



**HELVETAS**  
Swiss Intercooperation



## ANNUAL PROGRAMME REPORT

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## List of Abbreviations

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ADB	Asian Development Bank
CBO	Community Based Organization
CFMG	Community Forest Management Group
CSO	Civil Society Organization
EU	European Union
FYP	Five Year Plan
GNHC	Gross National Happiness Commission
GOP	Governance and Peace
HH	Household
LDC	Least Developed Countries
LG	Local Government
LOGIN	Local Governance Initiative & Network
MoAF	Ministry of Agriculture and Forests
MoHCA	Ministry of Home and Cultural Affairs
MoLHR	Ministry of Labour and Human Resources
NGO	Non Governmental Organization
REC	Rural Economy
RGoB	Royal Government of Bhutan
RNR	Renewable Natural Resources
SDC	Swiss Agency for Development and Cooperation
SDE	Skills Development & Education

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## 1. Summary

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Vulnerabilities connected to rural-urban migration and growing urbanization in Bhutan was highlighted for the first time in a vulnerability study done by the government. The urban poor working in the informal sector, vulnerable young women, and unemployed youth are urban vulnerable groups identified. In general, poverty is still a rural challenge with 97% of poor persons in rural areas according to the poverty analysis report, 2017. The national poverty line has been established at Ngultrum 2,195.95 per person per month which is approximately USD 1.5 per person per day. Based on this poverty line, poverty has reduced in some partner Dzongkhags such as Zhemgang and Samtse; however, it has sharply risen in the partner dzongkhag Sarpang. Reasons for such changes will be assessed in greater detail by the government with support from the World Bank. The drivers of such changes, both increases and decreases in poverty, will be useful inputs. The government is in the final stages of preparing the country's 12<sup>th</sup> Five Year Plan (FYP). This plan is referred to as the country's last mile towards graduation from the group of Least Developed Countries (LDC). Economic realities – small economy, high rate of import not matched by exports, economy so far sustained almost only by hydropower development and electricity export to India, hydrological risks for hydropower - will pose the biggest challenges for graduation. Comparing the 12<sup>th</sup> FYP to past plans, there is a deliberate effort to level out the amount of funds for infrastructure. Bhutan has reached a fair level in terms of infrastructure development, and there is also the risk of future recurring costs of maintaining all the public construction activities that continue to take place. A much needed focus in this plan is to promote better coordination and collaboration between different sectors and between central and local government.

The main partner is the government. Since the last country strategy, there is growing partnerships also with agencies in the private sector and with civil society organizations. Especially in vocational skills development, private sector partners are crucial. The growing number of civil society organizations (CSOs) in the country provides opportunities to further strengthen engagement with CSOs.

Already in the last three years, bilateral donors have been in a scaling down or phasing out mode. Denmark, a significant bilateral donor to Bhutan, phased out assistance in 2015 followed by the closing of the SDC office in 2016. Other remaining resident bilateral donors are India, by far the largest, and Austria and Japan. Whether graduation from an LDC status will further decrease or slow down support from these donors remain to be seen. Additionally, donors show a preference to work directly with government partners or with local non-governmental organizations (NGOs); on the part of the government, fund raising especially from Bhutan's long time donors is seen as competing for scarce resources that could come directly to the government. The European Union (EU) has substantially increased development assistance to Bhutan in the Renewable Natural Resources (RNR) sector, governance and climate change. A large part of this goes directly to government partners.

The new HELVETAS Bhutan Country Strategy (January 2018-December 2022) was finalized. The focus will be on two areas: vocational skills and employment, and local governance and civil society. On-going projects in the rural economy working area will be phased out by mid of 2018, while new phases in vocational skills and local governance will start. Based on lessons from the past, better synergies across the diminishing number of projects, and clearer focus on primary stakeholders will receive attention.

