



HELVETAS
Swiss Intercooperation

BHUTAN



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List of Abbreviations

ADB	Asian Development Bank
BCMD	Bhutan Centre for Media and Democracy
CO	Country Office
CS	Country Strategy
CSO	Civil Society Organization
CSOA	Civil Society Organization Authority
DLG	Department of Local Governance
EU	European Union
FYP	Five Year Plan
GNHC	Gross National Happiness Commission
HH	Household
HR	Human Resources
HRD	Human Resource Development
LG	Local Government
LOGIN	Local Governance Initiative and Network
MoAF	Ministry of Agriculture and Forestry
MoHCA	Ministry of Home and Cultural Affairs
MoLHR	Ministry of Labour and Human Resources
NGO	Non Governmental Organization
NKRA	National Key Result Area
OSD4CS	Occupational Skills Development for the Construction Sector
PFMP	Participatory Forest Management Project
RLP	Rural Livelihood Project
RTM	Round Table Meeting
SCSS	Support to the Civil Society Sector
SDC	Swiss Agency for Development and Cooperation
SFED	Social Forestry and Extension Division
SLG	Support to Local Governance
SSRM	Safety and Security Risk Management
TA	Technical Assistance
TTI	Technical Training Institute
TVET	Technical and Vocational Education and Training

1. Summary

In 2016, the second round of local government elections took place in which 30% were re-elected, which means that a majority of local leaders are new in their functions. The number of women standing for elections more than doubled compared to the first local government elections although the numbers remain dismal. Of the total elected, women make up only 11%. In the three coveted positions of mayor, and head and deputy head of counties, women make up only 6.3% of those elected. These elected local leaders will be planning and implementing the 12th five year socio-economic plan (July 2018-June 2023) of the country. Preparations for this FYP have started under the goal of “A Just, Harmonious and Sustainable Society through enhanced decentralization”. This plan foresees greater decentralization of fiscal powers (50% of total capital allocations) to local government including municipalities, and focuses on 16 priority themes or results which include reducing poverty and inequalities, creating productive employment and strengthening democratisation and decentralization.

There has been a rapid reduction in poverty rates (from 25% to 12%); however, numbers show that there is a large proportion of people just above the poverty line and risks falling back into poverty particularly among households depending on agriculture, those with informal jobs and low education levels, and some districts in the east and south. Youth unemployment stands at 10.7%, with higher unemployment rates in urban areas (28%) and among women job seekers (almost 60% of total unemployed are women).

For the next year, investments in capacity building of local government as well as in livelihood improvements in selected rural areas remain relevant. In vocational education, the focus on vocational skills of youth in the construction growth sector remains pertinent although more focus on quality skills building at the partner technical training institutions is necessary. Better synergies across the diminishing number of projects, and clearer focus on certain groups using the above-mentioned parameters of poverty, those vulnerable to falling back into poverty, women in governance and unemployed youth are important across the programme.

The main partner of the programme in Bhutan has been the government. As the roles of the private sector and civil society have begun to grow gradually, so has our partnership with these sectors. With the private sector, there are challenges of identifying right partners and of engaging with them beyond members of steering committees. For example, raising interest of private sector partners in youth apprenticeship programs. With civil society, there is a two-pronged approach: to support the emergence of CSOs as a sector in itself through working on enabling policies and facilitating networks, and as implementing partners. Here too, there are contextual challenges such as differing and sometimes even conflicting understanding on the roles of CSOs.

SDC has closed its office in December 2016, a year after Denmark, an important donor for Bhutan, phased out bilateral assistance. Additionally, donors show a preference to work directly with government partners and sometimes with local NGOs. The EU has decided to triple development assistance to Bhutan mainly in the areas of sustainable agriculture, governance and decentralization, and support for civil society. Discussions on a likely mandate from the EU in civil society are ongoing and the Country Office has also made a bid for a tender on capacity development in the agriculture sector. An ADB TA mandate in hazelnut has come through in which

the role of the Country Office is limited to providing administrative services; however, it has provided opportunities to link up with the local ADB office.

Within the above set up, an overall Bhutan programme review took place in 2016 to determine the relevance of continuation beyond 2017 and, if a future programme was found relevant, to recommend thematic areas for the future. The review recommended a continuation on the condition of being able to remain above a certain financial threshold, i.e. acquiring mandates, and focusing on two programmes: governance including civil society, and vocational skills. These thematic recommendations are in line with emerging challenges in the country and aligns well with the Country Office's experiences in Bhutan.

