



Evaluation

Austrian Development Cooperation
Bhutan Country Strategy 2010-13
Mid-Term Review
Report

Imprint

Austrian Development Agency (ADA),
the operational unit of the Austrian Development Cooperation
Zelinkagasse 2, 1010 Vienna, Austria
Phone: +43 (0)1 90399-0
Fax: +43 (0)1 90399-1290
office@ada.gv.at
www.entwicklung.at

The evaluation was commissioned by the Directorate-General for Development Cooperation of the Federal Ministry for European and International Affairs and the Evaluation Unit of the Austrian Development Agency and conducted by

Bernhard Wenger
Tenzin Chhoeda

February 2013

This is an independent evaluation report. Views and conclusions expressed do not necessarily represent those of the contractors.

Table of Content

- Executive Summary..... 2
- 1. Introduction 3
- 2. Methodology 3
- 3. Context (relevant for ADC CS) 4
 - 3.1 Political Situation..... 4
 - 3.2 Economic Situation 4
 - 3.3 Social Situation 5
 - 3.4 Environmental Trends..... 5
- 4. Austrian Country Strategy 2010-13: Results, Performance and Lessons Learnt..... 5
 - 4.1 General aspects 5
 - 4.2 Hydropower Generation 7
 - 4.3 Rural Energy 8
 - 4.4 Alternative Energy..... 9
 - 4.5 Tourism 10
 - 4.6 Judiciary 12
 - 4.7 Local Government..... 14
 - 4.8 Regional programme 14
 - 4.9 Programme management 15
 - 4.10 Implications for Austrian Headquarters 16
- 5. Answers to the review questions in the ToR 16
- 6. Outlook to the future 18
 - 6.1 General 18
 - 6.2 Option 1: Full-fledged Austrian presence in Bhutan 2014-18..... 18
 - 6.3 Option 2: Phasing out 2016 20
- 7. Risks and Assumptions 21
- 8. Main Findings..... 21
- 9. Recommendations 23
- 10. Annexes 24
 - 10.1 ToR 24
 - 10.2 Agenda 26
 - 10.3 Minutes of the Consultative Workshop 06.12.12..... 28
 - 10.4 List of interlocutors 31
 - 10.5 List of Documents..... 32
 - 10.6 List of Acronyms 34

Executive Summary

The purpose of the Mid-term Review (MTR) of the Austrian Development Cooperation Country Strategy 2010-13 (ADC-CS 10) for Bhutan mandated by the Austrian Development Agency (ADA) was to assess the effectiveness of the programme implementation, to formulate recommendations for the last remaining year of the present strategy 2013 and for the future country strategy.

The MTR was carried out on the basis of a documentation analysis and interviews with the stakeholders. Results were consulted with ADA, the Austrian Federal Ministry of European and International Affairs (BMeiA) and the Gross National Happiness Commission in four rounds: concept note, Inception Report, a consultative workshop in Thimphu and Draft Report. Specific efforts had to be put into establishing base lines information for subsectors and a grid on development cooperation levels.

The consultants found that the distinctions made by Austrian actors between Austria as Bhutan's partner, ADC, ADA and overall Official Development Aid (ODA) are hardly understood by Bhutanese actors. The relevant steering mechanisms are project agreements and documents whereas the Country Strategy is hardly relevant for implementation besides orienting the choice of sectors. It presents only a part of Austria development cooperation with Bhutan. It lacks transparency on commitments as well as on regional and multilateral funds earmarked for Bhutan.

Austria is a well appreciated partner in Bhutan. Its development cooperation programme has a strong profile with three sectors (energy, tourism and governance) that are highly relevant for the development of Bhutan. However, with the size of its financial contributions and technical assistance, ADC is not able to cover the full bandwidth of these sectors. The best way to bridge the gap between ambitions and means would be to focus on subsectors.

The ADC financial contribution is at a one digit percentage level in hydropower, rural energy and local government. It is very important in tourism (45 % of construction, 30% of Human Resource Development) and important in judiciary. Austrian technical assistance is very much appreciated in energy, tourism (capacity development) and judiciary. It is highly controversial between Bhutanese and Austrian actors in tourism (construction). The procurement of Austrian equipment works well in energy but does not work well at all in tourism.

ADC and RGOB often agree to start projects with construction. This fact is the source of the successes but also of the problems. Accomplished constructions are tangible and visible results. They normally have a good quality and enjoy a high reputation. Implementation runs smoothly (except inevitable operational difficulties) in cases where the institution building processes go hand in hand with growing complexity of the buildings (example hydropower). Austria faces difficult management issues in cases where institution building starts too late or lacks completely (example Royal Institute for Tourism and Hospitality). Austria is very much involved in capacity development activities focussed on the individual level (lists of international/domestic trainings and scholarships). Anchoring in training needs assessment as well as in institutional and organisational capacity development needs of the partner organisations is weak.

The Austrian Coordination Office has an unclear status, reporting to the Embassy in Delhi and BMeiA in Vienna, the staff being on ADA payroll. It consumes a lot of energy in project management tasks. It would be benefitting to all involved actors if it could switch from project implementation mode to a coordination mode of operations.

RGoB explicitly declares 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 further for effective Austrian contributions.

The consultants point out two options for further cooperation:

1. A full-fledged Austrian presence in a whole of government approach aligning to the 11th Five Year Plan (2014-2018), including a phasing out period for development cooperation as well as starting more systematic diplomatic, economic and cultural relations, transforming the ADA coordination office into a hub for all Austrian ministries.

2. A phasing out of ADC (2014-2016) focussing on unfinished business without opening new projects, in the same cooperation modalities as the present ones.

The consultants recommend the two governments to go for option 1, to make decisions about their preferences till the Round Table Meetings in spring 2013 and to prepare the Country Strategy in Summer / Autumn 2013.

1. Introduction

The Austrian Development Agency (ADA) mandated the authors to carry out a Mid-term Review (MTR) of the Austrian Development Cooperation Country Strategy 2010-13 (CS 10-13) for Bhutan under the Terms of References (ToR) of 26.07.2012. The deliverables defined in the ToR are an inception report (final version presented on 16.11.2012), a presentation of findings and recommendations at the end of the mission (see minutes of the consultative workshop in annex 10.4), a draft report (presented on 22.12.2012) and the final report integrating comments of Gross National Happiness Commission (GNHC), Austrian Ministry of European and International Affairs (BMeiA) and ADA.

The purpose of the MTR was to assess the effectiveness of the programme implementation. The recommendations should feed into the remaining year of the strategy period 2010-13 as well as into the formulation of a future country strategy. However, since the MTR took place late in the strategy cycle, it was self-evident that its focus of interest shifted towards the next strategy period.

The report reflects the results obtained in the analysis of the available documentation as well as the interviews held with the stakeholders in Bhutan and Vienna and the comments of ADA, BMeiA and the ACO.

The MTR teams thanks all interlocutors for their availability and the rich amount of information they provided.

2. Methodology

Clarification of the mandate: In a first step the consultants proposed to differentiate the questions asked in ToR into two levels:

- 1) *Policy aspects*, covering the present and the next strategy period (choice of sectors, complementarity of instruments, matching of Bhutanese policy and Austrian strategy, policy dialogue, donor coordination).
- 2) *Programme implementation aspects*, covering the present strategy period (effectiveness and efficiency of the implementation; data processing and monitoring; implementation of non-focal areas and cross-cutting issues; networking, steering mechanisms).

Sectors and Subsectors: Since the three sectors of the CS 10-13 include heterogeneous activities, the consultants distinguished between the following *subsectors*:

Tourism	Energy	Governance
<ul style="list-style-type: none"> - <i>Capacity Development</i>¹ - <i>Construction</i> 	<ul style="list-style-type: none"> - <i>Hydropower</i> - <i>Rural Electricity</i> - <i>Alternative Energy</i> 	<ul style="list-style-type: none"> - <i>Judiciary</i> - <i>Local Government</i>

ADC/ADA: Despite its large denomination “Austrian Development Cooperation (ADC) Country Strategy”, the strategy document itself as well as subsequent implementation documents are in fact confined to the programme of the Austrian Development Agency (ADA). Multilateral and regional activities of ADC (in the

¹ In this report capacity development is understood as development of the individual capacities (knowledge, skills, coping). It is distinguished from institution building (focus on structures) and organisational development (focus on functions and processes). The consultants are aware of the fact that ADC is understanding capacity development as a multi-faceted activity including all three levels (individual, organisational, institutional as well as their interdependencies). For the sake of clarity they prefer however to distinguish the three levels.

Himalaya/Hindukush region) as well as loans by Austrian banks are just mentioned. They are neither adequately determined in the strategy document nor part of the programme management. The consultants act accordingly; they present figures and findings for the ADA programme and provide indicative information about the other ADC activities.

Levels and Sequencing: The documentation available provides comprehensive information about two levels of development cooperation: 1) construction/infrastructure and 2) capacity development/Human Resource Development. In general, the sequencing of the implementation starts with construction. There is only little information available on two other important levels: 3) Institution Building and 4) Organisational Development. The consultants systematically included these two levels in their analysis and insisted on the necessity of starting with institution building from the very beginning if ownership is intended.

Base line and results statements: Information provided in progress reports, Bhutanese sectorial statistics and donor documents are not aggregated or disaggregated to consistent sets of data. Data produced in the monitoring of the CS10-13 are not solid enough for serving as unique data base for the MTR. Consequently, in order to show the Austrian contribution within the Bhutanese context and in order to provide quantitative evidence for strategic options, the consultants tried to combine information in a triangulation technique from different sources in base line tables for the years 2009 / 2012 / 2015 / 2018. During the analysis, however, it became evident that a yearly breakdown is not conducive for that purpose. Therefore, this report presents the quantitative findings in tables corresponding to the Bhutanese Five Year Plans (FYP). For the purpose of an easy comparison, all financial amounts are presented in million Ngultrums, calculated at the exchange rate of 01.12.2012 (1 \$ = 71.34 Nu, 1 € = 54.49 Nu).

Evaluation matrix and interviews: In their inception report, the consultants presented an evaluation matrix, which provided their preliminary answers to the evaluation questions, identified missing information and sorted out which questions had to be asked in the interviews during the mission. The interviews were conducted in an open form and transcript afterwards according to the categories of the evaluation matrix.

Consultative Workshop: The results were discussed in a consultative workshop with representatives of all present partners. The objective of this workshop was to reach a mutual understanding of the statements and recommendations made by the MTR (see minutes in attach 10.3).

3. Context (relevant for ADC CS)

3.1 Political Situation

Bhutan is progressing rapidly in consolidating its parliamentary democracy which is now in its fourth year. A major disagreement about the tax law between the government and the opposition resulted in the government losing its case but it strengthened the spirit of democracy. There is a vibrant participation of the media in presenting and debating matters of public interest. The judiciary's independence is being solidified and most of the local government functionary posts have been occupied through the process of popular votes. There is a visible capacity enhancement of these bodies which now have much more resources through which they can exercise their discretion in matters relating to local development. Looking forward, three more political parties have been registered, and, consequently, the next parliamentary election in 2013 will see much more intense participation and a greater number of active politicians debating and standing for public office.

3.2 Economic Situation

The country's economy continues to grow fuelled largely by the construction of the new hydropower projects. GDP growth in 2010-11 was 11.7%. Per-capita income was estimated at USD 2'587 in 2011. Unemployment rate has been maintained at under 3%. Bhutan has already achieved its targets to fully meet the recurrent costs of the government and the public services through its revenue. Nevertheless, Bhutan continues to depend on ODA for much of its capital development, including infrastructure building, power plants and human resource development. In 2011, grants constituted 17% of GDP.

The economic base remains weak. Almost 70% of the population still depend on rural subsistence farms. Hydropower really is the backbone of Bhutan's economy. Apart from its direct contribution to the revenue,

it fuels the growth of construction and transport sectors. In addition, tourism is the most important sector which brings in foreign currency. The government has developed a new economic policy in 2010 which, amongst others, seeks to diversify its investment in areas in which it sees high potential for growth to service both domestic and regional/international markets. Agro-based industries, education and health, tourism, energy, manufacturing, communication and constructions are the areas of focus. Earnings from the sales of Energy to India are expected to have doubled by 2016. Encouraged by this prospect, Bhutan is aiming to be ODA-free Bhutan in 2018 (Guidelines 11th FYP) or 2020 (Economic Development Policy-EDP).

3.3 Social Situation

The Human Development Reports of the RGOB as well as all other indicators show that the country is well poised to meet the MDG goals. Universal Primary Education has been attained and most of the other indicators are on track for achievement. However, poverty alleviation remains a continuing challenge. The high growth in GDP has not translated into the real income distribution. It was estimated that 23 % of the population lived under the national poverty line in 2007. This is expected to be reduced to 15% by 2013 and will be confirmed when the on-going survey work by National Statistical Bureau is completed. However, even if this target is achieved, there would still be a considerable number of Bhutanese people living in poverty which requires greater focused attention in the 11th FYP.