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## 2. Country Context update

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The themes of local governance, decentralization, vocational skills, and youth employment in HELVETAS' new Country Strategy in Bhutan are clearly linked to the national level results identified in the country's 12<sup>th</sup> five year plan. Focused support for civil society development, raising the prominence of new challenges in decentralization such as space for youth and urban governance, engagement of private sector partners in practical training of youth in the construction sector, and technical assistance in crucial areas of policy discussions will be value added of the HELVETAS strategy.

There is a certain ambiguity in the decentralization process. Overall, it is moving towards greater decentralization as shown by greater fiscal allocations to local governments in the new plan (almost doubling of resources for local government). At the same time, there are also unclear or multiple accountability lines of personnel in gewogs and dzongkhags to central agencies and local government, tendencies to centralize monitoring and accountability lines, and an example in the forestry sector where extension staff earlier integrated into decentralized administration were incorporated into more centralised agencies.

A trend is growing numbers of formal civil society organizations and the diversity of topics they engage in. There is greater recognition of their work, and also several instances of including CSOs in national level discussions such as the recent 12<sup>th</sup> FYP planning. A tension field is the outlook by state partners that CSOs are primarily charity and service delivery organizations that complements government efforts. For the increasing number of CSOs, institutional capacity constraints for example on topics such as financial management, and also in strategic areas such as policy dialogue are challenges. These topics become increasingly important for the credibility of CSOs as they seek donor funds or manage programs outsourced by the government, and to engage in policy work that are linked to but goes beyond implementation of development activities.

There is more and more focus on vocational skills building and youth employment. The expectation is that the number of youth entering vocational training institutions in the next decade will rise and therefore an expansion of current institutions, improvements in courses and training facilities is needed. For HELVETAS, priorities will be to support better quality and relevance of courses and more involvement of the private sector. However, the format of private sector engagement is not straightforward. There is no culture of apprenticeship with private sector companies, companies see their involvement as cost with no returns and so forth.

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## 3. Country Programme - Progress

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### 3.1. Progress against Helvetas' Strategic Objectives

The **strategic goal** of the country program in Bhutan is "to contribute towards equitable development and improved livelihoods through the promotion of an effective and accountable state, active citizens, and sustainable economic opportunities." The focus within that was on (a) enhancing rural livelihood for farmers in poverty pockets, (b) strengthening democratic governance with a focus on local government and civil society organizations, and (c) improving employment opportunities for youths. Currently, there are 6 main projects working on these areas.

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The Rural Economy working area focused on raising income opportunities in communities with high poverty rates by linking them to market opportunities provided by new roads or new settlements, and in communities with potential products and linkages to nearby border town markets. Visible increases in household income in partner communities were reported and recorded (for details, see under 3.2). Strengthening group governance and equity among membership and in leadership positions within farmer groups were transversal themes. The challenges here were slow shift from inputs supply driven type of activities to topics such as economic viability of rural development initiatives, proper market assessment and linkages, and private sector involvement.

To strengthen democratic governance, the Governance and Peace (GOP) working area focused on capacity development of local government and on strengthening coordination and policy engagement platforms for civil society organizations. Clarifying the division of roles between the elected and the executive in local governance, and facilitating coordination platforms between local government institutions and with central agencies were priorities in 2017. This led to clearer assignment of functions and improved coordination; however, there is a need to move beyond once-off project supported initiatives. Institutionalising these examples so that they become regular features of local governance has been a weak area. CSOs have been invited to increasing number of consultations and policy discussions. 9 such events were recorded. This has been attributed to interventions in facilitating and supporting “second tier” platforms such as a core committee of CSO representatives, and regular platforms (common website, quarterly face to face meetings, annual retreats) among all interested CSOs including non registered ones. On the flip side, capacities of CSOs are generally limited to take advantage of the “invited space.”

In the Skills Development and Education (SDE) working area, the focus is on youth who are training to work in the construction sector. This working area is gaining importance in the overall HELVETAS Bhutan programme and a new phase is under development. With increasing numbers of youth expected to seek vocational training followed by employment in the private sector, there are plans to increase enrolment in technical training institutes around the country. This ambition is not yet matched with adequate trainers, workshops and tools, and other resources. Importantly, the relevance of the training courses to the private sector companies needs more attention. This would need a fundamental shift in the way trainings are offered by significantly increasing the practical side of trainings by involving private companies. Steps towards this direction have been made in 2017 but needs further and more focused engagement.