2. Country Context update

Planning the country's next five year socio-economic development plan (July 2018-June 2023) has started. 16 so called Key National Result Areas (NKRAs) have been defined and include: reducing poverty and inequality, strengthening democracy and decentralization, creating productive and gainful employment, empowering women and girls, among others. There is clear alignment of the proposed themes for HELVETAS' continued engagement in Bhutan by the country programme review and these national result areas at the broad level. Strategies and approaches may differ especially if in addition to the government, greater partnerships and engagement with the private sector and civil society is sought in the future programme of HELVETAS.

There is a move towards greater fiscal allocations and decision making authority to local governments with the recent introduction of a district development grant system in addition to the already existing county development grants. As such and with the second local government elections bringing in new local leaders, the need for a comprehensive decentralization policy and investments in capacity building is felt. The same has also been recommended in the recent national Local Governance Assessment study. A review of the policy framework within which civil society groups operate is under discussion. This could lead to clarity on space for civil society organizations, the roles of regulatory authorities and simplification of registration processes. Farmer groups and cooperatives are vibrant especially in rural communities.

A medium term overall framework called the Technical and Vocational Education Training blueprint has been designed by the government to guide strategies and activities in the vocational education and training sector. It foresees a significant rise in the number of youth entering vocational training institutions in the next decade and calls for expansion of current institutions, improvements in the quality and relevance of courses and greater involvement of the private sector both as trainers and in content development of courses. However, private sector engagement so far has been low both because the sector is still small and because formats for their participation in the government owned and operated vocational training institutes are not clear.

Similarly, framework conditions for private sector led agriculture value chains (as processors, traders) have also not developed. It may even be weakened by the well intended role of central government agencies in the market.

3. Country Programme - Progress

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.” Towards this, the focus is on enhancing rural livelihood for farmers in poverty pockets, strengthening democratic governance with a focus on local government and civil society organizations, and improving employment opportunities for youths. Currently, there are 6 main projects working on these areas.

The focus on 25 significant poverty pockets and the efforts to support near subsistence farmers to shift to market oriented farming under Rural Economy has a strong equity element. Increased rural income also shows visible progress. However, more needs to be done to shift the focus from production through inputs supply and technical advice to emerging topics such as economic viability of rural development initiatives, and proper market assessment. A completion phase in the area of rural livelihood began in mid 2016 to consolidate experiences from earlier phases, and to trigger ideas and initiatives in market chain facilitation. So far, over 2500 people (49% women) from 25 communities selected based on national poverty index have been reached through capacity building and support for market oriented rural income generating initiatives. Social protection schemes for highly vulnerable households have also been identified to enable them to participate in income generating activities.

Improving employment opportunities for youth through vocational skills training is gaining prominence in the overall HELVETAS programme. Youth who join vocational training institutes are generally those who do not have the academic marks needed to continue an academic education and cannot afford to privately fund tertiary education. Therefore, increasing the quality of vocational training in an important growth sector (construction) is aimed at equitable development through improved livelihoods for youths from economically poorer backgrounds. 330 youths in two technical training institutes were reached in 2016 of which about 50% were women. More effective public services by investing in the capacities of 1,450 elected local government personnel in 2016 have also shown quantitative progress; however, the link between trainings of local governments and better services for disadvantaged citizens has not been assessed adequately. Programs in this field have been generic in nature and more focused on the service providers (local governments) rather than on aspects of citizen engagement, particularly in terms of increasing the participation of women and youth in village meetings. Building networks among the 47 registered CSOs to enhance the demand side of democratic governance shows some concrete results. For example, there is now greater interest and feedback from CSOs on policies governing them; however, this long term process needs continued fostering.

Consciousness about gender equity has been growing, and planning and reporting on gender disaggregated data during trainings is becoming a norm. Special focus on social inclusion beyond the gender criteria remains a challenge because of tendencies for more generic programs especially in the vocational skills and local governance projects where activities target entire institutions rather than specific groups within those. This needs to be resolved at the planning stage of programs and projects. Capacity development of primary stakeholders and partners was important across the entire programme although follow-up and monitoring has been generally weak. Attempts were made

to look at institution wide capacity assessment and development rather than one time trainings. Downward accountability has not become embedded within projects although awareness and piloting of some tools were done; other national actors have now taken on this topic on a wider scale in which HELVETAS is a partner.