Gender parity has been attained in education up to the secondary cycle and is progressing albeit slowly towards the higher education. More female participation in politics is being encouraged through an active promotion campaign. Other emerging issues occupying the government include youth and related issues as a result of increased urbanisation, rising youth unemployment and increased non-communicable diseases.

3.4 Environmental Trends

Bhutan has a very progressive policy for environment and conservation, underpinned by its constitutional mandate to retain 60% of its land under forest coverage for all times to come. Environment and ecological considerations are given high precedence over economic exploitations of its natural resources. The National Environmental Commission is rigorous in ensuring this.

The challenges for the environment are the rapid urbanisation and the consequential issues of waste management. This is an area identified in the 11th FYP as one of the priority focuses of the government. The hydropower projects and the mining industry, both of which feature as priority areas of focus under the EDP, will pose greater challenges to ensuring environmental codes are implemented. The climate change is also of concern, particularly the impact that it will have on the glaciers which form the main source of the water that drives the hydropower plants, both those existing and those under construction.

4. ADC Country Strategy 2010-13: Results, Performance and Lessons Learnt

4.1 General aspects

Status of the ADC Country Strategy: The CS 2010-13 is defining the basic aims and principles of the Austrian Development Cooperation. It attributes the responsibility for defining and following up the Strategy (incl. participation in the Round Table meetings) to BMeiA, the responsibility for implementation and documentation to ADA, the responsibility for the management of all ADC interventions to Bhutanese managers (with the exception of direct awards of contracts by Austrian authority to contractors. It deals with Humanitarian Assistance, Regional Cooperation in the Himalaya/Hindukush Region and Multilateral Engagement as complementary instruments at the same level as Private Sector Development and Austrian Export Finance Credit. The CS 10-13 provides an indicative budget figure of 10.1 million Euros for bilateral cooperation and allocates 6.7 million Euros to the focal and non-focal areas of the Strategy. No indication is given for the remaining 3.4 million Euros. The CS presents an explicit void with regard to the funds for multilateral programmes, and gives no indication at all for the other complementary instruments.

Strategic orientation: There is a remarkable contrast between the fact that the ADC Programme with Bhutan consists of three well selected and very relevant sectors (“focal areas”), has a high visibility and is highly appreciated by the Bhutanese partners and the weak quality of the strategic steering instruments. The CS 10-13 – object of the present Mid-term Review – provides loose thematic brackets for the selection of individual projects. It has practically no strategic relevance neither for the Bhutanese nor for the Austrian partner. There is no dialogue between the partners concerning the strategic choices of the CS 10-13. Moreover, the CS 10-13 does not provide a strategic guidance for any of the involved partners. Under the “national execution” mode, RGoB as implementing partner uses the objectives and indicators of the 10th FYP as binding reference. The objectives and indicators of the CS 10-13 refer only in a generic way to the 10th FYP. ADA concludes all relevant contractual and financial arrangements at the level of the individual projects and not at the level of the focal areas of the CS 10-13. The Austrian Cooperation Office (ACO) can barely monitor the CS 10-13 because of the abstract nature of all objective and purpose indicators as well as of most of the result indicators. The duration of the strategy period does neither correspond to Austrian overarching strategies (as for example the Three Years Programme, or the Legislation programme) nor to the FYP of the Royal Government of Bhutan (RGoB).

Lessons learnt: A CS defined at the level of the present one barely provides any guidance for the implementation of the programme. As a consequence, bilateral relations are confined to the management of stand alone projects and the role of the ACO is reduced to a development projects implementation unit. This contrasts sharply with the wide bilateral relations the BMeiA and the GNHC would like to have, including diplomatic, economic and cultural relations; alliances for common interest regarding international fora; and development cooperation as long as needed by Bhutan. A Country Strategy is an efficient instrument for structuring such broad relations if it refers accurately to the relevant policy documents and if it includes all Austrian relations with Bhutan. In practical terms, this means, that the Country Strategy should identify specific sectorial key results areas (SKRA) of the Bhutanese FYP as objectives for the Austrian contribution, that it should include not only Austrian bilateral development cooperation implemented by ADA, but also the activities of regional programmes in Bhutan and earmarked contributions to multilateral organisations, and all other Austrian relations with Bhutan. Moreover, it might be helpful to adjust the level of the intended policy dialogue to the financial size of the Austrian contribution. This would entail discussions between experienced skilled experts at a subsector level and help to close the gap between programme implementation and policy dialogue. For the time being Austria has technical expertise at the implementation level, not at the policy level. In the actual setting ADC would need such expertise in the three sectors of its Country Strategy (energy, tourism and governance). In the future, Austria might certainly need some competencies in economy and trade.

The strategic concept: The CS 10-13 is shaped in a dual structure: 1. as Austrian contribution into a partnership framework defined by the policies of RGoB, EU, Austria and a number of other donors listed in the document, and 2. as Austrian response to two major problems: poverty and vulnerability. This formal structure, however, has no practical consequences, neither in the selection of the sectors / programme interventions nor in the rationale for cross-cutting issues and complementary instruments. The CS 10-13 includes two dimensions of development cooperation: infrastructure/construction and capacity development. Two other dimensions that are crucial for development are not mentioned: 1. Institution building and all the related aspects of ownership, enabling newly created governmental units to steer the transition to a democratic society or enabling private and corporate organisations to provide reliable services to citizens, and 2. Organisational development and all the related aspects: lean structures, efficient procedures, low transaction cost, transparency. Construction and capacity development are conceived as parallel activities. There is no sequencing of the interventions.

Lessons learnt: Despite the lack of strategic guidance in sequencing and structuring the Austrian support, the Bhutanese partner assesses the implementation practice in hydropower to be excellent and the start in judiciary to be promising. Future strategic choices should include all four dimensions and pay much more attention to the sequencing of Austrian contributions. This would help avoiding negative experiences as in tourism.

Sectors: The three sectors energy, tourism and governance of the CS 10-13 are relevant (as shown in the paragraphs below). There is no need to change the sectors, and there is more to be done in all three sectors. The Bhutanese partners explicitly express their wish that Austria should continue to cooperate

with Bhutan in the present sectors. However, it would be helpful to do a more accurate strategic analysis of the sectors. The breakdown of the energy sector into three aspects - Hydropower Generation, Rural electricity, Alternative Energy - mirrors various projects but is not conducive in the long run. Consequently, it should be replaced by a functional breakdown - Production, Transmission and Consumption (Last mile) - as intended by the responsible units in RGoB. Such a breakdown could provide the argumentation for strategic choices of future development cooperation, such as leaving hydropower production to the market under Bhutanese regulation, checking whether an Austrian engagement in transmission could be useful, and shifting in consumption from the present de facto orientation towards alternative energy (solar panel, fuel stoves, biogas, etc.) to energy efficiency activities. Since tourism is a private business sector, private stakeholders have to be included and further planning of training and any other support has to be based on an analysis of their needs. In the large governance sector it might be useful to analyse the potential of a continued support to one or the other subsectors instead of the present wide spread activities. From that point of view, the most suitable approach would probably be to move from access to juridical services to a substantial objective: justice for the citizens, i.e. to analyse, which citizen's (women's, children, ethnic minorities, etc.) rights have to be particularly defended by the state.

Lessons learnt: A thorough analysis of the subsectors is one of the most important preconditions for shaping the next Country Strategy in such a way that it can serve as guiding reference for programme implementation.

4.2 Hydropower Generation

Objectives: The objective of RGoB is to construct 12 hydropower plants of ~10,000 MW capacity by the end of the 11th FYP (June 2018). The objective of the ADA contribution is to provide technical assistance for the construction of a 126 MW hydropower plant at Dagachhu.

Present Status:

Plan Targets	Achievement June 2012	Remain-ing till June 2013	Aggregate costs Nu in million	Internal Rate of Return	ODA (Grant only) contribution in million Nu	Austrian contribution in million Nu
~ 10,000 MW (12 projects construction)	3,066 MW (4 projects under construction)	7,000 MW (8 projects more to be started)	98,617.14 For 10 FYP	10-14%	7,378.69 (35%)	176.92 (2%)

General remark to the figures in this and the following tables: The figures are based on RGoB data. Since the MTR team could not clear all inconsistencies between RGoB and ADC data based on different currencies, financial information is provided in a model calculation (see 2. Methodology) under the column head "Austrian contribution".

Relevance of the subsector: The sale of hydropower electricity to India is one of the most important sources of revenue for RGoB. It is the main driver of development. Even with the completion of these ambitious goals, the potential is by far not exhausted. According to the analysis of the Asian Development Bank (ADB), hydropower has a high internal rate of return. Indian funding can easily be obtained but Bhutan is interested in diversifying sources of finances to a certain extent.

History of cooperation: ADC has a long and successful story of supporting the subsector. The main reason for this success lies in the careful step by step institution building over a long period. The first support to Rangjung power plant was a technical assistance and a grant for a small project. The next support to Basochhu (2 levels, first finished in 2001, second in 2005) increased the size of technical implementation and financial management. The current project in Dagachhu extended the technical size once again and introduced a more complex financial arrangement including debt (among others a loan of the Austrian Control Bank (ÖKB) of Nu 2'941 million) and equity financing. With each step, the involved Bhutanese

governmental and corporate organisations expanded their capacities to handle the projects in line with their growing complexity. The department of Hydropower and Power Systems continuously enlarges its range of action and is currently able to handle all financial and technical aspects except for the technical detail project. Dagachhu is the first project under full Bhutanese management.

Dagachhu: In the present 126 MW project in Dagachhu, civil works as well as mechanical and electrical equipment is completed at around 75 %. The final completion will be delayed by 12 -13 months. Unit 1 is expected to start production in February 2014, unit 2 in April 2014. There will be a cost overrun (Nu 12.2 billion instead of the planned Nu 8.2 billion) due to a geological situation that was poorer than expected, shortage of skilled manpower and difficulties to retain (Indian) labour force. Despite these difficulties, work progress in Dagachhu is much better than in any comparable site in the region. The technical assistance provided by Bernard Engineers and especially their long-term presence on the site is very much appreciated by the Bhutanese partners.

Challenges ahead: In the short term, Bhutan is interested in securing the funding for the technical assistance in Dagachhu until completion (04/14). In the next project Nikachhu, Austrian engineers will tender directly to the Bhutanese client Druk Green Power Corporation (DGPC); the intermediation of ADA is no longer needed. Nikachhu will represent a next step in developing the financial management capacities of RGoB: in addition to debt and equity as in the present set-ups, Bhutan plans an emission of public shares and will for this purpose benefit from the technical assistance by ADB. Austrian loans are still welcome. In medium term DGPC will be able to handle the overall project management, including the technical assistance. A big challenge will be the step from the present sales of electricity under a Power Purchase Agreement with fixed prices to future sales at market prices by a Bhutanese Power Trading Company. Bhutan plans to take this step around 2018 with technical assistance by ADB.

Conclusion: Austria's mission as a development cooperation partner in hydropower generation is successfully completed. There is potential for further cooperation between Bhutan and Austria in technical assistance and financing. Both can be done under market conditions. They need facilitation by a long term Austrian presence in Bhutan.

4.3 Rural Energy

Objectives: The objective of RGoB is to electrify 43,941 rural households in the 10th FYP (July 2008 - June 2013). ADA planned a contribution of 977 households in remote areas with difficult access.

When this objective is met, all rural 88'642 households included in the programme "electricity for all" initiated at the beginning of 9th FYP (July 2003) will be reached. However, there will still be 700 uncovered new houses built in the meantime (source DRE, BPC).

Present Status:

Plan Targets	Achievement June 2012	Remaining till June 2013	Aggregate costs in million Nu	Economic Internal Rate of Return	ODA contribution in million Nu	Austrian contribution in million Nu
43,951 Houses	27,216	16,735	5,858.62	13.9% (Based on ADB assessment for its project)	4,165.55 (71%)	381.78 (7%)

Relevance of the subsector: To provide scattered rural households with electricity for illuminating, heating and access to communication media is an important precondition for their involvement in the development process. Consequently, rural electrification has a high economic internal rate of return. Among the technical alternatives, the rural population prefers the connection with the grid, because of its higher potential compared to solar panels and other alternative sources.

History of cooperation: Austria was involved in the programme “electricity for all” since its beginning. Bhutan appreciates the willingness of ADA to accept geographically difficult project areas (remote areas, high passes). According to the optimistic assessment of the responsible Department of Rural Energy (DRE), the programme will reach the complete planned coverage on time. The programme had positive effects on institution building: It allowed for an unbundling of the former Department of Energy into different specialised units, DRE being one of them. The programme was a good capacity development experience in terms of learning about the job setting. Bhutan Power Corporation (BPC) has the necessary know-how for rural electrification which will be needed for upcoming projects to increase transmission capacities. The core element of this learning process was how to integrate technical, social and environmental aspects in a well sequenced procedure, involving all stakeholders from the beginning. Obviously, in Phobjika valley this learning process had its cost, which was difficult to avoid in such a unique programme.

