



# Bhutan

Country Strategy: Transition 2019–2023

## **Imprint**

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# Introduction and Summary

Bhutan and Austria have built a lasting and fruitful cooperation over the last 30 years with formal diplomatic relations between Bhutan and Austria established in 1989. The meaningful continuous dialogue at government level has led to mutual support of Austria's Federal Ministry for Europe, Integration and Foreign Affairs (BMEIA) and Bhutan's Ministry of Foreign Affairs on areas of common interests through multilateral fora and institutions, thus exceeding the closer framework of development cooperation.

The general framework of bilateral development cooperation between the Austrian Development Cooperation (ADC) and the Royal Government of Bhutan (RGoB) is determined by the Agreement between the Austrian Federal Government and the RGoB on Technical Cooperation<sup>1</sup>.

The Three-Years Programme on Austrian Development Policy 2019 - 2021<sup>2</sup> and the RGoB's 12th Five Year Plan (12th FYP)<sup>3,4</sup> from November 2018 till October 2023 each set the overarching goals, sectors and the timeframe for this joint Transition Strategy. The concrete outlines and contents of this Transition Strategy and its implementation are also informed by the findings, conclusions and recommendations of the 2017 Mid-Term Evaluation of the ADC Country Strategy Bhutan 2015 - 2018.

The Transition Strategy, fully aligned with the 12th FYP, starts in the beginning of 2019 and stipulates the withdrawal of ADC from Bhutan by 2023. All relevant Sustainable Development Goals (SDGs) have been integrated into the 12th FYP. The year 2023 marks the planned graduation of Bhutan from Least Developed Countries (LDC) status with the expected achievement that Bhutan will diversify its economic base while further narrowing the poverty gap and keeping its high standards in environmental preservation. Austria will continue to support Bhutan's economic diversification, poverty reduction, Sustainable Development Goals, and environmental preservation efforts, where possible, through other means beyond 2023, including networks and partnerships (as described in subchapters 3.1. and 3.2.), and instruments (as described in chapter 5.).

Consequently, it is assured that Austria's cooperation with Bhutan is closely aligned to the period and objectives of the 12th FYP, and the graduation horizon, and continues from the successful past to focus on the two thematic areas of Governance and Sustainable Energy. The interventions in the field of Governance shall promote the principles of Rule of Law and Accountability while the sector intervention in Sustainable Energy shall promote energy security.

## 1. Background

Bhutan's GDP growth rate is 4.63 % in 2017 (National Statistics Bureau 2017). Hydropower and tourism largely account for the country's strong economic growth rates; however these sectors are highly vulnerable to climate change impact. Despite a revised Foreign Direct Investment (FDI) policy in order to attract investors, FDI net inflow amounts only to 0.4% of the Gross Domestic Product (GDP 2015). Public debt and the current account deficit derive from delayed construction of major hydropower projects. The situation is expected to improve when export of electricity can commence at larger scale from 2019 on<sup>5</sup>. Tourism is still one of the main drivers to boost Bhutan's economy and continues to grow, but with great structural deficits and unbalanced growth across the country<sup>6</sup>. The service sector might remain as the main driver of the economy, with agriculture (including forestry) still remaining a

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<sup>1</sup>Thimphu, May 1989, and the Agreed Minutes on Bilateral Consultations between Austria and Bhutan, Thimphu, May 1997

<sup>2</sup> <https://www.entwicklung.at/mediathek/publikationen/strategische-dokumente/#c476>

<sup>3</sup>The Five-Year Plans of Bhutan are a series of national economic development plans created by the government of Bhutan since 1961

<sup>4</sup>Bhutan's development planning framework is guided by the development philosophy of Gross National Happiness (GNH) namely i) psychological well-being, ii) health, iii) time use, iv) education, v) cultural diversity, vi) good Governance, vii) community vitality, viii) ecological diversity and ix) living standard

<sup>5</sup> Bertelsmann Stiftung, BTI 2018 Country Report Bhutan, Gütersloh: Bertelsmann Stiftung, 2018

<sup>6</sup> According to the *Bhutan Tourism Monitor 2017* only 3% of the total arrivals visited the six eastern districts with tourism in Bhutan continuing to face the challenges of seasonality and unbalanced regional spread

relatively small sector despite its immense potentials. If RGoB's efforts to introduce new crops, improve productivity and channel additional credit for financial inclusion become effective, the sector is expected to grow faster from 2018 as the *ADB report* states<sup>7</sup>.

