

**STATEMENT BY THE EUROPEAN UNION**

Paola Pampaloni, Deputy Managing Director for Asia and the Pacific,  
European External Action Service, Brussels

H E. Honourable Minister of Foreign Affairs, TBC  
H.E. Assistant-Secretary General of the United Nations, Mr Haoliang Xu;  
Excellencies,  
Colleagues development partners,  
Ladies and gentlemen.

I am delighted to attend the Donor Round Table on behalf of the EU. This is an excellent opportunity to confirm flourishing EU-Bhutan relations and to discuss Bhutan's current 11<sup>th</sup> (2013-2018) and the upcoming 12<sup>th</sup> 5-year plan (2018-2023). It is also an opportunity to improve coordination among development partners for the next years.

Yesterday I was delighted to listen to the address by HE the Prime Minister on the country's achievements and challenges for the future development plans and the presentation of Bhutan's vision of the National Gross Happiness.

**Bhutan's development** has seen impressive results: a successful democratic transition, healthy economic growth, a large increase in per capita income and a halving of poverty levels. Bhutan is a constructive player in regional

cooperation, notably in the South Asia Association for Regional Cooperation. And Bhutan has made great strides improving democracy, education, rule of law, as well as combating domestic violence, and protecting women and children's rights.

The EU fully supports the implementation of Bhutan's development plan (the current 11<sup>th</sup> Five-Year Plan) and will continue to engage with the Government for the formulation and implementation of the 12<sup>th</sup> FYP.

To demonstrate the strong commitment to support Bhutan in its development strategies, the EU has tripled the bilateral funding from our Development Cooperation Instrument for our current budgetary framework 2014-20. Our aid is now **42 million euro** compared with 14 million euro in the previous period 2007-2013. Our current support focuses on two key areas:

1. decentralisation, including fiscal decentralisation and civil society; and
2. rural development and forestry.

Rural areas are home to most of Bhutan's people and a key development challenge is to ensure inclusive and equitable growth, which reaches also the remote areas of the country. As we heard yesterday, these are also identified priorities of the 12<sup>th</sup> FYP.

The **strategic objective** of EU programmes is to support Bhutan's democratisation and modernisation process and to reduce poverty through inclusive socio-economic development and growth.

**Climate change** is another priority in our cooperation, with particular attention to tackling the impacts of climate change on sustainable development. I am very pleased that the EU and Bhutan signed, in Paris at the COP 21, a joint declaration on cooperation on climate change. This declaration welcomes the

high level of ambition of Bhutan's National Climate Plan. Moreover, under the so-called **Global Climate Change Alliance**, we committed additional 5 million Euro to combat climate change.

Therefore our support is currently focusing on the following

- a) **Rural Development and Climate Change Programme**, which amounts now to a total of 21.5 million Euro delivered in the form of sector budget support and linked to the FYs.
- b) **Local government and fiscal decentralisation**, which amounts to 20 million Euro and includes sector budget support to local government reforms and public finance management.
- c) **Strengthening of Civil Society**, with 2.5 million Euro in grant schemes and capacity building.

All these EU programmes will start this year and will continue approximately until 2021.

In addition, the EU is exploring the possibility to provide 4 million Euro to support the integration of Bhutan in regional and global markets. This could be an important help in support of economic development through export diversification, increasing exports in selected value chains, notably horticulture and textile handicrafts.

Excellencies

Ladies and Gentlemen,

The new European Consensus on Development – “our world, our dignity, our future” – in conjunction with the EU Global Strategy for Foreign and Security Policy (June 2016) will recalibrate the EU Development Policy to be more

visible and coherent with the 2030 agenda for sustainable development. The main objective is to focus the EU actions towards the achievement of the SDGs and to respond to evolving global challenges. This will be our common responsibility.

The EU remains committed to cooperate with the Royal Government of Bhutan. I wish you great success for the formulation and implementation of your new Five Year Plan.

Thank you.