Austrian projects: In the present Strategy period ADA started an electrification project for Soe and Lingzhi and supported the electrification in *Phobjika* valley. This valley is visited by around 70% of the tourists in Bhutan for its beauty and its famous black neck cranes. Environmental concerns and attractiveness for tourists required specific measures like underground lines, special constructions for substations. This complicated procedures, caused errors (for example in tendering) by actors not fully aware of the implications, and resulted in higher unit cost than planned. A project in *Laya* valley is not included in the ADA programme because it is funded with a loan of the European Recovery Programme (ERP). Two projects for small communities in *Soe* and *Lingshi* are still pending. It is debatable whether they should be realized as planned with relatively high technical risk (complicated transport of substations over high passes) or whether it would be better to wait 2-3 years until the grid reaches places nearby (priority in the 11th FYP).

Challenges ahead: Since the initial electrification will soon be completed, things will not continue at the same level of operations. The main challenges are 1) the change processes needed to convert BPC into a specialised organisation for transmission of electricity; 2) higher efficiency in electricity transmission while lowering the unit cost.

Conclusion: Austria’s mission as a development cooperation partner in rural electrification is successfully completed. Potential for further cooperation between Bhutan and Austria depends on the institution building processes in the transmission business. At present there is no specific project in the pipeline.

4.4 Alternative Energy

Objectives: The objective of RGoB is to dispose of a production capacity of 9.34 MW by the end of 11th FYP (June 2018). ADA did not set specific targets but contributed in some of the projects to energy efficiency.

Present Status: Several projects are effectually testing alternative energy sources: solar panels, biogas, fuel stoves and wind energy. Solar panels are used for power supply to remote areas. The biogas and stoves programmes plan the roll-out (in 1’000); the wind programme is in the tender process phase.

Relevance of the subsector: Alternative energy is not competitive with hydropower. Since the potential of hydropower is by far not fully used, so far the first priority of RGoB was to bring off grid areas on the grid. In the long term, however, the proportions might change: the continuously melting glaciers might bring less water, the highly subsidised prices for hydropower electricity might increase and the prices for alternative energy might shrink due to improved technology and production at scale. Preparing for this eventuality, RGoB set an objective for the subsector in the 11th FYP and is heading for a master plan. A donor meeting organised by ADB in the spring 2013 will be the occasion on which a subsector strategy will be defined.

Austrian projects: Austrian projects in tourism and rural electrification include alternative energy components in an unsystematic way (woodchips heating, solar panels, micro power stations, etc.). The import and maintenance of European high tech equipment has posed many implementation problems. The intended demonstration effect has so far not worked.

Challenges ahead: For the next decade, alternative energy will probably not be cost-efficient in Bhutan. The huge potential for energy efficiency is not in producing high tech alternative energy but in reducing waste of energy by low tech measures (construction materials, insulation of buildings, etc.), thus render-

ing life in the vast majority of houses much more comfortable. The subsector affords big potential for public-private partnership arrangements and employment creation. This potential can be developed by a clear subsector strategy through the responsibility of specialised institutions, not by accidental components in isolated donor driven projects.

Conclusion: It would make a lot of sense if Austria continued the engagement in the energy sector by matching Bhutanese needs in energy efficiency with the rapidly growing European energy efficiency industry. Such an engagement should, however, be based on a sound sub-sector strategy.

4.5 Tourism

Objectives: The objective of RGoB is to increase the number of arrivals of tourists paying the daily tariff (250 US\$) to 100,000 by the end of 10th FYP. The objective of ADA is to contribute to the capacity development in the tourism sector by the construction of a Hotel and Tourism Management Training Institute (HTMTI) including a training hotel and by developing curricula for the training.

Present Status: By the end of October 2012, 100,833 tourists had already travelled to Bhutan, among them were around 65'000 tariff paying tourists. The infrastructure, venues and tour operators in Bhutan, though in rapid quantitative evolution, are hardly able to host guests at an international competitive quality level. The tourism sector is still very concentrated: In the year 2011, 88% of the bed nights were concentrated in Paro, Thimphu, Wangduephodrang, Punakha and Bumthang. 2% of the around 750 licensed tour operators handled 85% of all tariff-paying tourist arrivals.

Tourism Investment for 10 FYP	Costs in Nu million till June 2012	Aggregate costs for 10 FYP	Returns: Increased Revenue in USD by end of 10 FYP	ODA contribution	Austrian contribution
Infrastructure	407.441	485.581	Increased from 31.88 m in 2009 to 82.26m by 2013	271.239 (55.9%)	261.240 (53.8%)
Human Resource Development	101.923	146.903		46.406 (31.6%)	44.940* (30.6%)

* The Austrian commitment for HRD is estimated at NU 101 Million out of which the projected spending for the 10th FYP is only 44.940 million.

Relevance of the sector: Tourism is the second most important sector for creating revenue in Bhutan. Bhutan is attractive for tourists from US, Europe, India, China and other Asian countries because of its mystery (a paradisiac, formerly closed country), its natural beauty, its lively Buddhist culture, and its unique way of life (happiness). But international competition in this sector is high. For satisfying expectations raised by its brand "Happiness is a place" and avoiding reputation damages by unsatisfied clients, Bhutan needs a high quality of service delivery, hence reliable companies, attractive programmes and initiative staff at all levels. This is not yet evident with the still wide spread attitude "I am eligible for guests since I have been trained".

Construction of the Royal Institute for Tourism and Hospitality (RITH): The HTMTI was involved in important national events, including a SAARC summit, the Royal Wedding, the coronation ceremony of the 5th king, even before the complex was finished. RITH consists of training and housing facilities for 2 batches of 50 students each, conference facilities and a training hotel. The first academic session started in August 2010 at the old TCB office and students shifted to the hostel at RITH from January 2011. Since its inauguration on October 15th 2010 it is called RITH. Delays occurred also in the construction of the training hotel. Handing over is actually expected during 2013 (i.e. with a delay of about two years). Differ-

ent factors contribute to this delay, among which the unclear sequencing of the project phases is the most important: On the one hand, the project started with teacher training in 2004, years ahead of the start of the construction of the training facilities and of the training. On the other hand, even though it has been years since the start of the construction and capacity development activities it is not yet clear which institution will manage the HTMTI complex, whether it will be one institution with an overall responsibility or two institutions with separate responsibilities (one for training facilities, another for conference and hotel facilities). The unclear status of the institution building was and is still a major obstacle for ownership, as well as the European technical quality standards and the imported European equipment which is difficult to procure and to maintain. This drives the cost per m² to more than the double of what it would cost for the same quality based on equipment and technology available in South Asia.

From a strategic point of view, the project design has many mistakes: unclear sequencing, neglect of institution building aspects, European quality standards without continuous European engineer controlling on the site, neglect of later operational consequences of too high unit costs in construction.. The consequences are obvious for the MTR consultants: difficulties to find a manager able to run this complex RITH, high unit costs for the training in the RITH, high future maintenance cost for the building and high RGoB subsidies.

Challenges ahead: A board of RITH is constituted but has never met so far. A first meeting planned for February 2013 should adopt a Business plan for the RITH (the preconditions of which are currently prepared by ARGE Salzburg), nominate a director (preferably a person with practical experiences in the Tourism Sector rather than a civil servant without such a background). These are definitely steps in the right direction, especially the adoption of a business plan covering all operations of the RITH, but they will still not solve the essential problem of how to adapt the training provided in RITH to the need of the private hotels and tour operators.

Capacity Building in Tourism: The RITH provides hotel and tourism management training to 50 students per year in a two year diploma course after grade 12. The first batch graduated in summer 2012, the second and third batch is still in training. The objective is that RITH graduates start in hotels or tour operators as line staff in order to complete their practical training on the job and later on work as assistant managers. All of the 48 graduates of the first batch found such a job, as the follow-up by RITH shows. Curriculum development is supported by a technical assistance of ARGE Salzburg. Because of the delay in construction, the training of trainers was done too early and the faculty had to be employed for other teaching first while waiting for the start of the RITH. With at least three yearly missions, ARGE Salzburg does a backstopping in critical moments of the course (for example supervising the examinations). This technical assistance is very much appreciated by RITH. Complementary to that backstopping, 74 students benefited from scholarships for short term trainings in Klessheim so far.

The RITH is in an ambivalent situation. On the one hand, there is the ambition to upgrade the present diploma course into a full-fledged university degree course in an Asian Centre of Excellence for Tourism and Hospitality, thus making full benefit of the high standard facilities. On the other hand, there are strong concerns about whether private owned companies will absorb the next batches of graduates: the owner families prefer to keep sensitive data in their own hands instead of giving external managers access to them, who could use them for personal purposes since the Bhutanese labour laws do not obligate them to loyalty. And even if it were possible to train the ca. 500 persons that are on managing posts, there is still a much higher need to train the ca. 8000 persons on lower level (waitresses, sweepers, bell boys, etc.) and on middle level (knowledgeable guides, overseers, etc.) whose quality of work is decisive for the well-being of the tourists.

Challenges ahead: Since most services in tourism in Bhutan are provided by the private sector, a training institute has to include representatives of the private sector. In the future, the RITH should be managed by an autonomous body. Successful institution building requires a strong representation of the private sector in the upcoming board chaired by the Tourism Council of Bhutan. A business plan covering all operations of the RITH has to be adopted. One of the first activities of the RITH must be a sound training needs assessment including the private sector. The adjustment of the RITH curriculum, planned for 2013 on the basis of the experiences with the first two batches on post, should rather be done on the basis of this training needs assessment. Any review of the RITH curriculum should consider the position of the

management training in a three tier training system (vocational training for the bulk of the students; technical education for specialists and middle management; on-the-job / in-service / diploma / university studies for management).

Community based tourism: At present the ADC support to tourism is strengthening the urban tourism providers in the west of the country. The rural population is hardly benefitting from tourism. On the treks tour operators carry along all equipment and food from the capital. Bhutanese organisations such as the Association of Bhutanese Tour Operators (ABTO) and the Nature Recreation and Ecotourism Division (NRED) in the Department of Forests and Park Services, are aware of this problem and submitted ADC projects for enhancing ecotourism in national parks or community based tourism. These proposals are typically conceived at the central level; they foresee a central implementation body offering to rural populations amenities (campsite installation, trails, etc.), subsidising the upgrading of household installations (toilets, kitchens, etc.) for homestay arrangements. They are compatible with the Sustainable Tourism Development Strategy 2005 but do not fit well into the Tourism Strategy and Development Plan 2013-18 that is actually under discussion, focussing much more on heavy infrastructure at central level (airports, additional airplanes, etc.). Their realisation would involve different ministries at the central level and create complicated administrative mechanisms. But they would not stimulate the initiative and the ownership of the communities sufficiently.

Challenges ahead: All Bhutanese actors agree that Bhutan's tourism cannot rely only on some high-class touristic hot spots but must offer diversified and geographically decentralised facilities and amenities. A subsector strategy which gives more room to local and regional initiatives and provides adequate financing mechanisms and adequate implementation modalities of decentralised projects still has to be formulated.

Conclusion: Without a doubt, there is unfinished business in ADC cooperation with the tourism sector. ADC cannot withdraw its support to RITH after the completion of the construction but has to continue its support for the pending institution building process, for the adaption and implementation of a RITH business plan, for the reviewing of the curricula on the basis of a training needs assessment. Such a support is already planned in the technical assistance mandate of ARGE Salzburg running until 2016. With all its instruments available, Austria could be a great help in shaping a community-based tourism, which is more than some small complementary projects.

4.6 Judiciary

Objectives: The objective of RGoB is to establish full independence of judiciary by providing one supreme court building and 37 district and subdistrict court buildings as well as enhanced human capacity to operate these courts by the end of the 11th FYP (July 2018). The objective of ADA is to contribute to 5 district court buildings in 2 phases and human resource development.

Present Status:

Objectives	Costs till June 12 (million Nu)	Aggregate costs for 10 FYP	Returns	ODA contribution (million Nu)	Austrian contribution (million Nu)
38 independent courts	746.012	954.149	21 courts by end of Plan + Supreme Court	954.149 (100%)	144.018 (15.1%)
Human Resource Development	68.872	98.710	All Judges have LL.M degree	74.744 (75.7%)	55.734 (56.5%)

At the end of the 10th FYP, 31 courts will be constructed (probably with some delays), 7 more still need to be constructed. According to the Royal Supreme Court, the HRD objective for the initial training of the around 50 judges will be achieved at the end of the 10th FYP. There is still some initial training for bench clerks left (120 out of 205). And, of course, there is also a need for continuing education encompassing all the people working in judiciary in order to establish a uniform practice of justice. Support to judiciary – a joint programme with Swiss Development Cooperation – is based on a Danida approach in the 90ies. It is combining construction of courts with capacity development. An important achievement in institution building is the establishment of the Bhutanese National Legal Institute (BNLI) whose mandate is research and capacity development.