Generally, there is a need for better vertical linkages between the projects, the working area outcomes and the overall country strategy objectives. Aggregating project outcomes did not readily contribute to working area outcomes.

## 3.2. Progress per Working Area

### **Rural Economy**

*Enhanced rural livelihoods through sustainable management of common pool and private natural resources, and strengthened capacities to adapt to environmental change.*

In 2017, the budget share of this working area was 24 % of the total programme.

This working area contributed to the planned outcome of enhancing rural livelihood through planned management of forest resources and through agriculture. The main focus in 2017 was on income generation through value chains.

695 Community Forest Management Groups (CFMGs), and over 5,215 individual farmers (approximately 45% women) were engaged in sustainable management, production, processing and marketing of renewable natural resources (RNR) products. In terms of coverage, almost 30,000 rural households (HHs) nationwide have been reached. Work on value chains increased in forest products (e.g. broom grass, medicinal plants, bamboo furniture) and in agriculture products (vegetables, cardamom, ginger, pipla) which have led to increasing the marketability of these products. A growing number of groups and households are taking up value addition and sale of forestry and agriculture products. For example, from only 45 forestry groups five years ago, 130 such groups have benefited from sale of timber and non wood forest products such as bamboo shoot and broom grass, and 342 households showed improved income through participating in agriculture value chains.

In terms of physical coverage, approximately 77,000 hectares of forests are managed by the CFMGs today, and 1200 hectares of land for rural livelihood purposes.

The approach of working both with communities and on policy issues worked better in the forestry sector compared to the agriculture sector. Likely reasons this did better in the forestry sector are, but not limited to: project implementation unit is based in the central ministry which provides direct link between implementation and policy makers; support for policies was a clearly stated result accompanied by planned activities; much more efforts went into documentation of experiences and lessons than in other projects. In addition, because of the high importance attached to forest conservation in Bhutan, forestry related activities found clear connections with policy related work. Applying a market systems approach was found to be complicated and government actors, the main technical assistance providers for farmers, found it difficult to go beyond value chain analysis, trial marketing, and facilitating ad-hoc access to markets. This approach also depends on private sector actors which are limited. Therefore, income generation through value addition on a limited number of products was the main approach.

This working area was the mainstay of the HELVETAS program in Bhutan since the start of development partnership in Bhutan. With the completion of Phase III of the SDC mandated community forestry project in June 2017, the consolidation phases of the rural livelihood project and own funded community forestry project coming to an



end mid of 2018, this working area portfolio would be drastically reduced or phased out. However, the country office will participate if relevant acquisition opportunities come up where we have the experiences and competencies.

## Governance and Peace:

*Enhanced democratic governance at all levels with particular attention to local governance and citizen engagement*

In 2017, the budget share of this working area was 27 % of the total programme.

This working area contributed towards the planned outcome of increasing democratic governance by strengthening local government and civil society engagement. The main focus in 2017 was on capacity development, supporting networking and coordination platforms.

After the second local government elections, approximately 70% of those elected were new to elective offices in local government. Training in leadership, clarifying the division of roles between the elected and the executive, and facilitating coordination platforms among the thrizins (elected chairperson of the dzongkhag councils) and executive leaders in the dzongkhags were priorities. This process is far from complete but progress has been made in 13 of the 20 dzongkhags in the country. As only 1% of Gups (heads of counties) elected in the second local government elections were women, including all 24 women who were elected as Mangmis (deputy heads of counties) as a special measure in leadership programs for Gups was important.