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 the course of 2016, the budget share of this working area was 24 % of the total programme.

There are two projects under this working area. 677 self governing Community Forest Management Groups (CFMGs) and over 2,400 individual farmers (approximately 51% women) are engaged in sustainable management, production, processing and marketing of renewable natural resources (RNR) products. In terms of coverage, community forests cover 28,311 rural households (HHs) nationwide while rural livelihood engagement works with over 590 rural HHs in the 2 project districts of Sarpang (south) and Zhemgang (south central). The programme now focuses on value chain and market development system on vegetables, cardamom, ginger, milk and pipla. This is a step away from an exclusively production oriented model. Challenges here include lack of capacities to make this shift from “only” production to processing and marketing, weak private sector development and engagement, and dependency on subsidies. For community forestry, the ambitious expectations of developing value chains on a large scale had to be scaled down.



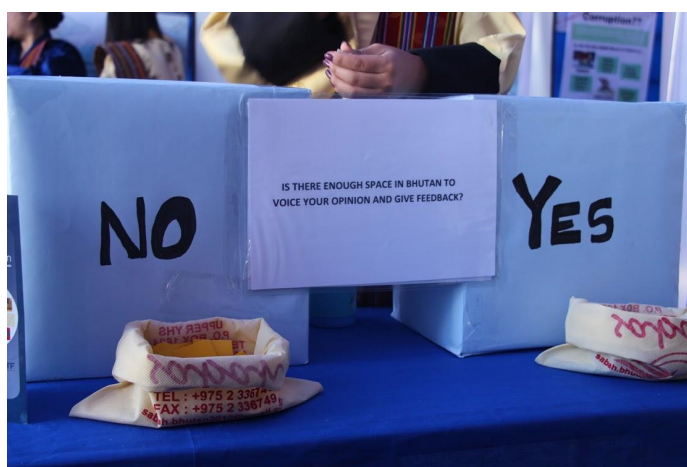
In terms of physical coverage, over 75,390 hectares of forests are managed by the CFMGs, and 1200 hectares of land for rural livelihood purposes. Rather than the numbers of groups and geographical reach, the need to focus on quality has been highlighted. Among the forestry, agriculture and livestock groups of farmers, there are defined governance structures that are backed by management plans and/or by-laws. Women members in the especially the CFMGs are increasingly more aware of the opportunities to take leadership roles within their groups and beyond such as in local government.

Governance and Peace:

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

In the course of 2016, the budget share of this working area was 27 % of the total programme.

There are three projects under this working area working on local government effectiveness, citizen engagement, and civil society participation and development. Partners include government agencies, local government, and civil society organizations. Progress towards achieving quantitative results has been good especially under trainings. Newly elected local leaders from 205 counties were oriented on relevant existing policies and processes for effective and efficient service delivery to citizens. For example, orientation into provisions in the local government act that requires local government leaders to engage citizens in developing annual and five year plans and in formulating agendas for local government council meetings, and making information on plans and budget available to citizens. At the macro level, decentralization is a nascent topic in terms of citizen engagement, social accountability, and having comprehensive processes. The main implementation partner is also the overall coordinating body for decentralization in the country; its institutional set up and roles and mandates is evolving. In this process, support was provided to clarify its functions and to strengthen its roles.



Rural Economy projects particularly the community forestry groups and the rural development initiatives have contributed towards significant numbers of citizens engaged in local livelihood decisions and opportunities. Challenges of citizen engagement in decision making during village meetings have been assessed and several practical challenges have been identified. This was important because village meetings or *zomdues* are the first platform for decision making and the one closest to citizens. The assessment showed that priorities and discussions in village meetings are not always linked to the next higher level of decision making at the county council deliberations, therefore decreasing the relevance of these meetings and people's interest to participate and that although women made up 50% or more in numbers at these meetings, their involvement in deliberation and decisions were nominal. These will be a basis for improvements in the coming year. Improving policy framework for CSOs has been initiated. For example, through greater networking among CSOs facilitated through the GoP programme, CSOs have called for a review of the CSO Act 2007 and the CSO rules and regulations 2009 that govern their legal registration, fund raising, and operations.