Relevance of the subsector: The independence of the judiciary as one of the three pillars of democratic governance is a major element in the transition from absolute monarchy to democracy. In the first phase emphasis was put on providing access to justice for the whole population and the development of operational working structures that are independent from the civil administration. To link traditional Bhutanese jurisdiction with modern systems still remains a challenge, be this in creating standards of the sentences in Dzongkha language or in linking the court system with an alternative dispute resolution.

ADA/SDC Support programme to judiciary: Dzongkhag and Dunkhag courts are constructed in a modular way: one bench in subdistricts and in districts with small population; two benches in districts where more court cases are expected, for example because of new hydropower projects with their new resident staff. The buildings seem adequate in size and design. Neither SDC nor ADA like to be involved in the construction sites, because of the inevitable delays and cost overruns. Once the initial HRD is completed, it will continue on a peer to peer basis. For that purpose, relationships with judiciaries in Switzerland have been established; lectures of experts with high international reputation are held in Bhutan and mutual visits are already taking place and will continue.

The Royal Court of Justice (RCJ) promotes organisational development in the judiciary by establishing an electronic case information system in which cases in all courts are registered, as well as by setting a clever benchmark for the resolution of cases: if a judge in a district court cannot resolve the case in 108 days, he has to explain the reasons to the Chief Justice. This gives him the necessary time to convoke as many hearings as necessary but sets a strong stimulus to complete the cases in a reasonable time span and allows for a monitoring of the whole system.

The newly created BNLI did some research on how to combine traditional and modern forms of alternative dispute resolutions and trained some 200 Mangmis (community leaders) in short term courses, with encouraging results: in places in which such training took place, the number of court cases for petty criminality dropped. Whereas results are promising, they nevertheless raise questions regarding the independency of judiciary at local level since the local authorities have civil administrative functions as well. It will also take some time until BNLI can completely fulfil its HRD function in the justice system. For the moment, BNLI still lacks the necessary competencies.

Challenges ahead: In order to improve access in all districts, the judiciary programme has to be completed for equality reasons. The Austrian Coordination Office could be useful in facilitating the peer exchange among professionals in the sector to fine-tune the monitoring, controlling and training design based on a Case Information System (CIS) and develop a proper systems approach (mapping of the whole system, analysing the roles of the involved actors, the gaps and the potential to bring new actors in) instead of an issue approach (e.g. child labour). In capacity development the focus has to shift from degree oriented initial trainings to needs based and skills oriented in-service training. The big challenges are 1. shifting the overall approach from access to justice towards effective protection of citizens' rights, and 2. enabling BNLI for taking over full responsibility for HRD.

Conclusion: ADC should continue its support for district courts until full coverage is reached. Stopping it so close to the end would make no sense. The open challenges require a change in the modality: ADC should include its funding of individual construction sites and of individual trainings into the support for the responsible Bhutanese authority and at the same time refrain from direct involvement in project managements. Such a modality is of particular importance if the focus of the programme should shift from structural support to judiciary to a system approach, including legal literacy of the population, professional

support (lawyers, bar association) and pairing judiciary with the local police for law enforcement as well as sensitisation.

4.7 Local Government

Objectives: The objective of the RGoB is to place elected officials at Dzongkhag, municipal, and Gewog levels able to plan and implement decentralised programmes by the end of the 11th FYP. ADA does not have a specific objective in the subsector but provided one individual contribution to the multi-donor Local Government Support Programme (LGSP).

Present Status: EU is supporting the LGSP with separate funding. The EU programme will most likely continue this support in the next financial framework of the EU (2014-2020). ADA did not envisage a continuation of its contribution, because it shifted its focus in governance on judiciary and later on the civil society organization fund facility. So far the competencies and capacities of civil administration staff and elected officials at municipal levels (Dzongkhags and Gewogs) have not yet been assessed.

Relevance of the subsector: For a democracy with decentralised structures it is crucial to clearly distinguish between 1. the normative function of the central government setting the respective roles and responsibilities of central, regional and local authorities, including distribution of fiscal income among these levels, 2. the operational aspect of how best to organise the communication between big, highly competent units at central level and small, less competent units at local level without overcharging the latter, and 3. the rules and regulations of how best to enable the civil society as well as the private sector at local level for proactively defending their interests. Given the fact that the indicators show big differences in development performance for certain centres compared to the rest of the local entities, the subsector remains very sensitive to development.

Austrian programmes: At present there is no project or programme in the implementation phase. However, a support to the Civil Society Organisation Funds Facility (CSO-FF) is under preparation. This facility was established in 2010 with the objective of supporting CSO with finances at low transaction cost. It has provided 35 CSO and CBO (community based organisations) with grants since 2010 (from Nu 1/2 million to 2 million) funded by Denmark, SNV and Helvetas. The CSO-FF stimulated the emergence of many CSOs and CBOs in a short amount of time and is working in a quite professional way, in consort with the CSO Authority. The new joint programme document will include RGoB, Danida, Helvetas, SNV and ADA.

Challenges ahead: There is still a need for the clarification of the roles on both donor and recipient sides (involved administrative units of RGOB, division of labor between central and local organisations, involvement of representatives of private organisations). However, the improved transfer mechanism and the involvement of local private and corporate organisations are promising and can contribute greatly to accelerate the processes, which give CSO and CBO their adequate negotiation power and stimulate local initiatives.

Conclusion: Participation in the CSO-FF is a good option for ADC's engagement in local governance since it is likely to counterbalance the present dominance of the central level.

4.8 Regional programme

The CS 10-13 makes a reference to ADC's regional engagement in the Himalaya/Hindukush Region and specifically mentions 1.) a support to a UNDP programme for mitigating risks and vulnerability from Glacial Lake Outburst Floods (GLOF) and 2.) ADC's cooperation with the International Centre for integrated Mountain Development (ICIMOD).

The programmes relate to heterogeneous aspects: research and disaster risk reduction prevention (GLOF), research on ecosystem services of mountain areas (ICIMOD core contribution), and promotion of value chains of bee products (ICIMOD). Within the same realm, one should mention the newly started Austrian support to the Royal Audit Authority as a side effect of the Austrian support to the International Society of Audit Institutions (Intosai) or the Austrian support to a tourism and entrepreneurship development project of UNIDO.

Assessing such regional programmes in the framework of the MTR is difficult. Their priority is defined in international declarations, which both Bhutan and Austria subscribe. They are anchored in the FYP at the level of sectorial key results areas but not specified in the respective key interventions. Neither Bhutan nor Austria do a systematic follow-up of results produced at the regional level or an analysis which of these results are shared with national partners in Bhutan. As a consequence, the MTR can only provide a guess about the relevance of the contribution but in no way assess the effectiveness and efficiency of such contributions. For example, it is easily understandable why it is important to reduce disaster risks but it is difficult to understand without detailed analysis what the relevance of the ICIMOD honey bee project for Bhutan is.

The MTR consultants are firmly convinced that a closer integration of such regional programmes into the country programme and a proper operational monitoring of their activities at national level is indispensable.

4.9 Programme management

ADC Country Strategy 2010-13: The strategy document is a continuation from earlier strategy periods. In general, it uses a Paris Declaration format. The CS 10-13 is de facto an ADA implementation programme, not a proper country strategy. This limitation to bilateral development cooperation is not understandable in Bhutan and does not correspond to RGoB's wish to cooperate with Austria in normal broad bilateral relations. The weak consistency of the document limits its operational utility. The role of the Austrian Coordination Office is ambiguous: it reports to the Austrian Embassy in Delhi, operational funds and staff expenses accrue from the ADA budget. The CS 10-13 has an indicative budget for bilateral cooperation only, other Austrian contributions are not even mentioned, even if earmarked for activities in Bhutan.

Programme Implementation 2010-13: A significant indicator for the low operational relevance of the CS 10-13 document is the nonchalance of the financial information: on the one hand, financial figures are unspecified to 1/3 of the total indicative amount. On the other hand, disbursements during the implementation period up until November 2012 show an overspending of around 2/3 of the specified commitments in the CS 10-13. There is no information on regional and multilateral programmes. The formats of the quarterly reporting are neither adequate for strategic monitoring nor for project management purposes. Projects have strict timelines and no adequate administrative provision for dealing with delays even in cases of construction projects where delays are also commonplace in European countries. This is increasing the administrative burden. The same is valid for cost overruns: projects do not contain contingencies. It has to be mentioned however that in the local costs components almost all projects benefit by exchange rate gains. The management of the country programme would be much easier and most likely also much more useful if Austria would either decide to delegate the responsibility for the implementation to the Bhutanese partners. Austria could also deploy more flexible instruments, if it wants to be involved in project management. This would require changes in the modalities and commitments. In construction projects without long term Austrian technical presence, ACO often has to play the role of the project management unit. The ACO is under constant pressure to attend all the project steering committees and to participate in many operational decisions. It seems evident that all involved partners would benefit from a change towards management for development results. Synergies between the different sectors of the programme exist, but can also lead to overloaded projects, as is the case in tourism, where the combination of environmental concerns and imports of technical equipment from Austria creates constant problems. The monitoring system is inadequate: monitoring of the strategic objectives of the log frame in the CS is not possible, the reporting is still input oriented. The list of programmes and projects in the identification and preparation stage is relatively small compared to the overall volume of the country strategy and consists only of stand-alone projects. Within the realm of the possible, donor coordination in Thimphu in informal luncheons is adequate. Joint programme documents including several donors are used more and more (ADA/SDC in judiciary, DANIDA; SNV, Helvetas and ADA in CSO-FF).

Lessons learnt: The ambivalences of the CS 10-13 document have their repercussion regarding the role and status of the ACO and its operational modalities in Bhutan. By assigning it a lot of administrative work not foreseen in the CS 10-13, Austria does not make adequate use of its coordination office. An Austrian presence in Bhutan with a coordination office has however a high potential which Austria should use.

4.10 Implications for Austrian Headquarters

The Three Years Programme for Austrian Development Policy 2013-15 (3YP) introduces two elements that are in line with the analysis made in the Midterm Review of the CS 10-13. The 3YP sets the principle of a “Whole of Government” approach, wherein development policy is a national task including all actors. It stipulates that the Austrian coordination offices led by ADA coordinate the Austrian actors present in a country. In the list of actors mentioned one cannot find the Ministry of Finances (multilateral development cooperation) and the Austrian Control Bank (loans). These gaps limit the potential of the coordination offices to become “hubs” for all ministries and units of the Federal Government.

It would be useful to normalise bilateral relations akin to the broad range of relations that are common among friendly nations, and it would fully correspond to the expressed wishes of the RGoB. In such a context, the next country strategy would become a relevant meaningful document. It could guide the extension of a bilateral development cooperation programme to multi stakeholder relations and the transition from a project implementation modality to open international relations with respect to mutual interests. The Coordination Office would be coordinating instead of managing Austrian inputs into projects. Moreover, all of that would allow Austria to benefit from the results of its longstanding cooperation efforts with a partner country where its presence can make a difference, unlike in other bigger countries with much more international stakeholders. Consequently, it would be useful to check the possibility of using the next Country Strategy for Bhutan as a pilot test case and draw conclusions from the experiences for other Countries Strategies. Austrian interests in such a test case could be: good standing and high visibility in Bhutan, high potential of a presence in Bhutan to serve other donors and the EU managing programmes in a remote mode as a platform, economic perspectives in sectors with specific Austrian competencies (energy, tourism, timber, etc.). Austria should not abandon such real comparative advantages because they do not fit into its conceptual regional priorities.

In order to comply with the rhythm of the Bhutanese strategic planning and taking into account that the next FYP will most likely be the last one with an important ODA component in Bhutan, Austria should be ready to define the future character of its approach in Bhutan in spring 2013. Given the fact that former Austrian 3YP have usually only been adopted in late autumn, this agenda might create some problems.