Rather than supporting individual CSOs in their project activities, the focus was on networking and collaboration amongst CSOs to take forward common agendas such as: a collective review of the CSO rules, the organizing of a core committee as a form of “second tier” platform that organises common events have now become regular features even without project support (quarterly meetings, annual “fairs” to showcase their work and challenges). This committee has also represented the sector in meetings with the government and donors. The number of incidences where CSOs are invited into consultation meetings by the government has increased visibly. Challenges include a strong perception of CSOs as charity organizations that should complement government efforts to reach services to vulnerable groups. This leads to reservations about topics of advocacy or policy dialogues that CSOs may get into. The increasing number of CSOs has also raised questions about what is a “good” number of CSOs, their sustainability, and their capacities. Capacity and sustainability are ongoing challenges most CSOs face.

Both with local government and with CSOs, the focus in general was on their institutional development and strengthening. Benefits for primary stakeholders as a result of better capacitated local government or more prominent CSOs has taken a backseat and not been adequately explored. Linkages between the two have also not been sufficiently looked at. These limitations however were addressed in the rural economy working area where practical spaces for civil society engagement in local livelihood decisions could be promoted. Leadership positions in these community groups are also seen to build the confidence of women specifically.



This working area will continue in 2018 and beyond with an own funded local governance engagement and an EU mandate in support for civil society development. Greater synergies between the two will be promoted.

### **Skills Development and Education:**

*Enhanced income generating and employment opportunities through increased access to education and skills development for life-long empowerment.*

In the course of 2017, the budget share of this working area was 26 % of the total programme.

This working area contributed towards the planned outcome of enhancing employment opportunities through skills training in 5 vocational trades in the constructions sector.

Preparing youth to access employment opportunities in the construction sector was the main strategy. Training of trainers, development of short courses, and support for small scale teaching tools and aids were the main focus in 2017. Apprenticeship training has become an accepted modality, although its application needs strengthening and institutionalising. There are fundamental challenges: the construction sector offers the most opportunity for employment but is not attractive for youth, although this situation is gradually changing; private sector firms are reluctant to engage in apprenticeship training; and the criticism that vocational skills training do not match market options continues.

However, there are positive developments which will be leveraged. There is pressure on the state to do more on youth skilling and employment, success stories of vocational training graduates are emerging although not well documented and showcased, and some private sector companies show an interest to participate in the training of youth. How far this will translate into medium and longer term commitment in a systematic apprenticeship program remains to be seen and will be a focus in 2018 under the new phase of support for vocational skills development.

This working area will remain important in the HELVETAS Bhutan programme in 2018 and beyond. A new phase will begin mid of 2018.



### 3.3. Gender and Social Equity

The focus is on strengthening the participation, engagement and benefits for women, youth and the economically poor. In general, there is increasing awareness on the importance of gender equity and equality but less on social equity. The limited number of women in decision making positions at all levels of the government, in community groups and organizations, and in village meetings has been recognized. In elected local government offices, the number of women is very low (e.g. 1% women heads of counties, 24% deputy heads). Therefore, capacity building programs took special measures to include as many of the elected women as possible. For example, the leadership and local government management training for heads of counties included all the women deputy heads as well. Efforts were made to increase women in leadership positions in partner



community groups and there is a positive trend especially in community forestry groups. There were indications that leadership experiences in these community groups helps build confidence to participate in local government elections or other such positions. Facilitating the participation of women and disadvantaged youth in community decision making forums lost some focus in 2017 and will receive attention in the new phase of local governance support project. This is an area which needs to build synergy with engagement in civil society strengthening.

The specific targeting of poor sub-counties in livelihood activities, and vulnerable households in a limited number of social protection schemes showed positive results. Such distinction becomes less clear in governance projects. A challenge has been connecting these interventions to sustainable income generating activities and moving away from once-off schemes. On the other hand, in community forestry groups, equity discussions led to some groups coming up with ways to share responsibilities and benefits with members who are not able to contribute equally (e.g. replacing cash contributions with time contributions). Community forests can provide substantial livelihood benefits to members (access to firewood, timber, non wood forest products etc) and therefore such provisions are important to allow the poor to participate. Such decisions have been difficult for some members who see it as being unfair. Should the economic returns from such group initiatives become significant in the future, conflicts over equity provisions may arise and would need to be more thoroughly looked at. In vocational skills, youth are in general the target. What is a reality is that a majority of youth who join vocational skills training are from economically poor families, from rural areas, and those vulnerable to being left out of mainstream economy (more than 40%). Therefore, poor and vulnerable youth become automatically the primary stakeholders; the program must therefore be sensitive towards not perpetuating an image of vocational skills as the trade of the poor but to actively raise the image and respect towards vocational skills and skilled persons.