Living standards in Bhutan have continuously improved since the start of planned development in the 1960s, partly attributed to free access to the health system and the well-developed state education system. Health, education and social indicators are impressively showing a significant upward trend<sup>8</sup>. However, the Gini coefficient has increased to 0.38 from 0.36 despite equity and redistributive principles embedded in policies and legislations. Youth unemployment remains an issue of concern and has significantly increased. Young female unemployment and work conditions needs to be empirically analysed for proper policy response.

The RGoB facilitates entrepreneurship and has gradually introduced measures to liberalize the economy with yet limited success.

Following successful triennial reviews in 2015 and 2018 by the United Nations Committee for Development Policy (CDP), Bhutan was found to be eligible for graduation by 2021. Bhutan requested a deferral of this graduation to 2023 to address the last mile challenges. This request was approved by the CDP and endorsed by the UN General Assembly in December 2018. Bhutan faces a debt rate already touching at Nu 200B level, estimated to be at 99 % of the GDP in the fiscal year 2017-2018<sup>9</sup>.

## 2. Strategic Objectives of the Cooperation

The Three-Year Programme on Austrian Development Policy 2019–2021 sets out the basic aims and principles underlying the Transition Strategy including poverty reduction. Austria's strategic approach is oriented after international commitments such as the Paris Climate Agreement, the Busan Partnership for Effective Development Co-Operation and the 2030 Agenda<sup>10</sup> for Sustainable Development<sup>11</sup>. Apart from the internationally agreed principles of ownership, alignment, harmonization, results orientation and mutual accountability Austria shall engage in Bhutan in areas of comparative strengths where it can add value to the development in Bhutan. Where feasible this shall be systematically connected to a whole-of-government approach attempting to tap synergies with capable public and private stakeholders.

The 12th FYP<sup>12</sup> will be the determining development strategy until graduation from an LDC status with the main objective of a "Just, Harmonious and Sustainable Society through enhanced decentralization". About 8.2% of the population is still found to be extremely poor<sup>13</sup>. Therefore, RGoB has placed poverty reduction at the heart of the 12th FYP.

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<sup>7</sup> Asian Development Outlook- How Technologies Affects Jobs, April, 2018

<sup>8</sup> There is more than 97% food sufficiency; unprecedented decrease in mortality and morbidity with an overall life expectancy at 70, with 2 years' female life expectancy (71,7 years) above the male ones (68,8 years). In total 99,5% of the people have access to improved water sources while 63% of households (163,001) own 24 hours' access to drinking water and 99.9% of Bhutanese households have access to electricity. The net primary school enrolment rate is 98,8%, with a gender parity up to higher secondary educational level and an overall literacy rate of 71,4. In secondary education there is now almost gender balance although the male still outnumbers females at tertiary level

<sup>9</sup> Kuensel, 02/06/2018

<sup>10</sup> Bhutan has prioritized three SDGs in the medium term, namely Goal 1: no poverty, Goal 13: climate action and Goal 15: life on land.

<sup>11</sup> Adopted at the United Nations Sustainable Development Summit on 25<sup>th</sup> September 2015

<sup>12</sup> Bhutan's development planning framework is guided by the development philosophy of Gross National Happiness (GNH) namely i) psychological well-being, ii) health, iii) time use, iv) education, v) cultural diversity, vi) good Governance, vii) community vitality, viii) ecological diversity and ix) living standard

<sup>13</sup> Extreme poverty has been successfully reduced to 8,2% from 12% in 2012, as this was the overarching objective of the previous FYs. They live below Nu 2000 person/month (ca. EUR 30). According to the latest BTI Country Report on Bhutan about 14,5% of the population live on less than EUR 80/month, Bertelsmann Stiftung, BTI 2018 Country Report Bhutan, Gütersloh: Bertelsmann Stiftung, 2018

Bhutan has made considerable progress towards sustainable development<sup>14</sup>. In total, 134 out of 143 SDG targets (identified to be practical for Bhutan) had been integrated in the 11th FYP. Within the 12th FYP, they are further mainstreamed and all 17 National Key Result Areas (NKRAs), at outcome levels, are harmonized to the 17 SDGs. Bhutan is committed to achieving all relevant SDGs in partnership with Development Partners. In this regard, Bhutan needs to develop a clear strategy for mobilizing ODA post 2023 in order to keep up its effort towards realizing the SDGs.