5. Answers to the review questions in the ToR

MTR Questions	Answers
<p>1. How effective has the implementation of the country strategy been with respect to the objectives and planned results in the log frame? To what extent are the indicators comprehensible and realistic in light of the funds being provided?</p>	<p>The relevant reference for the (national) implementation is the FYP of the RGoB, not the country strategy. The objectives and the log frame of CS 10-13 leave a lot of room for implementation. They were not relevant for implementation. The gap between goals and outcomes formulated at a very general level and the practical activities is too big for assessing effectiveness. The log frame structure was not suitable for a meaningful progress reporting. The country strategy’s expectations regarding its capacity to orient project implementation were too high. The problem is not so much the formulation of the individual goals and indicators but the fact that the project agreements were more important for implementation than the strategy.</p>
<p>2. To what extent was the choice of sectors in line with current national development plans? To what extent has it been possible to create synergies between the three sectors energy, tourism and governance? How effective has the entire implementa-</p>	<p>So far, the choice of sectors was successful and in line with development policies of Bhutan and Austria. Projects in the sectors are implemented separately from each other. There are hardly any perceivable operational synergies. The implementation structure was effective in the sense that Bhutan reached its objectives fully, and, although it did so with inevitable delays in construction, RGoB is proud to realize construction projects much faster than comparable projects in the South Asian region. The structure was neither effective nor efficient in the construction of the RITH, mainly because of</p>

<p>tion structure and programme management been (ADC and the Bhutanese implementing partners)?</p>	<p>inadequate TA processes and equipment standards.</p>
<p>3. How effective have the collection of data, the documentation and analysis of data for the ongoing monitoring and the assessment of the expected results been in particular?</p>	<p>The quality of Bhutanese reports is high, with regard to the objectives of its FYP, with regard to international sets of indicators (for example Human Development Reports) and with regard to the big projects in hydropower which operate with generally agreed financial and technical standard information. There is no specific reporting of the same quality with regard to the results of the CS 10-13, evidently because of the low relevance of the document. It would be an interesting job for the ACO to analyze the data, monitoring and reporting available in all aspects that interest Austria particularly, if it only had more time for such tasks and was less occupied by project management and formal requirements of Austrian reporting.</p>
<p>4. To what extent has it been possible to implement the non-focal areas and cross cutting issues (Human Rights, gender, environment, capacity development)?</p>	<p>Many capacity development activities have been implemented in all sectors. A good mix between individual, organisational and institutional capacities has been reached in energy (much of it on the job training). There is a promising start in judiciary. In tourism there was a dominance of individual trainings without considering the needs for institutional capacities. Environmental concerns were integrated in very different ways: from the overarching concept with a financial regime (green energy – CDM certificates) to a helpless punctual interference (woodchips heating in RITH). Even though not directly neglected, Human Rights and gender were not priorities in the implementation, but rather generic references.</p>
<p>5. To what extent have the complementary instruments been implemented successfully? What concrete steps should be taken to achieve respective results?</p>	<p>The CS 10-13 is an operational strategy for bilateral development cooperation only. Other instruments are mentioned marginally in the strategy document but are not included in the reporting. The ACO should immediately start to report on all Austrian development activities in Bhutan. For mutual information of all involved Austrian actors, ADA should provide ACO with the guidelines to coordinate and report about all ADC activities. This is indispensable in the perspective of a future full-fledged Austrian presence in Bhutan (option 1) but it is feasible also in option 2.</p>
<p>6. To what extent has it been possible to create synergies with different stakeholders (programme partners, administration on subnational level, CBOs etc.)? How effective has networking been?</p>	<p>The situation differs from one subsector to the other: in hydropower generation, an involvement of ACO in networks is no longer needed. Austria can leave that to the market and its regulation by RGoB. In energy transmission and consumption, Austria must first define its own position on the basis of sound technical analysis of the subsectors, before it can effectively participate in the network. In tourism, the dialogue with associations and the opening towards community based tourism has started but since activities are not based on an assessment of the needs of the private sector, synergies have not yet been realized. In governance, Austrian supported projects participate in the general rush of central institutions towards local leaders and administrators (Mangmis, Gups, etc.) but these efforts run parallel and simultaneously. A mechanism for operational involvement of CSOs and CBOs, the CSO-FF, has recently started. In judiciary, the creation of BNLI is a good first step towards linking actors at all levels.</p>
<p>7. How do the Bhutanese partners and other development</p>	<p>Austria is an important European partner with relevant sectorial know-how and respect for Bhutanese identity. With regard to ad-</p>

<p>partners assess ADC's comparative advantages? What consequences follow for the ADC? Which aspects of the sectors "governance" and "energy" will be relevant in ADC's future country strategy considering the Bhutanese guidelines for the preparation of the 11th Five Year Plan and the priorities expressed by the Bhutanese partners?</p>	<p>ministrative complications and flexibility, Bhutanese partners locate ADC in the midfield of the donors, acting not as cleverly and smartly as Danida but better than SDC or JICA. Together with RGoB Dani-da succeeded to define subsector approaches involving other donors (for example judiciary), or the private sector (e.g. CSO-FF). It can do fungible budget support. Austria did not succeed in mobilising untapped potential for expanding bilateral relations (ADC, Foreign Trade or others). Austria and Bhutan share common concerns (energy, tourism, ecology, good governance). In governance, Bhutan is heading towards more decentralisation, a diversified corporate sector and more involvement of the private sector (see for example the success of the CSO-FF). Bhutan wants to embark cautiously into these complex processes, avoiding social unrest as seen in Bangladesh. Energy will continue to be of high importance for Bhutan. Hydropower is an issue for economic cooperation and no longer one for development cooperation. Whether and how ADC should be engaged in alternative energy production, energy transmission and energy consumption needs a thorough technical analysis.</p>
<p>8. How are aid modalities and respective interventions dealt within the bilateral dialogue by the ADC office with Bhutanese authorities? How effective has donor coordination been implemented? What would Bhutanese authorities and other development partners in Bhutan suggest for further proceedings?</p>	<p>Policy dialogue is held in two yearly Round Table Meetings. Austria cannot really conduct bilateral strategic discussion at technical level (ACO and GNHC) since the Country Strategy only shows a part of the Austrian activities and the relevant regulations are given in the project agreements. Apart from the predominant bilateral projects, Austria experienced other aid modalities (multi-donor projects, contribution to a sectorial budget support, concessional loans) during the CS 10-13 period but did not question the predominance of the bilateral project modality. Donor coordination works well in the multi-donor projects setting, even if some donors may not be fully satisfied with their involvement in the policy dialogue or with the low binding character of the informal donor luncheons. Bhutanese authorities clearly wish for a broadening of the Austrian-Bhutanese relations from the present bilateral development cooperation setting to a full-fledged bilateral relationship (including diplomatic, economic, cultural relations). Bhutanese authorities explicitly express the wish that bilateral donors continue their cooperation with Bhutan in the present sectors during the next 5YP.</p>

6. Outlook to the future

6.1 General

The last year of the present strategy phase should of course be used for finishing unfinished business in the different subsectors. But it will be much more important to prepare the next strategic period. This will not be a simple continuation strategy ("Fortschreibung") but a redefinition of the overall setting of the cooperation between the two countries.

Austria has the choice between two different options:

6.2 Option 1: Full-fledged Austrian presence in Bhutan 2014-18

Rationale: According to its own economic planning, Bhutan will need development cooperation until the year 2020 and will then strive for a self-sustained development. After the end of development cooperation, Bhutan will still be interested in keeping good bilateral relations with as many countries as possible as a counterbalance to the weight of its two giant neighbours. The scope of the period after the end of the

present strategy phase is a smooth transition of ODA funding to budget funding without losses in the quality of governance, in the service delivery capacity of the public institutions and in the capacity development of the private sector. Broadening of the bilateral relations needs a strategic planning. It is not a process that will automatically develop from the present structure of relations. Consequently, the focus of the next phase should be on institution building and organisational developments rather than on phasing out of development cooperation. In the preparation of a next strategy phase, it would be useful to declare that this will be the last regular strategy period including development cooperation and that Austria will not enter into negotiations about another Country strategy after the next one.

Strategy period: Under such conditions, it would make sense to seek a better alignment to the 11th FYP of RGoB and to fix a five year strategy period accordingly. This period should start half a year later than the 11th FYP, giving the two governments the opportunity to base the new strategy on specific goals and indicators of the adopted plan.

Character: The Country Strategy should be defined in a Whole of Government Approach, including the on-going bilateral development cooperation programme in the same sectors as the present strategy; and also earmarked regional and multilateral contributions, economic cooperation and trade. The CS 14-18 will not continue the MDG format but apply an extended format, thus anticipating a bilateral cooperation under a Sustainable Development Goals Setting as discussed in aftermath of the Rio + 20 conference and in the UN Task Team post MDG. The selection of the subsectors has to be adjusted, redistributing responsibilities between private and public institutions.

Modalities: Structuring the CS 14-18 at the levels of subsectors would be an advantage in consolidating the results of the development cooperation and in coordinating the initiatives for stimulating economic cooperation as well as for promoting Austrian direct investment. This would also provide a more conducive frame for Bhutanese initiatives to attract the interest of Austrian industries than the unspecified general presentations done in the past (for example the Roadshow in Austria organised by Druk Holding and Investments in 2010). Moreover, this would structure the preparation of mutual visits of trade delegations (as for example the visit under the lead of the Austrian Minister of Economic Affairs in Bhutan planned for autumn 2013, as announced by the Austrian Ambassador). Such subsector strategies should focus on institutional development aspects and systematically include public private partnership arrangements in the subsectors where private enterprises or corporate institution play an important role.

Alignment: Instead of defining its own logical framework for the CS 14-18 setting overall goals and programme outcomes at a very high level out of the reach of the Austrian contribution, Austria should analyse the 11th FYP in detail and select specific sector key results areas as overall goal and outcomes of the programme. This would clarify the implications of the Austrian contribution on the Bhutanese policies. It would also make it easier to conduct a concise policy dialogue at an appropriate level without the present discrepancy between the implementation of projects and expectations for a general policy dialogue which makes Bhutanese feel uncomfortable because they consider it a questioning of their policy setting role.

Sequencing: This aspect which has so far been neglected should be considered while framing future bilateral relations. Are Bhutanese institutions ready for the roles they have to assume? Where do they need further development of their institutional competences? Which activities have to be implemented first in order to create ownership and to avoid inefficient processes?

ACO: The Austrian Coordination Office should provide services for the whole Austrian Government. Its main task should be the coordination of all Austrian activities in Bhutan. It should withdraw from programme management and hand over the responsibility for programme implementation to the Bhutanese partner organisations. The head of the coordination office will no longer be a programme director but become a service provider to different client ministries. Its main role will be to facilitate communication between Austrian and Bhutanese institutions with their different cultures and working styles. The specific tasks will vary from one organisation to the other. In bilateral development cooperation, the function of the ACO will mainly consist of identifying institution building needs and programming corresponding support. In multilateral development cooperation, ACO will have to do a monitoring of activities in Bhutan financed by earmarked Austrian funds. In economic cooperation, the function will consist of identifying potential areas of cooperation and preparing visits of delegation. For technical line ministries the function will mainly be to act as liaison office. The ACO should report to the Embassy in India. With regard to capacities,

the ACO will most likely need some strengthening by national technical competences in the priority sectors. From the point of view of non-EU members it could also be imagined that the ACO could provide some coordination services to the EU Delegation which will most likely continue to manage its programme out of Delhi.

Commitment: Austria should commit a realistic amount of finances for development cooperation in the next Country Strategy; as all donors do, under the reservation that the yearly amounts are adopted in the budget by Parliament. The budget for development cooperation should include figures about earmarked funds in regional and multilateral programmes. There is no obvious reason to change the overall volume of the ADC programme. Therefore, the MTR suggests starting preparation of the next phase with a total ADC volume of 12.5 Mio € and setting an indicative target for trade volumes.

6.3 Option 2: Phasing out 2016

Rationale: An accidental coincidence of two situations completely independent from each other provides the justification of a rapid phasing out of Austrian Development Cooperation. 1. All economic, social, human development indicators of Bhutan are rapidly improving. Bhutan can count on rapidly increasing income from hydropower in a near future and is able to collect fiscal income on the basis of the personal income tax. Bhutan can finance its enlightened vision of self-sustained development by its own forces. Remaining pockets of poverty have no structural reasons but are rather signals for persisting inefficiencies. Austria can therefore, as Danida or SDC announced, end its presence in Bhutan in the near future. 2. The best answer to the Austrian budget restrictions in bilateral development cooperation is not a linear cut in all priority countries but a targeted reduction in certain countries and a continuation in others. Since the development perspectives in Bhutan are comparatively better than in other priority countries of ADC, it is evident that reduction should start in Bhutan.

Strategy period: The duration of a phasing out period depends on the unfinished business in current programmes and on the volume of the programme pipeline. The longest open contract (technical assistance in tourism) comes to an end in 2016. And since the pipeline is relatively small and has no long-term engagement, the phasing out period could be fixed at three years (2014-16). This option would implicate that Austria does not start any substantial new project beyond those already under preparation but tries to prepare a good handover in the existing ones.

Character: During the phasing out, the character of the Austrian Development Cooperation programme will remain the same as at present: a bilateral programme including only activities under the responsibility of ADA. If Austria only wants to phase out the projects which are already agreed upon or in the pipeline, a proper Strategy Document is an unnecessary bureaucratic burden. However, it is required if Bhutan wants to achieve specific results in institution building for securing the Austrian investments after the end of the support.

Sectors/Subsectors: This option would entail that ADA has done what it could do in the Energy sector. The remaining period would be too short for a significant new engagement in energy efficiency. The programme should consequently concentrate on Tourism and Judiciary where clear leftovers remain. The time frame would also be too limited for reshuffling the engagement in governance. This option would entail that the sequencing aspect is not very important because the programme would consist in its majority of projects in a final stage, preparing for the phasing out.