Combination of a product such as community forest with governance processes makes sense and therefore will continue, specifically the networking among the various community groups shows high potential. However, these combinations of products and processes are not spontaneous and needs

more efforts especially collaboration between livelihood (product focussed) and governance (process focussed) projects. On hindsight, the expected results on advocacy and lobby through CSOs were ambitious. Progress towards that has been slow and needs gradual steps based on understanding of advocacy by partners and their readiness. Results under enhancing citizen participation in local governance and their satisfaction with local government services are longer term results that cannot be properly assessed at this stage. There is a need for better vertical linkages between projects and the overall country strategy results framework; aggregating project outcomes did not readily lead to CS expected results which was a design flaw. This flaw needs to be corrected in the development of the new Country Strategy and project documents.

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 2016, the budget share of this working area was 26 % of the total programme.

The focus is now increasingly on vocational education and training and less on basic education in schools (last project on basic education closed). Youth unemployment, lack of adequate vocational training space and facilities, and quality of courses and trainers are some concerns within which this sector is working. The potential of technical education and vocational training to contribute to equity is high, since vocational education generally attracts economically disadvantaged women and men. Quantitative annual targets for youth enrolments and graduates in the partner technical training institutes have been met, and women make up on average 53%. With increasing numbers of youth expected to seek vocational training, there are plans to increase enrolment; however, this is not yet matched with additional trainers, workshops and tools, and financial resources. Efforts to enhance the practical side of trainings through apprenticeship in private industries and piloting a business incubation unit to increase the employability of graduates have seen some success. Review of experiences, and their documentation and ways forward is now needed to steer such initiatives into a sustainable direction.



Increasing private sector participation in vocational skills training has not really taken off; there is no real attractiveness for the private sector to do so (availability of cheaper expatriate human resources, quality of skills of graduates below expectation etc). This will therefore be an area to look into for next year and beyond especially in terms of apprenticeship programs where private sector involvement is a must. Vocational skills training is under two-fold pressure: to expand in order to accommodate more youth and offer them a wider choice of skills, and to deepen in order to improve quality. The mid-term review of this sector has been critical and highlighted the diluted focus in the partner technical training institutes. Therefore, the focus of HELVETAS in 2017 will be on improving quality within the construction trades that it is focusing on rather than expansion. This is also valid considering the limited capacities in the partner institutes (human resources, physical space, training facilities) to absorb more. However, a new phase of engagement might require looking at a wider choice of skills and to diversify partnerships in order to bring in the private sector (and possibly even the voluntary sector involved in vocational skilling and employability) more prominently.

3.3. Gender and Social Equity

All training courses have systematically begun to document gender disaggregated data, which is an important first step. In general, there is also greater consciousness for gender issues in participation and decision making among project partners; however, this has not translated into significant changes in number of women holding positions in local government offices or in farmer groups and cooperatives. The coveted positions of head and deputy head of a county has only 1% and 11% women representation respectively in the 2016 local government elections. In village meetings, the number of women participants can be 50% or even higher as a recent assessment showed; however, their engagement in discussions and decision making is nominal. For community groups such as the more than 600 community forest management groups, there is a positive trend of more women in leadership positions. The expectation is that leadership experiences in these community groups will help to build confidence to participate in local government elections or other such positions.



The specific targeting of poor counties and communities through livelihood activities, and discussions on how to include members who cannot contribute cash or human resources in community forestry groups are in the right direction. It is also a fact that mostly youth from economically poorer families join vocational training. This has resulted in more than 40% of the primary stakeholders under the vocational training programme being disadvantaged youth (about 50% of them being women).

The focus has been on inclusion of three groups of primary stakeholders: women, disadvantaged youth (especially under vocational education and training), and the poor. This focus will need to be sharpened in the coming year in preparations for the new Country Strategy. Better tracking of disaggregated data beyond men and women attending trainings needs attention. There are also projects, such as the civil society projects, where the focus is on supporting CSOs to emerge as a strong sector; here, no special attention has been given to gender and social equity although small scale support has been given to a few CSOs that work with specific disadvantaged groups such as women victims of domestic violence and rural poor with limited access to services. In these cases, at the very least, awareness on HELVETAS' gender and social equity policy will be done. The gender and social equity strategy for the country programme needs updating as well.