Through the two thematic focus areas of Governance and Sustainable Energy ADC shall contribute to the main objective of 12<sup>th</sup> FYP. At the same time, ADC shall support the underlying goal of socio-economic diversification for graduation in mid-2023. The bottom line for these two goals is to “leave no one behind”.

### **3. Thematic Focus**

#### Theory of Change and Results Orientation

A focus on capacity development in the two thematic focus areas of the Transition Strategy shall contribute to achieving the 12th FYP’s twin outcomes of national development and graduation.

The Austrian contributions shall be in terms of financial and technical assistance ranging from grant funding to networking and institutional partnerships, exchange visits to share experiences and know-how, individual ex-country/in-country trainings for transfer of knowledge, long-term and short-term technical assistance and systems strengthening. With the delivery of these goods and services (outputs) the contributions will enhance the capabilities of individuals and institutions and open-up the necessary opportunities and motivate these actors for behavioural changes leading to practice changes (outcomes) and finally to poverty reduction and sustainable development (impact). These changes, however, will be subject to predictability of funds and sustained investments, the relevancy of the interventions, effective collaboration and coordination, advocacy and awareness, improved data and statistics and context specificity of the approach and reach.

In the thematic focus of Governance, the first outcome in rule of law shall be a quality service that is widely and easily accessible, inclusive, accountable and responsive including promotion of gender equality and empowerment of women and girls (National Key Result Area 16). The second outcome in accountability shall be an improved public-sector performance (National Key Result Area 9).

In the thematic focus of Sustainable Energy, the outcome shall be an enhanced carbon neutral, climate and disaster resilient development (National Key Result Area 6).

#### **1.1. Thematic Focus on Governance**

Good Governance is one of the four pillars to enhance Gross National Happiness. According to Bhutan’s Voluntary National Review Report July 2018, people’s perception of Good Governance has however significantly decreased, especially on government performance, fundamental rights and political participation.

Consequently, in the 12th FYP emphasis to promote Good Governance is placed on the four National Key Result Areas of (i) improved infrastructure, communication, and public service delivery; (ii) reduction in corruption; (iii) strengthening democracy and decentralization and (iv) strengthening justice services and institutions.

Building on Austria’s past engagement in Governance and in alignment with the priorities of the 12th FYP and the SDG targets 16.3, 16.5 and 16.6 ADC shall contribute to the implementation of the Justice Sector Strategic Plan and the further development of Public Financial Management with focus on transparency and accountability.

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<sup>14</sup> Sustainable Development and Happiness, Bhutan’s Voluntary National Review Report on the Implementation of the 2030 Agenda for Sustainable Development, United Nations High Level Political Forum, 9 – 18 July 2018, Royal Government of Bhutan

ADC shall focus on:

- institutional capacity development including networking and partnerships, strategies to mainstream gender (e.g. gender responsive planning, budgeting and training), transfer of knowledge (sharing of experience and know-how), dissemination of information, with a focus on gender mainstreaming;
- establishment of court infrastructures;
- implementation of the legal aid system and the strengthening of equal access to justice for women and marginalized groups with a focus on children, youth, elderly people and persons with disabilities;
- expansion of institutional partnerships between Bhutan and Austria;
- development of effective, accountable and transparent institutions.

## 1.2. Thematic Focus on Sustainable Energy

Hydropower is one of the backbones of the Bhutanese economy<sup>15</sup> but its sustainability is prone to the adverse effects of climate change. It is therefore vital to sustain the huge investments made into hydropower plants including efforts to diversify sources of renewable energy and increased energy efficiency<sup>16</sup> and to ensure the climate proofing of investments. The 12th FYP envisages enhancing a carbon neutral and climate and disaster resilient development and ensuring water security at the nexus of sustainable energy, climate and water.

Building on Austria's long track record in supporting sustainable energy ADC shall continue to contribute to the diversification of sustainable energy sources and increasing energy efficiency (SDG 7) and to climate action (SDG 13).

ADC shall focus on

- institutional capacity development including networking and partnerships, transfer of knowledge (sharing of experience and know-how) and dissemination of information, with a focus on gender mainstreaming;
- the use of energy efficient technologies, processes, products and standards;
- timely interventions to ensure hydropower safety;
- application of river specific minimum environmental flows in accordance with the Water Act of Bhutan<sup>17</sup>;
- promotion of private sector cooperation, the creation of local value chains and technology cooperation in the hydropower sector (including technical assistance programmes).