Alignment: A generic reference to the 11th FYP is enough in this option. It would nevertheless be useful to renounce to ambitious log frame exercises and to formulate goals and outcomes close to the ones formulated in the 11th FYP.

ACO: This option would implicate that the Coordination Office continues more or less in the same function as it does at present and coordinates the ADA programme. For an effective and efficient handover of the projects it would be important that the ACO reduces its direct involvement in project management and has more time for the monitoring of the competence of the partner organisations. Status and reporting would not change.

Commitment: Austria should commit around 7 Mio € for the ADA programme, around 2.5 Mio in the first two years and 2 Mio in the last year.

7. Risks and Assumptions

The assumption made in the lay-out of the two options above is that there will be no socio-political upheavals in the immediate and medium time span. Bhutan is situated in an active earthquake zone and its geography makes it prone to numerous natural hazards such as floods and landslides. Earthquakes are difficult to predict but the government's own policy of conservation and strict environmental codes should minimize the latter. As for socio-political instability, the risk is considered to be minimal. The smooth transition from absolute monarchy to constitutional democracy has given the people greater confidence in its elected leaders while deepening the faith in its Monarchs who continue to preside over matters of national security.

The two options have different risks and assumptions:

Option 1: Full-fledged Austrian presence in Bhutan 2014-18

1.) The basic assumption for continuing development cooperation during another full strategy phase is that Bhutan will not be able to cover all its development needs as defined in the 11th FYP. A rapid withdrawal of almost all bilateral donors would rather complicate the transition to self-sustained development than instigate innovation. If sustainable benefits of the cooperation are intended, ending the long-standing development cooperation between Austria and Bhutan needs an announcement long time in advance and a careful preparation. A clear exit strategy and a good communication policy create the best conditions for that purpose. A five year period would allow for clear identification of open gaps in the sectors Austria has been working so far, for tackling open institution building issues and for adjusting the Austrian donor behaviour (less input management – more dialogue on needs and results. 2.) The main political assumption for this option is that an Austrian presence is a mutual interest. For Bhutan it is an advantage to have a full representation of a European country. Austria can reach a visibility which it could not reach in other bigger countries 3.) The basic assumption for broadening relations is that the successful start of new areas of cooperation needs time and has better chances if not done under time constraints.

The main risks of this option are on the one hand related to the fact that Bhutan's priority needs (infrastructure, reducing trading costs, building up a vibrant private sector) are at a scale far beyond of Austria's potential for contributions. On the other hand, there is a risk that the complex relations between generalist development cooperation and specialist international relations of technical ministries hamper the establishment of smooth and flexible procedures (ACO as a service center, combination of different approaches in development cooperation and economic cooperation, political coherence in a whole of government approach).

Option 2: Phasing out 2016

1.) The basic assumption is related to the big development progress Bhutan has made over the last decade and the signals RGoB is giving by setting a target for ODA-free self-reliable sustainable development and even considering advancing the deadline of this target. As other donors do, Austria could say that is has done in Bhutan what it could do. 2) The operational assumption is that the limited amount of unfinished business in the current ADA programme and relatively small pipeline provide a good opportunity for phasing out: without opening new projects, ADA will manage to implement and finalise all committed projects. Planning for a longer phasing out than three years would require starting new projects, which would most probably be purely opportunity driven and suffer from time constraints.

The main risks are related to Austrian budget restrictions. These are independent from eventual changes in the cooperation programme in Bhutan or in the organisational structures of ADA. This could cause operational difficulties with the consequence that the 3 years 2014-16 are more a crumbling away than a phasing out.

8. Main Findings

In the Austrian development cooperation with Bhutan, project agreements and documents are the relevant steering mechanism. Compared to that level, the Country Strategy practically has no relevance for orienting cooperation between Austria and Bhutan. It is not understandable why Austria presents in its

Country Strategy only a part of its contributions to Bhutan. A more comprehensive presentation of Austria's engagement in Bhutan; more transparency on commitments, on regional and multilateral funds earmarked for Bhutan; and a clearer Austrian institutional set-up would be most welcome.

The selection of the three sectors energy, tourism and governance gives the ADC a strong profile. ADC, however, is not really able to cover these large sectors with its projects or with a meaningful participation in the overall technical dialogue in the sector. It would be to the best advantage of a strategic steering, of the implementation as well as of the intended policy dialogue if Austria would focus on subsectors.

The ADC financial contribution is at a one digit percentage level in hydropower, rural energy and local government. It is very important in tourism (45 % of construction, 30% of HRD) and important in judiciary. Austrian technical assistance is very much appreciated in energy, tourism (capacity development) and judiciary. It is highly controversial in tourism (construction). The procurement of Austrian equipment works well in energy but it does not at all in tourism. With regard to administrative complications and flexibility, Bhutanese partner rank Austria in the midfield of the donors.

Austrian projects normally start with a construction component. This fact is the source of the success and the problems in the cooperation. Once the constructions are accomplished, they are tangible and visible results of the cooperation. They have a good quality and enjoy a high reputation. There are no other problems than the usual practical operational ones in the cases, in which the institution building processes go hand in hand with growing complexity of the buildings themselves (example hydropower). But there are difficult operational management issues in cases where institution building starts too late or is completely lacking (example RITH). Austria is very much involved in capacity development activities. They are focussed on the individual level and are seldom more than lists of international and domestic trainings and scholarships. They are not enough based on training needs assessment and barely related to institutional and organisational capacities of the partner organisations.

The ACO has an unclear status because it reports to the Embassy in Delhi and ADA in Vienna. It unfortunately consumes a lot of energy in project management tasks. It would be benefitting to all involved actors if it could switch from project implementation mode to a coordination mode of operations.

RGoB explicitly declares its wish the ADC should continue its cooperation in the same sectors as at present. There are substantial needs for such a continuation and there is a good potential for effective further Austrian contributions.

9. Recommendations

Austrian Government

The consultants recommend to the Austrian Government:

- Austria should give a positive answer to the request of RGoB for a full-fledge presence in Bhutan during the 11th FYP. Therefore, Austria should choose option 1.
- Austria should define its position before the next Round Table Meeting where Bhutan will present the adopted 11th FYP to the donors (date depending on the dates of the RTM); approximate deadline for the Austrian position 2013.
- Austria should pledge at the RTM according to its position defined (TRM anticipated in April /May 2013).
- Austria should design its Country Strategy 2014-18 until September 2013. This will require some political analysis on the division of labour among Austrian ministries as well as technical analysis in the intended subsectors of the future Country Strategy.

RGoB

The consultants recommend to the Royal Government of Bhutan:

- Bhutan should create space for policy dialogue in sectors/ subsectors in which Austria is engaging.
- Bhutan should specify its interests for economic cooperation with Austria.
- Bhutan should improve the involvement of the private sector.

10. Annexes

10.1 ToR

1. Background and information about the planned mid-term review

The current country strategy of the Austrian Development Cooperation 2010-2013 (signed on 2012/10/13) is a result of a consultative process based on Bhutan's development priorities and Austria's development policies. It coincides with Bhutan's 10th Five Year Plan (10th FYP, July 2008 - June 2013) taking into consideration the achievements of Bhutan on its way to development and targeting at a strategic partnership between the two countries on a long term.²

The total bilateral ODA of Austria to Bhutan between 1994 and 2010 was 67.27 million EUR.

The Austrian Bhutanese cooperation is focused on three sectors: energy, tourism and governance, for which in 2011 the total disbursement was 2.43 million EUR. The planned assistance for 2012 is about 2.30 million EUR.

2. Purpose of the mid-term review

The mid-term review foreseen in the country strategy shall assess the effectiveness of its implementation and shall support the elaboration of Austria's next Bhutan country strategy. The mid-term review will therefore include an analysis of the strengths and weaknesses of the ADC country strategy Bhutan 2010-2013 and its implementation. The recommendations will feed into the remaining implementation period and into the process of the formulation of ADC's future country strategy.

3. Review Questions

With regard to ADC's country strategy and programme portfolio the following topics shall be analysed:

- How effective has the implementation of the country strategy with respect to the objectives and planned results in the log frame been (section 4. of ADC's country strategy)? To which extent are the indicators comprehensible and realistic in the light of funds being provided?
- To which extent was the choice of sectors in line with current national development plans? To which extent has it been possible to create synergies between the three sectors energy, tourism and governance? How effective has the entire implementation structure and programme management been (ADC and the Bhutanese implementing partners)?
- How effective have in particular the collection of data, the documentation and analysis of data for the ongoing monitoring and the assessment of the expected result been?
- To which extent has it been possible to implement the non-focal areas and cross cutting issues (section 2.3. of ADC's country strategy)?
- To which extent have the complementary instruments been implemented successfully (section 2.5. of ADC's country strategy)? What concrete steps should be taken to achieve respective results?
- To which extent has it been possible to create synergies with different stakeholders (programme partners, administration on subnational level, CBOs etc.)? How effective has networking been (please refer to section 2.3.4. of ADC's country strategy)?
- How do the Bhutanese partners and other development partners assess ADC's comparative advantages? What consequences follow for the ADC? Which aspects of the sectors "governance" and "energy" will be relevant in ADC's future country strategy considering the Bhutanese guidelines for the preparation of the 11th Five Year Plan and the priorities expressed by the Bhutanese partners?
- How are aid modalities and respective interventions dealt within the bilateral dialogue by the ADC office with Bhutanese authorities? How effective has the strategy been implemented? How effective has donor coordination been implemented? What would Bhutanese authorities and other development partners in Bhutan suggest for further proceedings?

4. Methods/Steps involved in conducting the mid-term review

The mid-term review consists of three phases.

² The framework for the Partnership with the Austrian Development Cooperation (ADC) is based on the Agreement between the Austrian Federal Government and the Royal Government of Bhutan on Technical Cooperation (Thimphu, May 10, 1989).

In a first phase the Austrian Federal Ministry of European and International Affairs, MFA, will reach an agreement with the Gross National Happiness Commission, GNH Commission on the terms of references and methods of the mid-term review.

The second phase comprises:

- a. A study of documents provided by the Austrian Development Agency(ADA) please refer to section 7 of the terms of references (including possible clarifications by phone)
- c. The submission of a draft inception report (max. 10 pages) that must contain at least the following points
 - presentation of preliminary findings/assumptions on the main questions of the mid-term review.
 - detailed presentation of the methods to be applied during the second phase of the mid-term review: methodology of the consultative process, key information to be obtained during the interviews in Bhutan, interview partners to be met, participants of the consultative workshop, indicators for verification/falsification of the preliminary findings/assumptions
 - detailed planning of the possible site visits (maximum 4 sites) to be decided in the inception phase. The draft inception report must be provided simultaneously to the GNH Commission, the Coordination Office, the ADA Evaluation Unit and the MFA for commenting the latest Comments will be provided by the GNH Commission, the Coordination Office, the ADA Evaluation Unit and the MFA within one week after receipt of the draft inception report.
- d. Incorporation of the written comments into the draft inception report.

The third phase starts only upon written approval by the ADA Evaluation Unit of the inception report (within one week after receipt of the review team's final version).

The main components of the third phase are:

- a. Interviews and visits of programme sites in Bhutan (including interviews at the ÖB Delhi and the EU Mission in Delhi; the interviews and site visits will be conducted in line with the plans presented in the inception report)
- b. Preparation of a consultative workshop which includes a discussion document. This document will include the preliminary findings/recommendations of the mid-term review based on the results of the inception report, the results of the interviews in Bhutan and the visits of the programme sites. Participants of the consultative workshop are the representatives of the relevant Bhutanese Partners, one representative of the MFA two representatives of the KoBü Thimphu and one representatives of ADA head office. At the end of the consultative workshop it must be ensured that the participants share a common agreement on the findings and the recommendations of the mid-term review.
- c. Submission of a final draft report in one to the GNH Commission, the Coordination Office, the ADA Evaluation Unit and the MFA at least three full weeks before the agreed date of presentation of the final report. Comments will be provided by the GNH Commission, the Coordination Office, the ADA Evaluation Unit and the MFA within two weeks after receipt of the draft.
- d. Incorporation of the written comments and submission of the final version of the report to the ADA Evaluation Unit for coherence screening.
- e. Presentation (power point) by the team leader (optional) of the results of the mid-term review, its findings and recommendations in Vienna organized by the ADA Evaluation Unit and MFA to key stakeholders of MFA, ADA and other stakeholders (e.g. representatives of other ministries....).

The review team will build up its work on the relevant standards for evaluations of the OECD DAC and those of the Austrian Development Cooperation, <http://www.entwicklung.at/activities/evaluation/en/> where applicable. All work needs to be documented by using transparent criteria.

5. Time plan

The mid-term review should start the latest in September 2012 with the field mission taking place as soon as possible (taking into account possible limitations created by the public holidays in Bhutan). The final report is to be presented the latest by end of November 2012.

