

Excellencies,
Colleagues,
Development partners,

I am happy to be back in Thimphu and attend the Round Table Meeting on behalf of the European Union. This is a good opportunity to confirm our excellent cooperation with Bhutan, to listen to the presentation about the objectives of the 12th Five Year Plan and improve coordination with development partners.

We look forward to intensifying our partnership with Bhutan in the coming years and working together to address global challenges, such as climate change.

The EU wishes to congratulate Bhutan for its hard work which has paved the way to the graduation to a Middle Income Country. This is a concrete recognition that Bhutan has gone a long way in recent years with the support of its development partners.

We have witnessed a successful democratic transition and healthy economic growth in recent years.

After listening to the presentation, we are pleased to say that the 12th Five Year Plan is a useful and conducive framework for our future support. Almost 80% of our portfolio in Bhutan is channelled directly through country system. Our budget support programme is a sign of maturity in our relationship, both operationally and politically, and the result of the good policy work and implementation by the Bhutanese authorities.

We believe that budget support is respectful of country ownership. For us, it is important to have the Royal Government of Bhutan in the driving seat in the years ahead.

Under this current seven year financial framework (2014-2020), the EU has supported (with Euro 42 million)

1. Support to rural development and climate change response (Euro 21.5 million, including 20 million in budget support).

2. Support for civil society (Euro 2.5 million). In this respect we hope civil society will be regularly consulted in the implementation of the 12th Five Year Plan.
3. Support for bilateral trade between EU and Bhutan (Euro 4 million) which supports farmers and traders in all 20 districts of the country.
4. Capacity building for local Government to implement fiscal decentralisation and local government reforms (Euro 20 Million, including 16 million in budget support).

I am happy at this occasion to announce that this week the EU decided the disbursement of a total of EUR 9.5 million in budget support – EUR 4 million for capacity development for local government and fiscal decentralisation and EUR 5.5 million for rural development and climate change.

Bhutan is also benefitting from a number of thematic and regional programmes such as Erasmus (giving opportunity to Bhutanese students to study at European universities), the EU-South Asia Capacity Building Disaster Risk Management and the Global Climate Change Alliance Plus (GCCA+).

We look forward to engage with the authorities in the coming months to identify jointly the priorities for the next EU financial framework covering the period 2021-2027, and to consult with other development partners in the process.

The EU confirms that we will remain committed to accompany Bhutan in the transition process after graduation and to engage on innovative development instruments such as blending and investment in priority sectors for the country.

Finally, allow me to also highlight the EU's recent strategy on Connecting Europe and Asia, adopted in the end of 2018. The main aim of the strategy is to better connect Europe and Asia through transport links, energy networks, digital networks and people-to-people connections. The EU is now working to prepare an action plan for the implementation of the strategy. We would be interested to also discuss this strategic objective with Bhutan, including attraction of private sector investments.

To conclude, the EU wishes to reassure that we will remain committed to support and cooperate in partnership with the Royal Government of Bhutan also after graduation to Middle Income Country.

Thank you.