3.4. Capacity Development

Capacity building continues to be a priority across all the projects. It has been project specific (project based thematic contents for primary stakeholders and for implementation partners) and programme wide (e.g. monitoring). Over 8000 men and women (46% women) have been trained on various topics related to agriculture and forestry, vocational skills, local governance and civil society engagement. A continuing challenge is post-training monitoring and follow-up which is not done systematically beyond submission of a report.

In an attempt to go beyond trainings and event based capacity building, a capacity needs assessment for local government and an institutional capacity assessment of CSOs (looking at wider perception of CSOs, institutional issues, specific capacity issues among clusters of CSOs) were done. The quality of the local government needs assessment was poor; however, it was a step in the right direction and the assessment has provided a comprehensive list of the most demanded training topics and can be built upon. The institutional assessment of CSOs is perceived by some as being too broad; however, it has enabled CSOs to look at capacity building beyond trainings to topics of self-assessment as organizations, strategic planning, broader human resource needs within organizations, sustainability through diversified funding, among others.

Based on lessons from last year, more efforts will be placed on linking trainings to longer term objectives (e.g. using partner HRD plans where it exists and where it corresponds to joint programme/project objectives), framing clear capacity support areas, and looking at other ways of building capacities beyond the most often used approach of one expert training a large group of learners. Peer learning in the past turned into large groups of farmers visiting different areas within the country in a fairly quick and superficial way. While peer learning is a convincing capacity building method, it needs to be better prepared with clear learning outcomes and selection of relevant peers.

3.5. Advocacy and Policy Dialogue

There is one advocacy related objective in the current country strategy, i.e. CSOs engage in lobbies and advocacy efforts. However, several projects have framed results related to shaping and influencing policies that affect primary stakeholders. Under the livelihood project, review of two key pro-poor interventions by the government (farm shops and electric fencing) will be undertaken to critically examine their impact on farmers and to draw lessons. The review findings will be presented to decision makers; this has been a delicate process in the past and needs adequate preparations (e.g. whom to invite; the format of presentation; clarity of purpose) without which such reviews of policies do not lead to much. For example, a review of a subsidy policy for farmers showed that it was not really pro-poor; the presentation of the findings was done as part of a long list of other agendas and did not lead to a real discussion.

The policy framework for civil society organizations has been an issue for CSOs operating under the CSO Act and Rules and Regulations; therefore, a platform was provided for CSOs to jointly review and provide feedback on the policy framework to relevant authorities. As a follow-up, it has been agreed by relevant authorities to review the Act and rules pertaining to CSOs including simplifying the process of seeking registration and legal status. The expectation that large number of CSOs would engage in advocacy work was ambitious on hindsight; the process has been gradual but incremental.

Across all projects, it is foreseen that policy related work would be done. The expectation is that learning from the field would feed into policy discussions and even influence changes. However, this has neither been automatic nor systematically done. Better links between foreseen policy work and the content focus of projects is needed during planning of projects.



4. Partners and Network

4.1. Partnerships

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 consultation and implementing partners. Their staff in the capital, in districts and counties and different institutions have roles of project steering committee members or project directors, project managers and implementers. The Gross National Happiness Commission represents these other agencies in partnership agreements, internal reviews and in transfer of funds. The Ministry of Finance routes the funds for projects with the government. There is ownership of projects and the fact that all or much of the recurring costs (e.g. costs of project managers, 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 have affected the continuity, speed and quality of implementation. Competing

priorities, often ad-hoc, also affects projects since members in project implementation units or steering committees are more answerable for these other priorities. In 2016, the review and planning of a new phase of the rural livelihood project was done with intensive involvement of members from the MoAF and GNHC in the review and planning teams. This enhances ownership of the processes and final documents, and gives insights that are not always visible.

Civil society organizations (CSO) and the private sector are more recent partners in comparison to the government. A local CSO, Bhutan Centre for Media and Democracy (BCMD), is an important implementation partner. Partnership has also been developed with an informal network of 9 CSOs called the Core Committee. This committee is expected to gain greater prominence as a partner in the future. With CSO partners, capacity is a challenge all through the planning, implementation and reporting cycle. Private sector representatives are present as steering committee members in two projects, the vocational education project (representatives from the construction industry) and in the rural livelihood project (representative of a cooperative). However, more needs to be done to engage with the private sector beyond representation in steering committees. For example, private sector partners are needed during vocational course development and standardization, and as regular partners in apprenticeship programs. In value chains, private enterprises also need to become more prominent actors in the projects.