## 1. Cross-Cutting Issues, principles and approaches of cooperation

Gender equality as well as environmental protection and climate change shall be the overarching and key cross-cutting focus areas.

In the 12th FYP, promoting gender equality is a priority area with its own National Key Result Area (NKRA 10: Gender Equality Promoted and Women and Girls Empowered).

Bhutan adopted a series of policy and institutional strategies to mainstream gender, including developing gender responsive planning and budgeting and drafting of the national gender equality policy. Despite this political commitment, promoting gender equality is still confronted with higher female unemployment rate, low female representation in the Parliament and the executive positions, wide gap in tertiary and vocational education and feminisation of agriculture in rural areas.

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<sup>15</sup> Energy needs are primarily met from hydropower and fuelwood accounting for the largest share of energy use in the economy. Currently 99.9% of Bhutanese households have access to electricity.

<sup>16</sup> The Bhutanese Nationally Determined Contribution (NDC) identifies the diversification of energy sources (energy mix) as a priority adaptation action.

<sup>17</sup> Minimum Environmental flow means the water regime provided within a river, wetland or other water bodies to maintain ecosystems and their benefits, where flows are regulated (Water Act of Bhutan 2011).

ADC will ensure that all its programs and projects contribute to gender equality and women's and girl's empowerment. On an operational level, analyses should be conducted to identify how to address gender inequalities within the two thematic focus areas. Gender-responsive performance and results indicators are used for this strategy.

Environment is one of the four pillars of Bhutanese Development Paradigm of Gross National Happiness. Bhutan as a landlocked, mountainous country (with more than 70% of the country under forest cover and more than half under protected areas) faces special challenges, as the very diverse ecosystems of mountains are also extremely vulnerable. On the other hand, Bhutan's economy relies on sectors that are heavily dependent on natural resources and provision of ecosystem services (hydro-power, forestry, tourism, agriculture). Given the general vulnerability to climate induced disasters, climate proofing of interventions and safeguarding of natural resources will be important for ensuring sustainable development outcomes. Environmental and climate change issues will be mainstreamed across energy and governance activities.

ADC's engagement is in line with the provisions of the 12th FYP to work towards a carbon neutral, climate and disaster resilient development. The interventions especially in the Sustainable Energy sector shall contribute to targets set in Bhutan's Intended Nationally Determined Contribution (INDC) towards the Paris Agreement on climate change and Bhutan's National Adaptation Programme of Action (NAPA) in terms of environment safeguards and climate protection and adaptation. ADA's Environment, Gender and Social Impact Management (EGSIM) system will be applied to all interventions supported by the ADC.

Furthermore, throughout the implementation of this strategy, the following general principles and approaches will be respected:

- Rule of law, human rights and dignity, in line with Bhutan's Constitution<sup>18</sup> and ADC Policy, connected to Good Governance:
- Political participation, enhanced access to justice<sup>19</sup> and public services, as well as to necessary information;<sup>20</sup>
- Enhanced administrative, political and fiscal decentralisation as well as accountability including focus on anti-corruption;
- "Leave No One Behind" at the core of development, which shall contribute to the reduction of social disparities and strengthening of resilience of poor, vulnerable and disadvantaged groups to cope with social, economic and other crises, such as climate change impacts.

## **2. Policy Coherence and Complementary Instruments**

In order to implement Official Development Assistance (ODA) funds in a coherent, complementary, effective and efficient manner all Austrian government institutions shall seek to improve networking and coordination. The Coordination Office therefore serves as a hub for coordination for Austrian government as well as non-governmental institutions that are engaged in Bhutan.

### Multilateral Development Cooperation

According to the long-standing partnership Austria and Bhutan mutually advocate for each other at multilateral fora on diverse policy matters. Austria's contributions in international organizations for Bhutan shall be in line with or in addition to the thematic focus areas of this Transition Strategy.

International partners comprise, among others, the EU, UN and the World Bank (WB).

The EU is an important development partner of Bhutan. In the current Multiannual Financial Framework 2014-2020, Austria contributes approximately 2,4% to the EU's Development Cooperation Instrument (DCI) and therefore co-facilitates the EU support in Bhutan. ADA and EU directly cooperate through WB in a fiscal decentralisation reform along the 12th FYP.

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<sup>18</sup> Constitution of Bhutan, Principles of State Policy (Article 9).

<sup>19</sup> Ibid. The Judiciary (Article 21)

<sup>20</sup> Ibid. Fundamental Rights (Article 7)

As a member of the Asian Development Bank (ADB), Austria contributes to all of the ADB's projects and programmes in Bhutan via capitalisation of the Asian Development Fund.