6. Deliverables

The review team is expected to provide the following outputs

- draft and final inception report
- discussion document for the consultative workshop
- draft and final version of the mid-term review report
- presentation in Vienna
- financial invoice

The final report must contain an executive summary and a list of recommendations made by the expert. It should not comprise more than 25 pages (not including annexes).

7. Management of the mid-term review

Within ADA, the Evaluation Unit approves the inception report and final report.

The Coordination Office Thimphu will contribute to the preparations and the realization of the MTR by organizing and facilitating all meetings and discussions in Bhutan, especially with the Gross National Happiness Commission which will be the main counterpart in the whole process.

All organizational units within MFA and ADA which are in charge of Bhutan will provide the necessary documentation and information to the review team

- Lydia Saadat, MFA, Country Desk Bhutan, Department for Development Cooperation
- Christine Jantscher, Head of the Coordination Office Thimphu
- Gertrude Leibrecht, ADA, Country Desk Bhutan

The GNH Commission is involved in all milestones of the process of the mid-term review, for example in the selection of the review team and in the commenting of the deliverables.

8. Documentation

Three-Years Programme 2010–2012, http://www.entwicklung.at/service/publikationen/strategische_dokumente/

Three-Year Programme 2010–2012, Update 2011,

http://www.entwicklung.at/service/publikationen/strategische_dokumente/

ADC Bhutan Country Strategy 2010–2013,

http://www.entwicklung.at/laender-und-regionen/himalaya_hindukusch/bhutan/

Bhutan 10th Five Year Plan 2008–2013,

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

Report of the ADA Country Desk Round Table Meeting 01-02/09/2011

Bhutan 10th Five Year Plan Mid Term Review Report,

<http://www.gnhc.gov.bt/mid-term-review/>

Bhutan Guidelines for preparation of 11th five year plan

<http://www.gnhc.gov.bt/2012/03/1072/>

Quarterly reports of the Kobü Thimphu 01/2010–12/2011

Quarterly report of the Kobü Thimphu 03/2012

Arbeitsfeldprogramm 2010 and 2011

Arbeitsfeldprogramm 2012

Minutes of the annual review meeting 04/2012

Handing and taking over 04/2012

Project Documents

- Forest Research for Development Partnership (to be finalized by June 2012)
- Rural Electrification Phobjikha (already finalized by April 2012)
- Rural Electrification Soe and Lingzhi (started only in October 2011)
- Construction of the Hotel & Tourism Management Training Institute
- Capacity Development for DoE – Support for Dagachhu Hydro Power Project
- Curriculum & Teaching Development Hotel & Tourism Management Training Institute
- Austrian Contribution to Local Government Support Programme, Output 3 (already finalized in June 2011)
- Support to Judiciary of Bhutan 2009 - 2013 (including KEK/CDC Consultants, Support to Judiciary of Bhutan, Mid-Term Review, July 2012; Trip Report Mission to Bhutan by the Swiss Federal Administrative Court)

At the beginning of the assignment the listed document is provided. Please be aware that some documents are only in German language available.

Vienna, 2012/07/26

10.2 Agenda

Date	Activity
Wed 21.11.12	Flight B. Wenger Zurich - Delhi
Thu 22.11.12	Interviews B. Wenger Austrian Embassy, EU Delegation
Fri 23.11.12	Flight B. Wenger Delhi - Paro Initial meeting with Christine Jantscher, Austria Coordination Office.
Sat 24.11.12	Interviews in Thimphu Visit RITH Motithang
Mon 26.11.12 – Thu 29.11.12	Interviews in Thimphu
Fri 30.11.12	Interviews in Thimphu Visit Basachhu
Sat 01.12.12	Visit Court Museum and Dzong Trongsa
Sun 02.12.12.	Travel Back to Thimphu Court Museum and Dzong Trongsa
Mon 03.12.12 – Wed 05.12.12	Interviews in Thimphu
Thu 06.12.12.	Consultative workshop at Namgay Heritage Hotel, Debriefing in ACO Meeting with the alumni of Austrian scholarships
Fri 07.12.12	Flight Bernhard Wenger Paro – Delhi - Zurich

10.3 Minutes of the Consultative Workshop 06.12.12

Objective: to discuss the findings and recommendations of the the Mid-term Review of Austrian Bhutan Country Strategy 2010-2013.

Date and Venue: 5th December 2012 at Namgay Heritage Hotel, Thimphu

Attendants:

1. Dasho Pema Wangchuk, Director, Bhutan National Legal Institute. Email: wangchuk6@hotmail.com
2. Dasho Tharchean, Judge, Bhutan National Legal Institute. Email: tharchean@druknet.bt
3. Kincho Norbu, Member Secretary, Civil Society Organization Authority. Email: koinchhog@yahoo.com
4. Kinley Wangdi, Officiating Director, CPD, Tourism Council of Bhutan. Email: kwangdi@tourism.gov.bt
5. Sangay Penjor, Officiating Programme Coordinator, DCD- GNHC. Email: spenjor@gnhc.gov.bt
6. Karma Tshering, Director, Dept. of Renewable Energy, MoEA. Email: karmat508@gmail.com
7. Tashi Dendup, Budget Officer, Supreme Court. Email: dendup@hotmail.com
8. Sonam Tobgay, Project Engineer, Supreme Court. Email: sonamtobgays@gmail.com
9. Sonam Tshering, Officiating Director, RITH. Email: srukyul2008@gmail.com
10. Christine A. Jantscher, Head of Office, ADA, Thimphu. Email: Christine.jantscher@ada.gv.at
11. Gertrude Leibrecht, Country Desk Bhutan, ADA. Email: Gertrude.leibrecht@ada.gv.at
12. L. Saadat, Federal ministry for European and International Affairs, Vienna. Email: Lydiasaadat@bmeia.gv.at
13. Ramesh Chhetri, Program Officer, Austrian Coordination Office, Thimphu. Email: Ramesh.chhetri@ada.gv.at
14. Bernhard Wenger, Consultant. Email: bernhard-wenger@bluewin.ch
15. Tenzin Chhoeda, Consultant. Email: tchhoeda@hotmail.com

Presentation by the consultants

Overview on the subsectors (see in chapter 4 of the report)

Assessment: (green highlights: positive, red highlights: critical, no highlights: neutral assessment)

Rural electrification

	Status per November 2012	Challenges ahead
Construction	Coverage on track Cost overrun: High unit costs	Higher unit costs for 19% Households not reached
Institution building	Unbundling Dept. of Energy into DRE and other units	Capacity for further unbundling of BPC?
Organisational development	Integration technical / social / environmental aspects	(Involvement of all stakeholders from start)
Capacity development	BPC Know-how on RE; learning on the job	How to reach higher efficiency and lower unit cost?

Hydropower

Dagachhu	Status per November 2012	Challenges ahead
Construction	Civil works completed 75% Mech. & electr. Work 75 % Cost Nu 8.2->12.2 billion Strong TA by Bernard Eng.	Delay 12 -13 months (unit 1: 02/14, unit 2: 04/14) Securing TA funds 01/13 -04/14
Institution building	DHPS enlarging range of action DGPC: Dagachhu = 1 st full Bhutanese management	Power system Power trading Company 2018 TA by ADB
Organisational development	Debt / Equity financing	Financing incl. public shares TA by ADB; Austrian Loans
Capacity development	DHPS able to handle financing & design, except detail project	DGPC to handle overall project management, incl. TA

Alternative Energy

	Status per November 2012	Challenges ahead
Construction	Pilots in Tourism and RE;	Roll out: stoves, biogas, wind;

	AE not competitive	Competitive prices Produce or reduce waste?
Institution building	Project approach only	Policy, PPP arrangement, Masterplan
Organisational development	Project approach only	Subsector Programme, Donor meeting ADB 2013
Capacity development	Unsystematic	Needs based, programmed by responsible institution

Judiciary

	Status per November 2012	Challenges ahead
Construction	Adequate Dzongkhag and Dunkhag buildings	Delay ½ year (06/13) Full coverage: equality
Institution building	BNLI established; unclear status in system of justice	BNLI responsible for HRD in Judiciary?
Organisational development	108 days benchmark for cases ADR: independence of justice?	CIS based monitoring, controlling and training design; System approach
Capacity development	All judges LLM Lists of trainings, Skills orientation?	Needs oriented in service training

Local Government

LGSP	Status per November 2012	Challenges ahead
Institution building	EU Budget support; ADC stand alone contribution (Cap.Dev.)	Clarify roles: Normative/RGoB Funds transfer, CSO-FF
Organisational development	Pool of Donors No adequate Bhutanese implementing set-up	Improved transfer mechanism Involvement of local private and organisations
Capacity development	Gewogs and Geogs: no evaluation so far	Needs based, programmed by responsible institution

Tourism Construction

	Status per November 2012	Challenges ahead
Construction	HTMTI Hotel construction end 2013 High Prestige Building Cost per m ²	Finish Hotel construction High RGoB subsidies required High maintenance cost
Institution building	Unclear status; ownership? 1 or 2 institutions? Sequencing IB -Construction	Board meeting 02/13: CEO
Organisational development	Hardware and Software separated	Business plan covering all operations
Capacity development	Unit costs for training? RITH Management capacities RCSC staff?	Needs based, programmed by responsible institution

Capacity Building in Tourism

	Status per November 2012	Challenges ahead
Institution building	Starting too late: Board, CEO; Asian Centre of Excellence?	Autonomous Body; Including Private Business
Organisational development	TA Assistance Salzburg; Curriculum Diploma Courses	Business plan covering all operations

Capacity development	Training needs? Unit costs for training; RITH Management capacities?	TNA including private sector; Adjust curricula: 3 tier system
----------------------	--	--

ADC Country Strategy 2010-13

	<i>Status per November 2012</i>		
Character	ADA implementation programme		
Sectors/ Subsectors	Tourism/ Cap. Dev.	Governance/ Judiciary, Local Govt	Energy Hydropower/Rural E /(Alt. E)
Modalities	Projects / individual trainings		
Alignment	Generic to FYP 10		
Sequencing	Hydropower - RE - Tourism - Judiciary – Local Government		
Rationale	Continued from earlier CS; Paris Declaration Format		
ACO	Double reporting Embassy – ADA; Project management unit		
Commitment	Indicative budget for ADA, no other Austrian Funds included		

Programme Implementation 2010-13

	<i>Status per November 2012</i>
Relevance CS	1/3 unspecified; Overspending 2/3 ; not comprehensive
Projects	Reporting formats; Time lines; No Contingencies
Synergies	Overloaded project in Tourism
Cross cutting	HR, Gender?; Environment & Capacity Development okay
Management	Steering Committees; Input management instead of MDR
Monitoring	Inadequate logframe and reporting system
Pipeline	Relatively small
Donor Coord	Okay

Two options for the Future

	<i>Full fledged cooperation 2014-18</i>	<i>ADA phasing out 2014 - 16</i>
Character	Whole of Government	ADA
Sectors/ Subsectors	Bilateral: same, multilateral Economic cooperation, trade	Concentrating on ID Tourism and Judiciary
Modalities	Subsector strategies ID, PPP, FDI promotion	Outphasing projects
Alignment	Sector key results areas FYP 11	Generic to FYP 11
Sequencing	frame for bilateral relations	Left Overs
Rationale	Broadening relations	Austrian budget constraints
ACO	Hub for Austrian Govt (Embassy)	Monitoring unit (ADA)
Commitment	12.5 Mio € ADC + indicative target for trade	7 Mio € ADC

Minutes

1. In the ensuing discussion, the participants made the following observations
 - a. There is a need to reflect more of the positive achievements in the report to help the readers get a holistic view of the sectors, where in general there has been good progress. Hydropower projects are shining examples of success compared to the neighbouring countries.
 - b. Delays in construction are not confined to the projects supported by ADA, but are an endemic feature throughout all construction projects in the country. Issues contributing to this fact are dependency on expatriate labour and lack of capacities of national contractors.
 - c. No short term gains from projects relating to alternative energy can be expected. Their impact over a long time, particularly in the context of climate change, has to be considered.

- d. Consultants should define the term ODA (Official development Aid) in the report, especially for energy projects, where CDM is involved. It was clarified that it included both grant and concessional loans and that this was in line with the OECD definition.
 - e. Figures for tourists numbers used in the report need to be segregated between international and regional tourists. (tariff-paying / non tariff-paying)
 - f. The future point of contact for ADA in Judiciary was discussed. It was pointed out by the BNLI representatives that as per the Judiciary Service Act of Bhutan, BNLI is the designated body for human resource development.
 - g. On the question of why all the projects that were supported by Austria were not included in the report, it was clarified that the review was confined to only programs where the Austrian Coordination Office in Thimphu was directly involved - projects financed by ADA.
2. On the Recommendations of the consultants, the following were noted:
 - a. The GNHC representative sought clarification on the recommendation related to creating space for policy dialogue. It was clarified that this recommendation was meant for the sectoral/program level interactions in areas where ADA was interested in supporting.
 - b. Regarding the recommendations on the future role of Austrian Coordination office, the Representative from Austrian Foreign Ministry was of the view that a full presence (option 1) could be the way forward, but it was a matter that needed bilateral discussions between the two countries.
 - c. ADA representatives pointed out that this matter required much more internal discussions.
 3. The meeting concluded with notes of appreciation from the Bhutanese project managers for the assistance provided by Austria. The Austrian representatives responded by noting the good progress and thanked everyone for their participation at the workshop.

