country, academic partnerships between Austrian and Bhutanese institutions as well as possible South-South and triangular cooperation can complement the interventions under the present country strategy.

NGO-Cooperation

This strategy takes into account the increasing level of activities from civil society institutions such as the Austrian-Bhutanese Friendship Society and other Non-Governmental Organisations. Their engagement complements the collaboration of the two governments and strengthens the ties between the two countries. Provided that these organisations implement Austrian ODA funds, the Austrian Co-ordination Office, together with the ADA unit NGO-Cooperation International, will be responsible for monitoring their activities.

Humanitarian Assistance

Based on the approach “Linking Relief, Rehabilitation and Development” ADC will assist in response to disasters and will actively support the cooperation of Austrian NGOs with international organisations.

Multilateral Development Cooperation

Austria engages actively in multilateral fora for Bhutan and for the specific allocation of Austrian compulsory and voluntary contributions for Bhutan and the region in line with the sectoral focuses of this strategy. Moreover, Austria supports the EU’s Development Cooperation Instrument (DCI) through its proportional contribution (approx. 2,3%).

As a member of the Asian Development Bank (ADB) Austria supports the bank’s work through its contributions to the latter’s capitalisation (approx. 0,342%) and to the Asian Development Fund for the region’s poorest countries. Austria thus contributes to all of the ADB’s projects and programmes in Bhutan.

Regional Development Cooperation

ADC links – whenever synergies can be created – the “Country Strategy Bhutan” to its regional engagement in the Hindu Kush Himalayan region. Activities financed on a regional level complement interventions of bilateral assistance and encompass Bhutan as a partner. Within this context, ADC’s cooperation with the “International Centre for Integrated Mountain Development” (ICIMOD) should serve as an example. The latter’s Transboundary Landscapes Programme aims to strengthen sustainable development and climate resilience, as well as to improve livelihoods, through providing knowledge products on landscape management, livelihood improvement strategies on income diversification, and frameworks for regional cooperation. Bhutan forms part of the Kanchenjunga landscape.

VII. Implementation and Management

Whereas the Austrian Federal Ministry for Europe, Integration and Foreign Affairs has the lead in coordinating and defining the Austrian Development Policy and the Country Strategy, the Austrian Development Agency through its coordination office takes the overall responsibility for coordination, management and monitoring of interventions in Bhutan.

The Gross National Happiness Commission is the central coordinating authority for development assistance in Bhutan. National Execution is the agreed implementation strategy which is based on national ownership.

The highest aid coordination mechanism is the Round Table Meeting between the Royal Government of Bhutan and the Development Partners. It takes place every second year. Bhutan has introduced a comprehensive results based planning, budgeting and monitoring system which will enhance tracing progress and achievements of goals. Austrian supported programmes will build on this system.

In order to avoid fragmentation and exploit potential synergies Austria will work closely with other development partners and the UN Country Office in Bhutan. In this regard some funds will be channelled through the Bhutan ONE UN Programme/UNDAF 2014-2018. The Coordination Office will be a member of the ONE UN Steering Committee and of respective Programme Boards.

Beyond the support of government agencies and where relevant to the three priority sectors, ADC will also directly support activities of Bhutanese CSOs.

VIII. Strategic Steering and Reporting

The Austrian Coordination Office will monitor the progress of all projects and programmes based on the strategic monitoring framework of ADC. This includes to

1. monitor the implementation and results of national development strategies in the sectors relevant to this strategy
2. evaluate ADC specific indicators which relate to the performance of ADC, the pursuit of strategic issues, synergies and priorities in accordance with the current Three-Year Programme on Austrian Development Policy.

By applying an evidence based approach ADC will build on available data and will actively participate in conducting analyses, inventories and reviews together with RGoB and other development partners and in making this information public.

With regard to result-based mutual accountability and transparency ADC will base its monitoring on a result framework which will be followed and reviewed annually with the Bhutanese partners.

A Joint Mid Term Review will be conducted by ADC and RGoB in late 2016 which will provide orientation and concrete recommendations for a well-structured and systematic phasing over of bilateral development cooperation for the remaining years (2017–2018) of the present strategy. Other official and private stakeholders will not be part of the Mid Term Review.

Annex 1: Results Matrix

Austria – Bhutan, Country Strategy 2015–2018, Log Frame Matrix

The overall objective of the 11th FYP is on achieving self-reliance (by 2020), as well as inclusive green socio-economic development. Four pillars will support the realisation of this goal (1) sustainable and equitable socio-economic development; (2) preservation and promotion of culture; (3) preservation of environment and (4) good governance. For the national key result areas pertaining to these pillars as well as their key performance indicators please refer to the planning matrix of the 11th FYP, Volume I, Main Document, page 11ff.