#### Economic Cooperation

The well-established economic cooperation between Austria and Bhutan should be further deepened and widened across within and beyond the Transition Strategy.

The Austrian Federal Ministry for Digital and Economic Affairs and the Bhutanese Ministry of Economic Affairs will continue to implement their 2014 MoU in commercial and technical areas and in cooperation with the Austrian Federal Economic Chamber through business missions and synergies with ADC's interventions amongst others.

Bhutan is eligible for Austrian soft loans through the Austrian Ministry of Finance and business partnerships, supported by ADA.

Austria also offers financing mechanisms where public and private sources of financing and technology transfers are blended. Instruments are available mainly through the Austrian Development Bank (OeEB).

#### Education and Research

In the field of scientific cooperation, the Austrian Partnership Programme in Higher Education and Research (APPEAR) has been a highly valuable modality for international academic cooperation for Bhutan interacting with other countries.

Moreover, the Austrian Federal Ministry of Education, Science and Research and its Agency for International Cooperation in Education and Research (OeAD) also provide scholarships, research programmes and networks such as the EURASIA Pacific UNINET and the Ernst Mach scholarship.

#### Cooperation with Civil Society

CSO facilitation shall complement the activities within the thematic focus areas and add value to the policy process and development of a just and fair society in line with the 12th FYP. The need of CSOs to partner with development partners should be based on needs and/or comparative advantage of CSOs.

Based on the Guidelines of the Austrian Development Agency's programme 'Civil Society International', ADC may provide assistance by offering co-funding of CSO projects, in addition to the bilateral commitment made to the RGoB.

#### Humanitarian Assistance

Bhutan's development is highly dependent on climate-sensitive sectors such as hydropower, forestry and agriculture, and thus very exposed to all potential dangers of climate change. Based on the approach "Linking Relief, Rehabilitation and Development", i.e. the nexus of humanitarian aid and development cooperation, ADC shall strive to assist in response to disasters and actively support the cooperation of Austrian NGOs with international organizations.

#### Austrian Development Cooperation in the Region

ADC shall link – whenever synergies can be created – this Transition Strategy to its engagement in the Hindu Kush Himalayan region. Activities financed on a regional level shall complement interventions of bilateral development assistance and encompass Bhutan as a partner. Within this context, ADC's co-operation with the International Centre for Integrated Mountain Development (ICIMOD) serves as an example.



### **3. Implementation, Monitoring and Evaluation**

The Austrian Federal Ministry for Europe, Integration and Foreign Affairs has the lead in coordinating and defining the Austrian Development Policy and this Transition Strategy. The Austrian Development Cooperation (ADC) through its Austrian Coordination Office (ACO) takes together with the Gross National Happiness Commission (GNHC) the shared overall responsibility for coordination, management and monitoring of interventions in Bhutan. Beyond the support of government agencies in the two thematic focus areas ADC shall also, where relevant, directly support Bhutanese CSOs and private business in seeking synergies and fostering innovation, know how transfer and trade relations.

The GNHC is the central coordinating authority for development assistance in Bhutan. GNHC monitors the implementation and results of its development strategies and may at any time consult with development partners on their areas of support.

The highest aid coordination mechanism in Bhutan is the Round Table Meeting between the Royal Government of Bhutan and the Development Partners. It takes place every second year (next in 2019).

The common strategic monitoring framework enables interaction between ADC and the GNHC. The GNHC plans, monitors and assesses the contribution of the ADC, as of any other donors, to the RGoB's 12th FYP at project, programme and strategic level and consults with the ACO for joint monitoring, assessments and steering. The ACO monitors on behalf of ADA the progress of all interventions based on the strategic monitoring framework of ADC and closely observes specific ADC performance indicators in pursuance of strategic goals. Both, ADC and GNHC, shall ensure that the interventions are planned and managed in a way that all are finished by mid-2023.

An impact assessment is planned to be conducted by ADC and the Gross National Happiness Commission in preparation of the phasing over of bilateral development cooperation assistance in 2022/2023 to assess the impact of ADC funded development cooperation in Bhutan since its beginnings.