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### 3.4. Capacity Development

Capacity building continues to be a priority across all the projects. Over 1538 men and women (30% women) have been trained on various topics related to agriculture and forestry, vocational skills, local governance and civil society engagement. A continuing challenge is to move beyond once-off or event and project based trainings. Efforts were made to look at capacity development beyond such trainings. A local government capacity development needs assessment and an institutional assessment of CSOs as a sector was facilitated. These efforts helped to look at capacity building beyond event based trainings to topics of self-assessment as organizations, strategic planning, broader human resource needs within organizations, and sustainability through diversified funding among others. More efforts are needed especially to diversify the modalities of capacity building. More peer learning, cross project learning and synergies, and focused technical assistance and accompaniment are needed. Monitoring and learning from implementation experiences needs to be strengthened as well; having a monitoring and learning person in place in the country office is expected to strengthen this aspect.

### 3.5. Advocacy and Policy Dialogue

The current country strategy has an advocacy objective: CSOs engage in lobbies and advocacy efforts. This objective has not been met; however, good progress has been made in supporting CSOs to participate in policy dialogues by (a) raising the profile of CSOs and their work; (b) facilitating platforms through which CSOs can organise themselves around common issues; and (c) highlighting the provision in the CSO Act for an annual state-CSO meeting. An opportunity to conduct a nationwide review on local governance (mandate from SDC, commissioned by the National Council of Bhutan) provided an unplanned opportunity to engage in policy dialogue. The recommendations were used in 2017 to discuss the need for a decentralization policy for the country which may be taken up in 2018 and beyond. Several projects have framed results on influencing policies that affect primary stakeholders. In community forestry, a consistent effort was working on existing policies so that they would enable community members to participate and benefit from forest resources.

There are challenges as well. Achievements in the example of community forestry mentioned above show that policy dialoguing and advocacy is a long term process which has to be backed by extensive field knowledge, and credibility with partners. Reviewing and providing feedback on policies can sometimes lead nowhere; once feedback is provided, project influence on the process and actors after that can end.

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## 4. Partners and Network

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### 4.1. Partnerships

Government: Central government agencies, particularly the Ministries of Agriculture and Forests (MoAF), Labour and Human Resources (MoLHR), and Home and Cultural Affairs (MoHCA) are the main strategic and implementing partners. Personnel from these Ministries play different roles: as project steering committee members, as project managers, and as implementation partners in dzongkhags and gewogs. The Gross National Happiness Commission (GNHC) represents these other agencies in partnership agreements and funds transfer and monitoring, while the Ministry of

Finance routes the funds for projects. Such representation in all levels of the project and the fact that recurring costs (e.g. salaries of project managers, their office space, utilities) are borne by the government is a strong sustainability point. At the same time, the pace of a project is only as fast or as slow as the government system and processes. In some projects, changes in project managers in the middle of a project have affected the continuity, speed and quality of implementation. Competing priorities have been a challenge since Project Managers are also full time staff of their agency and have other responsibilities.

Civil society organizations (CSO): after the transition to a democracy in 2008, more formalised civil society groups and organizations emerged. They are now an important strategic as well as implementation partner. At the strategic level, working with “second tier” platforms such as an informal group of CSOs representing the entire CSO fraternity will be continued. At the implementation level, individual CSOs will continue be partners in training and project activities. A challenge but also a rewarding experience was to work with a government secretariat as well as CSOs to meet the same objectives of civil society development. Differences in perception of civil society was challenging in such multi-stakeholder partnerships. Joint workshops on the human rights based approach and joint discussions on the civil society rules and regulations were particular successes. Such a multi-stakeholder approach with partners from the government and civil society will continue in areas of policy engagement and capacity development. A plan is to engage with members of parliament on the topic of civil society development and their role in a democracy.