Outcome	Bhutanese stakeholders command individual and institutional capacities as well as financial resources to achieve selected sector outcomes within the framework of the 11 th FYP aiming at sustainable and equitable socio-economic development, preservation of the environment and good governance.	
Output Energy	Indicators	Target
Contribution to the sector outcomes of Energy, Construction and Environment Sectors <ul style="list-style-type: none"> - Effectiveness and efficiency in delivery of public service enhanced Energy security enhanced <ul style="list-style-type: none"> - Integrated Water Utilisation and Management enhanced 	Improved delivery of public services through institutional strengthening and capacity (DoHPS Outcome 001) Energy security enhanced through diversification and promotion of renewable energy and energy efficiency technologies (DRE Outcome 001) Eco-friendly, energy efficient/disaster resilient, innovative and good quality construction promoted (DES SKRA) Negative impact on environment from development activities minimized (NECS Outcome 001)	No of Power Sector Employees specialized in the field of hydropower and power systems <i>Target value till 2018: 591</i> <i>Baseline: 2013: 471</i> No of Policies and rules formulated No of Advocacy events on energy efficiency River specific minimum environmental flow established
Means of Austrian Contribution	Technical and financial assistance with an indicative budget till 2018 of Euro 4.5 mill. including spill over from the 10 FYP for rural electrification.	

Output Tourism	Indicators	Target
Contribution to the sector outcomes of the Tourism Sector <ul style="list-style-type: none"> - Contribution to GDP, revenue and employment increased - New products developed - Wellbeing of rural communities improved through eco-tourism 	RITH as a Regional Center of Excellence established (RITH Outcome 001) Tourism Planning and development decentralised (TCB Output 011) Community and private partnership based tourism projects created (TCB Output 005)	No of Students graduated from the Institute and employed No of Dzongkhags with Tourism Development Plan under implementation No of Rural communities benefitting from eco-tourism
Means of Austrian Contribution	Technical and financial assistance with an indicative budget till 2018 of Euro 2.5 mill. including spillover from 10 FYP for the Royal Institute for Tourism and Hospitality.	
Output Governance	Indicators	Target
Contributions to the Sector outcomes of the Legal Sector <ul style="list-style-type: none"> - Strengthened Accountability, Transparency, Efficiency and Effectiveness in Governance 	Access to Justice enhanced (Judiciary Outcome 002) Easy access to legal information to general public (BNLI outcome 002) Easy access to systematic ADR services at local level provided (BNLI outcome 001) An ethical, competent and autonomous legal profession and a legal aid system is developed in line with international standards (UNDAF Outcome 4; Outputs 4.1 and 4.5) Legal system in the country strengthened (RIL outcome 001)	No of Dzongkhag Courts constructed and functional % of general public aware of their rights and responsibilities % of civil disputes resolved by mediators at local level Legal Aid System established No of people benefitting from legal aid per annum No of RIL Faculties trained and recruited Legal information system established
Means of the Austrian Contribution	Technical and financial assistance with an indicative budget till 2018 of EUR 3.0 mill. including spill over from the 10 FYP for support to judiciary of Bhutan.	

Abbreviations: DoHPS – Department of Hydropower and Power Systems; DRE – Department of Renewable Energy; DES – Department of Engineering Services; NECS – National Environment Commission Secretariat; RITH – Royal Institute for Tourism and Hospitality; TCB – Tourism Council of Bhutan; BNLI – Bhutan National Legal Institute; RIL – Royal Institute of Law

Annex 2 Indicative Financial Planning

The indicative budget for the period 2014-2018 amounts to 10 million euro. In addition to these funds Bhutan may receive support or financial contributions through complementary instruments as mentioned above (Chapter VII).

Annex – Visualization of the Busan Principles in line with the Bhutan Strategy:

Principle	Implementation
Ownership	<ul style="list-style-type: none"> - Priority use of Bhutan’s own development strategy (the 11th five year plan) , with the overall objective of reaching self-reliance by 2020 - Focus sectors are subject to the priorities of the Royal Government of Bhutan - Gross National Happiness Commission of Bhutan is central coordinating authority for development assistance - Bhutan introduced a results based planning, budgeting and monitoring system, Austria’s programmes build on this system
Focus on Results	<ul style="list-style-type: none"> - Focus on 3 sectors: energy, tourism (main drivers of the Bhutanese economy) and governance - within these Austria will concentrate on important subsectors (hydropower, “high-value, low-impact” tourism/ “pro-poor-tourism” and access to justice) - ADC will build on available data and conduct analyses, inventories and reviews with the RGoB - Joint Mid Term Review by ADC and RGoB in late 2016 - for indicators please see the “log-frame results matrix”
Partnerships for Development	<ul style="list-style-type: none"> - Austrian coordination office in Bhutan serves as focal point for all Austrian government institutions engaged in Bhutan, all of which cooperate with their Bhutanese counterparts - (Federal Ministry for Agriculture, Forestry, Environment; Federal Ministry for Science, Research and Economy; Federal Ministry of Finance; the Austrian Development Bank; Austrian Export Finance Credit) - Strong standing dialogue between the Austrian and the Bhutanese parliaments - NGO Cooperation, e.g. with the Austrian-Bhutanese Friendship Society - Other partners : EU, ADB, Business Sector
Transparency and Shared Responsibility	<ul style="list-style-type: none"> - Introduction and full implementation of a Government Performance Management System, to measure outputs of the public sector - Austrian Coordination Office is responsible for monitoring activities locally - Every second year: Round Table Meeting between Royal Government of Bhutan and the Development Partners - Result framework is reviewed annually with Bhutanese partners