## Annex I: Result Matrix

Objectives	Indicators	Baselines (year/ indicated as relevant)	Targets (at end year of Transition Strategy)	SDG reference	Partner country policy reference	Responsible Austrian ODA institutions
Impact Poverty reduction	Indicator 0.1 Multidimensional Poverty Line Indicator 0.2 Gini coefficient	Baseline 0.1: 5.8% (2017) Baseline 0.2: 0.38	Target 0.1: below 5% Target 0.2: below 0.38	SDG 1 End Poverty in all its forms everywhere	NKRA 3 Poverty Eradicated & Inequality Reduced (12 <sup>th</sup> Five-Year Plan)	ADC
<b>Thematic focus 1 Governance: Rule of Law and Accountability</b>						
Outcome 1.1 Accessible, inclusive, accountable, responsive and quality services	Indicator 1.1.1. Public satisfaction in justice services  Indicator 1.1.2. Timely justice services delivered	Baseline 1.1.1. 75.67% (2017)  Baseline 1.1.2. Investigation 90 days Anti-corruption 270 days Prosecution NA Judiciary NA	Target 2.1.1. >90%  Target 2.1.2. Investigation 90 days Anti-corruption 180 days Prosecution 10 days Criminal cases- 10 days; Corruption cases- 90 days; Others- 20 days Judiciary 108 days	SDG 16 Peace, Justice and Strong Institutions	NKRA 12 Corruption Reduced and NKRA 16 Justice Services and Institutions Strengthened (12 <sup>th</sup> Five-Year Plan)	ADC
Outcome 1.2 Improved public sector performance and accountability	Indicator 1.2.1. Work integrity and leadership index	Baseline 1.2.1. 8.1 (2016) Baseline 1.2.2.	Target 2.2.1. 8.5 (2023)	SDG 16 Peace, Justice and Strong Institutions	NKRA 16 Justice Services and Institutions Strengthened	ADC

	Indicator 1.2.2. Corruption, transparency and accountability index	7.89 (2016)	Target 2.2.2. 8.5 (2023)		and NKRA 9 Infrastructure, Communication & Public Service Delivery Improved (12 <sup>th</sup> Five-Year Plan)	
Outcome 1.3 Promotion of gender equality and empowerment of women and girls	Indicator 1.3.1. gender parity index in tertiary education	Baseline 1.3.1. 0.85 (2018)	Target 1.3.1. above 0.85	SDG 5 Gender Equality	NKRA 10 Gender Equality Promoted and Women and Girls Empowered (12 <sup>th</sup> Five-Year Plan)	ADC
<b>Thematic focus 2 Sustainable Energy</b>						
Outcome 2.1 Carbon neutral, climate and disaster resilient development enhanced	Indicator 2.1.1. Conducive policy to improve thermal performance of buildings introduced  Indicator 2.1.2. Electricity generation from renewable energy	Baseline 2.1.1. NA (2018)  Baseline 2.1.2. 8 MW (2017)	Target 2.1.1. Baseline for EE building (2020) Codes and standards for green building components (doors, windows) (2023) Target 2.1.2. 25 MW (2023)	SDG 7 Affordable and Clean Energy SDG 13 Climate Action	NKRA 6 Carbon Neutral, Climate and Disaster Resilient Development Enhanced (12 <sup>th</sup> Five-Year Plan)	ADC

## Annex II

### Financial envelope:

ADA will tentatively earmark 8,3 Mio EUR\* (2019-2023, with gradually decreasing amount until withdrawal of ADC \*) for the implementation of this Country Strategy through its country budget\*. This is notwithstanding any possible other decision on budget allocation taken by the Federal Government. This indicative amount will be complemented by funding through other ADA modalities which are based on initiatives and therefore not predictable (for example: Business partnerships, NGO co-funding, education programmes). Other Austrian actors will equally strive to contribute to the implementation of this Country Strategy through their funding instruments.

Indicative budget allocation Bhutan\*:

	2019	2020	2021	2022	2023	Total	%
Governance	1,1	1,1	1,0	0,8	0,5	4,5	55
Sustainable Energy	0,9	0,9	0,8	0,7	0,5	3,8	45
Total	2	2	1,8	1,5	1	8,3 Mio EUR	100

*\* Final allocation of funds will depend on the identification of suitable interventions, the absorption capacity, as well as the efficiency and effectiveness of the cooperation with the relevant partners. Accordingly, the information on indicative budget allocation cannot be considered a firm commitment or claimed as such by the partner country. The indication serves as a basis for the Annual Work Programme of ADA, reviewed and confirmed by Austria's Federal Ministry for Europe, Integration and Foreign Affairs (BMEIA) each year.*