Private sector: partnering with private sector actors is more recent in comparison to the government and also CSOs. So far, private sector actors have been present as steering committee members in two projects (two large companies in skills development, and cooperatives in rural livelihood). However, more needs to be done to engage with the private sector beyond representation in steering committees. For example, private sector partners are needed in apprenticeship programs for skilling youth in the construction sector. The who and how to engage with private sector actors will need to be detailed out especially since the “incentives” to engage in skilling youth does not seem to be convincing to them.

## 4.2. Alliances and Network

The Development Partners’ Group is a network of development partners present in Bhutan, and HELVETAS Bhutan is a member and participates regularly. Non resident donors such as the EU also join when their visits coincide with this network meeting. The main purpose of this network so far has been information sharing on programs, major events and visitors. HELVETAS Bhutan is an active member of a theme based network of individuals and institutions interested in governance and decentralization. This network is part of a larger regional network – LOGIN Asia – in which regional sharing of experiences, exchanges, and an annual face-to-face general assembly takes place.

## 4.3. Regional collaboration with other Helvetas offices

Support from HELVETAS Nepal during the planning and preparation of the concept note for Bhutan’s country strategy was fruitful. Nepal had completed the process a year ago. A Himalayan region joint project would be worthwhile to pursue. Exchange of ideas on self-assessment of local government by HELVETAS Bangladesh with stakeholders from Bhutan (supported by LOGIN Asia) has led to interest in a similar concept for Bhutan. Although the idea has not been fully explored, civil

society is a topic of potential exchange with other HELVETAS offices in the Asia region and at least one event will be planned.

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## 5. Programme Quality Management

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### 5.1. Acquisition and Fundraising

No specific acquisition target was set but the intention was to engage more than in the past. Decisions whether to go or not go for tenders is based on: thematic competencies and experiences, and existing portfolio. Acquisition efforts in 2017 were:

- A direct grant mandate from the EU was received in January 2017 on support to civil society; a concept note was not necessary but a full application documents and various meetings were necessary before the grant agreement could be signed in August 2017 and project launched in September;
- Acquisition of an EU RNR mandate was attempted in consortium with Nepal (Kathmandu University) and Switzerland (HAFL). The proposal was shortlisted but not selected. The other shortlisted competitors were also not selected. Developing a joint proposal between three countries was a good learning process and also highly tedious. The support from the acquisition desk was crucial in quality checks and in holding this group together;
- It was decided not to compete in a EuropeAid tender on sexual and gender based violence against women and girls because the competition was assessed to be too high as other actors in Bhutan whose core competencies and main organizational mandate is on this topic were competing. Additionally, HELVETAS was eligible to submit only one as the lead, and other HELVETAS countries were better prepared to do so;
- An open call for proposals from a regional donor, the SAARC development fund, was assessed. This donor is new to HELVETAS, and their procedures were not very clear. However, it has been assessed as a good opportunity in terms of funding and working with partners in the region. A concept note on vocational skilling of youth farmers has been submitted and partners will be HELVETAS Nepal, a farmers' federation in Nepal, a training institution in India, and partners in Bhutan. The fund has requested for some details on the concept note which has been taken as a positive sign.

The new Country Strategy (2018-2022) focuses on: vocational skills and employment, and local governance and civil society. Therefore, future acquisition efforts will focus on these themes. However, should opportunities arise in other sectors where HELVETAS Bhutan has the experiences and competencies, these will not be ruled out.

### 5.2. Human Resources Management

The team in the country office is relatively small (3 in the programme, a 50% technical advisor for vocational education, 2 in finance and administration, 3 providing administrative support). Finance and administration staff also provide services to the Swiss Red Cross and to so called Complementary and Associated Projects (such as the Canton of Zuerich and +healthcare+ Zuerich).