4.2. Alliances and Network

Within the country, an informal network of civil society organizations – Core Committee - is a new partner. This network is expected to gain greater prominence as a partner in the future (under the EU mandate to civil society). This network has credibility among the other CSOs, members are nominated by CSOs from among themselves and is a second tier informal structure representing CSOs in the country during discussions with the government or donors. Small networks of development partners are formed around specific themes to exchange and share. HELVETAS is a member in the themes of agriculture, and local governance.

A loose platform of individuals and institutions with a stake or interest in the topic of local governance has also emerged in which HELVETAS is a member. This platform is a member to 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

Collaboration with HELVETAS Nepal is ongoing in three areas: a) technical support for developing the concept note for Bhutan's country strategy, b) joint stake in a mandate from the Asian Development Bank and a private company in the Climate Resilient Hazelnut value chain project, and, c) study visits by partners in value chain experiences. Such a Himalayan Region collaboration will continue to be pursued. Other potentials for collaboration are with Laos on the topic of value chain in agriculture and civil society support, and Bangladesh in local governance.

5. Programme Quality Management

5.1. Acquisition and Fundraising

Acquisition and fundraising is a “weak spot” of the Country Office with limited experiences in acquisition. Advanced stages of discussions with the EU on a three-year mandate in civil society strengthening is ongoing and shows high potential. An action document has been developed and now needs to be converted into a proposal for the EU. A second EU acquisition has been attempted in the RNR sector in which advice from HELVETAS Nepal and the head office acquisition team has been sought and received; decision of the evaluation committee is not out yet. Unlike the civil society potential mandate, the second one has two consortium members from Nepal (Kathmandu University) and Switzerland (HAFL); the dependency on other institutions for speed of application adds to the already challenging task of submitting a good offer within tight deadlines. An ADB TA tender in hazelnut in Bhutan was successfully acquired by HELVETAS Nepal; here, there is limited role for the country office in Bhutan (administrative services). However, this experience has opened linkages with the local ADB office for potential acquisition on the topic of vocational education and training. A second TA mandate from ADB was not attempted for reasons of time and existing human resources within the country office to enter into another acquisition process.

5.2. Human Resources Management

The team in the country office is relatively small (3 in the programme, 5 in finance and administration, and a 50% chief technical advisor in the vocational). Since June 2016, the deputy country director has been deputing as the country director ad interim. It is expected that by mid of 2017, a decision on the position of the country director will be taken by the management. Finance and administration staff provide services to the Swiss Red Cross and Complementary and Associated Projects (such as the Canton of Zuerich and +healthcare+ Zuerich). As a measure to support the capacities in two projects (vocational skills and civil society) and to provide opportunities for young job seekers, two program assistants have been contracted and placed in the Ministry of Labour and Human Resources and in the CSO Authority secretariat to assist in project implementation. Interns are also accepted regularly; two interns from the College of Natural Resources are currently in the rural livelihood project and in the country office and mentors are identified prior to internships. Attachment as counterparts with expert consultants (livelihood project review and planning, local governance national assessment) and small consulting services (for SDC in the past) are some measures that provide hands on professional development. Participation in the local governance regional event (LOGIN general assembly, membership on the committee of LOGIN) continue to be a useful. As a measure to develop professional capacity on the topic of M4P which is gaining prominence in the rural economy working area, a staff was trained on the topic in the region. A small fund under the country office is planned for such focused training for a staff per year or to participate when relevant regional events come up.

5.3. Financial Management

The overall in-country budget versus executed activities shows an under-spending of 14%. The main reasons were:

- A majority of expenses under the rural development training project (now closed) was booked in the head office and will only be consolidated with the in-country expenses in February 2017
- A credit of about 46% of the annual planned budget for the support to civil society project was received from SDC as a contribution towards project activities; that decreased the use of planned budget
- A project, support to archaeology, could not be launched as planned. Discussions have been ongoing for over a year with the main implementation partner and supporters from Switzerland; sensitivities around the proposed new archaeology site is a reason and even shows some uncertainties for continuation

A mandate from the ADB on hazelnut in Bhutan acquired by HELVETAS Nepal has been projected in the annual budget; however, activities only begins in 2017 with only a few hours for staff administrative costs being charged under expenses in 2016. Adding this project to the overall budget and expenditure overview raises the under-spending to 35%.