10.4 List of interlocutors

Institution	Representative
GNHC	- Dasho Karma Tshiteem, Secretary - Mr. Sangay Penjor, Officiating Chief Programme Coordinator, Development Coordination Division
MoEA, Dept of Hydro-power and Power Systems	- Dasho Yeshey Wangdi, Director General - Mr. Karma Tshewang, Chief, Hydro Power Development Division - Mr. Sonam Tshering, Deputy Chief, Hydro Power Planning Division
MoEA, Dept of Renewable Energy	- Mr. Karma Tshering, Director - Mr. Mewang Gyeltshen, Chief Engineer - Mr. Tilak Sunwar, Project Manager, RE projects
BPC	- Dasho Bharat Tamang, Managing Director - Dechen Dema, Project Manager, Phujikha Project - Mr. Kezang Dawa, Supervisor, Phubjikha Project - Pradeep Pradhan, General Manager, Procurement Service Division - Deki Yangzom, Project Manager, Laya Project
DGPC	- Dasho Tshewang Rinzin, Managing Director
Dagachu Project	- Mr. Thinley Dorji, CEO, Dagachu Project
Basochhu Project	- Mr. Sujan Rai, Superintending Engineer
TCB	- Mr. Thuji Nadik, Officiating Managing Director
TCB-RITH	- Mr. Sonam Tshering, Officiating Director, RITH - Mr. Karma Wangdi, Project Manager, Training Hotel Construction Project - Mr. Rajni Chavda, Project Consultant - Mr. Kuenzang Wangchuk, Project Engineer (electrical) - Mr. Tandin Wangdi, Site Engineer (civil) - Mr. Karma Loday, Adm. Officer - Ms. Sabetra Dahal, Accountant
NRED	- Dr. Karma Tshering, Chief Forestry Officer
ABTO	- Mr. Sonam Dorji, Secretary General - Mr. Teknath, Program Officer
Supreme Court	- Dasho Kinley Namgay, Project Director, Judiciary project - Dasho Bola Nath, Assistant Project Director, Judiciary project - Mr. Sonam Tobgay, Project Engineer, Judiciary project

	- Mr. Tashi Dendup, Budget Officer
BNLI	- Dasho Pema Wangchuk, Director
Judiciary-Trongsa	- Dasho Tashi Dorji, Drangpon - Mr. Galay, Dzongkhag court project engineer
MoHCA	- Mr. Karma Gale, Chief program officer, Local Governance - Ms. Thinley Om, Programme Officer, LGSF
RAA	- Ms. Dechen Pelden, Assistant Auditor General
CSO	- Mr. Kencho Norbu, Member Secretary
CSOFF	- Mr. Laxmi Giri, Fund Manager of CSOFF
RSPN	- Ms. Tshering Choki, Officer Responsible for monitoring Phubjikha project
RCSC	- Dasho Sangay Dorji, Commissioner for HRD - Mr. Namgay Wangchuk, Officiating Chief of HRD Division
MoLHR	- Dasho Pema Wangda, Secretary
MoA	- Dasho Sherub Gyaltshen, Secretary
RUB	- Dasho Pema Thinley, Vice Chancellor - Dr. Samdrup Rigyal, Director of Planning and Resources
Danida	- Tek Bahadur Chhetri, Senior Program Officer
Helvetas	- Dr. Walter Roder, Resident Coordinator
SDC	- Mr. Matthias Meier, Country Director
JICA	- Mr. Tshugawa, Consultant for Local Governance Support
SNV	- Mr. Kencho Wangdi, Portfolio Coordinator
Gol	- Ms. Nina Tshering, Counsellor, Indian Embassy
IFC	- Mr. Om Bandhari, Country Coordinator
UNDP	- Ms. Claire Van der Vaeren, Resident Representative - Mr. Kunzang Norbu, Assistant Representative
UNICEF	- Ms. Juliet Attenborough, Child Protection Specialist - Ms. Shaheen Nilofer, Country Representative for Bhutan
DHI	- Mr. Karma Yonten, CEO - Mr. Passang Dorji, Senior Analyst
ARGE Salzburg	- Ms. Gabriele Tischler
ACO	- Ms. Christine Jantscher, Head - Mr. Ramesh Chetri, Programme Officer
Embassy Delhi	- Mr. Raimund Magis, Chargé d'affaires a.i. Austrian Embassy Delhi
EU Delegation Delhi	- Ms. Kristina Bünde, Delegation of the European Union for Bhutan, Attaché Development Cooperation
ADA Vienna	- Ambassador Brigitte Öppinger-Walchshofer, Managing Director ADA - Mr. Robert Zeiner, Head Programme Division - Ms. Gertrude Leibrecht, Desk Himalaya, Hindukush, Bhutan - Ms. Karin Kohlweg, Evaluation Unit
BMeiA Vienna	- Mr. Anton Mair, Deputy head section VII, Development Cooperation - Ms. Lydia Saadat, Programme Division Asia

10.5 List of Documents

Austrian policy and programme documents

1. ADC development policy documents

- BMeiA ADC Three Year Programme on Austrian Development Policy 2008 – 10
- BMeiA ADC Three Year Programme on Austrian Development Policy 2009 – 11
- BMeiA ADC Three Year Programme on Austrian Development Policy 2010 – 12
- BMeiA ADC Three Year Programme on Austrian Development Policy 2010 – 12, updated 2011
- BMeiA ODA Report Bhutan 2010, 2011

2. ADC strategies and policy guidelines for development cooperation

- Children
- Climate Change
- Corruption
- Disabilities
- Energy
- Environment
- Gender
- Higher Education
- Human Rights
- Humanitarian Aid
- Good Governance
- Parliaments and Development Cooperation
- Poverty Reduction
- Privat Sector Development

3. Country strategy Bhutan 2010 - 13

- Country strategy 2010 – 13 Vienna October 2010
- Country strategy 2010 – 13, reprint Vienna July 2011
- Powerpoint Presentation ADC, OEZA mit Bhutan, January 2011

4. Annual work programmes

- Arbeitsfeldprogramme 2010 / 2011 / 2012
- Financial Reports bilateral and regional ADC 2010 / 2011 / 2012

5. Programme management documents

- ACO Thimphu Quarterly Reports 201-2012
- ADA: Back to office report: Round table meeting September 2011

Bhutanese policy and programme documents

6. RGoB development policy documents

- GNHC: Guidelines for the preparation of the 11th FYP, March 2012
- Judiciary Strategic Master Plan 2006-2020,
- Judiciary draft HRD plan 2006-2015
- The Judicial Service Act of Bhutan, 2007
- Draft Programme Profile for 11 FYP, Judiciary of the Kingdom of Bhutan
- Strategic Framework, 11th Five Year Plan, Bhutan National Legal Institute
- Annual Work Plan, 2012-2013, Bhutan National Legal Institute
- Rural Electrification Strategy,
- Asian Development Bank's Assistance for Rural Electrification in Bhutan—Does Electrification Improve the Quality of Rural Life?
- Sustainable Tourism Development Strategy 2005
- Draft Tourism Strategy and Development Plans, 2013-2018
- Guidelines for the Application of CSO Funds from the CSO Funds Facility for PBOs and MBOs
- Capacity Development Strategy for Local Governance, Final Draft, June 2012

Joint programme Documents

7. Programme management documents

- Programme interventions:

	Short info	Pro Doc	Log-frame	Bud-get	Agree-ment	PR 1/11	PR 2/11	PR 1/12	UGGA	others
<i>Bilateral</i>										
FORED	✓	✓	✓	✓	✓			✓	✓	
RE Phobjikha	✓	✓	✓	✓	✓			✓	✓	
RE Soe Lingzhi	✓	✓	✓		✓				✓	
RITH	✓	✓	✓	✓	✓		✓		✓	
TA RITH	✓	✓	✓		✓				✓	
CV Dev. RITH	✓						✓		✓	✓
TA Dagachhu	✓	✓	✓	✓		✓			✓	
LGSP	✓	✓			✓	✓			✓	
Judiciary I	✓	✓	✓	✓	✓	✓				✓

	Short info	Pro Doc	Log-frame	Budget	Agreement	PR 1/11	PR 2/11	PR 1/12	UGGA	others
Judiciary II	✓	✓	✓	✓	✓				✓	
Humanitarian	✓	✓	✓	✓	✓	✓				
<i>Regional</i>										
ICIMOD	✓			✓	✓	✓	✓			
ICIMOD Bees	✓	✓		✓	✓		✓		✓	
GLOF UNDP	✓	✓	✓	✓	✓	✓	✓			

PR: Progress Report (mostly semi-annual)

UGGA Environmental and Gender Analysis

Others MTR, Evaluation, etc

8. Annual consultations 05.04.12

- Powerpoint Presentation DHPS: Dagachhu
- Powerpoint Presentation CS OFF:CSO fund facility
- Powerpoint Presentation DLG: Local Governance Support Programme (LGSP) July 2008 – June 2013
- Powerpoint Presentation DoRE: Rural Electrification – Electricity For All by 2013
- Powerpoint Presentation NRED: Ecotourism and Park Programmes
- Powerpoint Presentation Supreme Court: Support to Good Governance in Bhutan 2008-2013
- Powerpoint Presentation TCB: ACO project in Tourism
- Agenda, Minutes, List of participants and other documentation

10.6 List of Acronyms

3YP	Three years programmes of the Austrian Development Policy
10 FYP	Tenth Five Year Plan (2008-20013) of the Royal Government of Bhutan
11 FYP	Eleventh Five Year Plan (2013 – 2018) of the Royal Government of Bhutan
ABTO	Association of Bhutanese Tour Operators
ACO	Austrian Coordination Office Thimphu
ADA	Austrian Development Agency
ADB	Asian Development Bank
ADC	Austrian Development Cooperation
BMeiA	Austrian Federal Ministry for European and International Affairs (Bundesministerium für europäische und internationale Angelegenheiten)
BNLI	Bhutan National Legal Institute
BPC	Bhutan Power Corporation
CS 10	ADC Country Strategy Bhutan 2010-13
CS 14	next ADC Country Strategy Bhutan 2014-...
CBO	Community Based Organization
CSO	Civil Society Organization Authority
CSOFF	Civil Society Organisations Fund Facility
CDM	Clean Development Mechanism
DANIDA	Danish International Development Agency
DGPC	Druk Green Hydropwer Corporation
DHI	Druk Holding and Investments
DLG	Department of Local Governance, Ministry of Home and Cultural Affairs
DoRE	Department of Renewable Energy, Ministry of Economic Affairs
EDP	Economic Development Policy
EU	European Union
EIRR	Economic Internal Rate of Return
ERP	European Recovery Programme
FORED	Forest Research for Development Partnership
GDP	Gross Domestic Product
GIZ	German International Cooperation
GNHC	Gross National Happiness Commission
GOI	Government of India
HTMTI	Hotel and Tourism Management Training Institute

HRD	Human Resource Development
ICIMOD	International Centre for Integrated Mountain Development
IFC	International Finance Corporation
INTOSAI	International Organisation of Supreme Audit Institutions
IRR	Internal Rate of Return
JICA	Japan International Development Agency
KRA	Key Results Area
LGSP	Local Governance Support Programme
MoEA	Ministry of Economic Affairs
MoA	Ministry of Agriculture
MoHCA	Ministry of Home and Cultural Affairs
MoLHR	Ministry of Labour and Human Resources
MDG	Millennium Development Goals
MTR	Mid-term Review
MW	Mega Watts
NRED	Nature Recreation and Ecotourism Division, Department of Forests and Park Services, Ministry of Agriculture
Nu	Ngultrum (Bhutan's currency)
ODA	Official Development Aid
ÖKB	Ausrian Control Bank (Österreichische Kontrollbank)
ProDoc	Programme Documents
RAA	Royal Audit Authority
RCJ	Royal Court of Justice
RCSC	Royal Civil Service Commission
RITH	Royal Institute for Tourism and Hospitality
RGoB	Royal Government of Bhutan
RSPN	Royal Society for Protection of Nature
RTM	Round Table Meeting
RUB	Royal University of Bhutan
SDC	Swiss Development Corporation
SDG	Sustainable Development Goals
SKRA	Sector Key Results Area
SNV	SNV Netherlands Development Organisation
TA	Technical Assistance
TCB	Tourism Council of Bhutan
UGGA	Environmental and Gender Analysis (U from the German Umwelt)
UNDP	United Nation Development Programme
UNICEF	United Nation Children's Fund