The current programme staff profile vis-a-vis the focus in the new country strategy is not a full match. The recruitment of a full time project manager for the EU civil society mandate, reorganising existing

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personnel to support the project manager in monitoring the highly geographically dispersed nature of the mandate, and integrating an advisor from the advisory services within the mandate has strengthened human resources in the civil society theme. For the vocational education theme, the contract of the 50% technical advisor has completed. In parallel, projects in rural economy are phasing out. Therefore, responsibilities have been reorganized within existing programme staff to ensure that vocational skills, which will gain greater prominence in 2018 and beyond, has at-least one full time programme personnel in the country office. For these reorganization to work smoothly, a combination of on the job interventions (focused training on monitoring, vocational education) in parallel with mentoring (seeking a mentor from AS on vocational education), advisory support (for civil society, local governance), and thematic TAs are needed and being planned.

### 5.3. Financial Management

The overall in-country budget versus executed activities shows an under-spending of 29%. However, this does not provide an accurate picture because the EU mandated project could start only in September, 2017 while the budget is shown for the entire year. A RAP was done to realistically budget for September-December 2017. With this adjustment, the overall variance comes to 9%. The ADB mandate on hazelnut value chain is projected within the overall budget of the country office. While this adds to the overall portfolio of the country strategy, the country office in Bhutan only provides administrative services for incoming TAs and therefore does not have control over budget and expenses.

In keeping with the new finance manual, more stringent control over unsettled advances (i.e. by not releasing should unsettled advances be high) has led to better disciplined budget-expense management. More still needs to be done to control budget-expense variances. Although projects remain within overall phase budget, the annual variances between plan and expenditure needs better controlling. This is partly due to different formats used in project document and annual budget/expense reporting and the HELVETAS templates as well as the different timing of planning (e.g. HELVETAS plans in autumn for Jan-Dec while government partners plan in February/March for their July-June fiscal year).

The overall programme budget has been decreasing. The annual budget in the recently completed country strategy (2013-2017) was on average 2.6 m CHF while it is on average 2 m CHF in the current one (2018-2022). With the completion of the last SDC mandate in 2017, the EU makes up on average 28% of the budget in 2018-2020.

To maintain an annual threshold of 1.5 to 2 m CHF in the next 5 years, mandates need to be acquired to the tune of approximately 19% of the overall projected budget in the next five years especially from 2019 onwards. This will be a challenge that the country office needs to take up.

### 5.4. Communication & Public Relations

The departure of SDC, and the appointment of an interim and a national country director for the first time caused some confusion and perception that HELVETAS too was closing or had closed office. In 2017 therefore, HELVETAS joined the Bhutan Swiss Society (a friendship society) to organise a fairly large formal event to mark Swiss National Day where partners and high level representatives from various Ministries were invited. The event was used as a forum to share HELVETAS' plans and thematic focus for 2018-2022. Social media, specially HELVETAS Bhutan's facebook page, has a

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modest number of regular viewers and efforts are made to keep this page updated. Plans are underway to more prominently share HELVETAS Bhutan's strategy (simple brochures), and to collect and tell stories of change. For donors like the EU, visibility is important and needs to be assured through press releases, use of their logo etc. A separate website for the EU mandated civil society grant has been developed and widely disseminated.

## 5.5. Administration

There have not been legal issues, nor significant administrative issues either within projects or the country office. The National Personnel Regulation and Administrative Manual has been revised and made more concise. Procurements are done in accordance with this manual and the new finance manual. In some projects, procurement are done following the guidelines of partner agencies which are stringent, especially that of the government's. Procured goods and procurement procedures are audited annually by the national Royal Audit Authority whether the partners are civil society organizations or government agencies.

## 5.6. Monitoring & Evaluation

Based on the country context and country strategy review done in 2016, several consultation and planning workshops were conducted with partners from the government, civil society and the private sector in 2017 to plan the next country strategy (2018-2022). In parallel and based on priorities in the country strategy, project concepts and project documents were developed for new and continuing phases. A full proposal for the EU mandate on civil society was developed; a draft concept note and project document (Phase II) for engagement in vocational skills development was planned and developed. This process relied on consultation meetings but also on the MTR of the project which pointed out crucial limitations and lessons; an internal review of engagement in local governance was done which reflected on lessons and issues, based on which a draft concept note for continued engagement in local governance was completed; the mandate from SDC in community forestry was completed; based on experiences from this mandate and documentations of lessons and issues through past reviews, a one year concluding project on community forestry was developed in mid 2017. The past disconnect between projects and the country strategy results were addressed in these draft documents. This needs regular review of inter-linkages and contributions of individual projects to the programme; otherwise, each project becomes an individual effort that is not clearly linked horizontally with other projects and vertically to the country strategy.

## 5.7. Risks and Security

The security situation risk in Bhutan is generally low. The country is prone to natural hazards (in particular floods, landslides) during monsoon which poses risks for travels. A local security plan has been finalized and staff oriented on its main provisions after the local security focal person participated in a SSRM workshop in Nepal. Simple but crucial measures such as procurement, demonstration and placement of fire extinguishers in different places in the office have been initiated by the local Security focal person. Mock earthquake drills have been planned since Bhutan lies in an earthquake prone zone although no major earthquakes have been reported in the last few years. Office sharing with the Bhutan Red Cross also provides opportunities to plan and prepare joint actions on security and will be pursued.

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## 6. Conclusions and Planning of Next Year

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A new Country Strategy has been launched, and a corresponding memorandum of understanding will be signed with the government as a legal basis for the country office (the current one expires in June 2018). Based on the priorities identified in the country strategy and the results framework, new phases of projects in local governance and vocational skills development will be finalized, and consolidation phases in the rural economy working area will be concluded.

The main objectives within the working areas are:

*Rural economy:* to complete the impact assessment of engagement in rural livelihood, conclude the last phase of the Rural Livelihood Project (Phase III), and conclude engagement in community forestry (consolidation phase). Findings from the rural livelihood impact assessment will be disseminated in different formats (reports, presentations, discussion forums) with the aim of sharing lessons and experiences, and possibly influencing discussions and decisions on rural livelihood strategies for the future. With the closure of these two projects, HELVETAS' engagement in rural economy in Bhutan comes to an end.

*Governance and Peace:* to finalize a new phase of engagement in local governance. The focus will be on policy level work, and on youth engagement in local governance. Avenues to enhance linkages between local governance in rural and urban areas will be tried out. The first grants system for civil society organizations including community based groups within the support to civil society project will be launched, and monitored. In parallel, capacity development for CSOs and CBOs will be carefully planned to combine operational trainings (e.g. financial management, planning, RBM) and strategic capacities (e.g. engaging with the state, action research as an input into policies).

*Skills development and education:* to finalize the new phase of engagement in vocational skills development. A value added and therefore the prime focus in the new phase will be on dual apprenticeship training, which will seek to contribute towards addressing the current challenge of disconnect with the private sector companies. Adequate and timely technical assistance will be planned in this sector.

*Transversal themes:* review and possible updating of the gender and social inclusion note is needed, with a clear identification of primary stakeholders (that is also available in the country strategy). Policy dialogue will be pursued in the local governance and civil society working area. In the vocational skills working area too, dialogues on the importance of private sector engagement and the format of their participation will be continued.

Acquisition efforts will continue. It was planned that a focal person in the office will be allotted time every few months to maintain contacts with the acquisition department and actively seek opportunities. This could not be done as the small team was focussed on planning the future beyond 2017. The EU will remain an important donor to seek out future opportunities from. The SAARC Development Fund is another avenue for acquisition and a first attempt has been made; the requirement for at least 3 countries in the region to participate is challenging but could also be a possibility for different HELVETAS country offices in the region to collaborate.



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## 7. Appendices

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1. Project Status Sheets of all Projects (required for all projects, own and mandates)
2. Country Strategy Logframe with indicators (including performance indicators)
3. Partnerships
4. Financial Plan
5. Human Resources
6. Risk Assessment
7. Organigram
8. List of visits of Advisory Services, management board, important external visits