The national financial regulations were reviewed and revised in view of the new financial manual international programme. The overall intension was not only to harmonize while retaining contextual requirements but to make procedures for procurement and cash handling more structured and clearer. An internal comparison was done between the national and the financial manual international programme after which a review was done first by the Royal Audit Authority and then an independent national consultant. A completed draft has been shared with the PC and the finance and controlling team at the head office.

A review of the internal control system, partner monitoring, audit processes and discussions on the draft finance manual was done through a mission by the finance and controlling team from the head office. Feedback are being followed up and some aspects included in the revised national finance manual. During the annual meeting with all project managers and partners in 2016, reminders on proper and timely cash flow planning and using the fund request format were made by the head of finance from the country office. Aspects such as the country office reserving the right to reduce fund releases if expenditure trends are below plan was also shared and discussed.

5.4. Communication & Public Relations

The 2015 celebration of 4 decades of partnership was a high point in terms of communication and media appearances. In 2016 and in other years generally, little was done on this topic apart from sporadic mention in the media during signing of new project agreements. Our logo is used prominently during events supported through the different projects (e.g. workshops, the CSO Fair, a recent awareness video clip in the vocational skills sector), and a facebook page has been started which has a modest number of regular viewers. For donors like the EU, visibility is important and needs to be assured through press releases, use of their logo etc.

5.5. Administration

There have not been legal issues, nor significant administrative issues either within projects or the country office. Procurements in projects are done following the guidelines of partner agencies which are reliable and stringent especially that of the government, or our own regulations. 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

A comprehensive country context and country strategy review was done by the president and a board member from the HELVETAS board, and a national expert. The main findings were: continue the programme in Bhutan on the condition of being able to acquire mandates of a certain proportion, and the programme reduced to two sectors. With the EU mandate in the civil society sector coming through, planning is underway for a new country strategy which focuses on the topics of vocational training and governance and with an open approach towards acquisition efforts in other sectors in which HELVETAS Bhutan has the experiences and credibility. The new country strategy will need a robust M&E system and a realistic logical framework. A challenge in most project documents have been ambitious logical frameworks and a disconnect between projects and the country strategy results.

The end of phase review of the rural livelihood project was done which led to the planning of a final phase that focuses on consolidation and sustainability of initiatives begun in the earlier phases. The mid-term review of the vocational skills project was critical of the project direction and results; therefore, a mid-term change in some of the strategies was done (e.g. more focus on the quality of training in the partner technical training institutes, enhancing the practical side of trainings, shift of project management to the technical training institutes rather than in the central ministry) and the entire work plan of the project was revised to incorporate a majority of the recommendations. An organizational review of the rural development training centre was done; outcomes of the review were presented to the MoAF where reservations were expressed on recommendations related to full or partial leasing of the training centre to private entrepreneurs. The recommendation to immediately fill the vacant position of the head of the centre was done and efforts are being made to improve certain quality aspects in the training programs. Similar reviews and planning of projects in community forestry, local governance and civil society are planned for 2017.

5.7. Risks and Security

The risks and security situation in Bhutan is generally low risk. Major risks have been natural hazards (in particular floods, and earthquakes). In certain pockets of the South, ransom kidnappings occurred occasionally but there has been no reported incidence in the last year or so. A preliminary assessment of the earthquake resilience of the office building was done and vulnerable points identified. Preparedness in case of large scale natural disasters is low. Recent flooding in the south galvanised different development organizations to come together and discuss joint responses; however, concrete joint actions did not emerge. Within the country office, preparedness in the event of fires or natural disasters is low. A draft local security plan exists and has been updated. The local Security focal person from the country office will participate in a SSRM workshop for Nepal and

Bhutan after which the plan will be finalized and practical steps that can be implemented immediately identified.

6. Conclusions and Planning of Next Year

The current programme was reviewed in 2016 and a continuation was decided based on the condition that mandates would be acquired. Two focus areas were recommended: vocational skills training and governance. Therefore, two milestones for 2017 are:

- to develop a new Country Strategy based on the recommendations of the programme review,
- to review and renew a general agreement with the government of Bhutan.

The main objectives within the working areas are:

Rural economy: to complete the SDC mandate in community forestry and plan a new one-year consolidation period; to continue the consolidation and completion of engagement in the rural livelihood project.

Governance and Peace: to finalize the documents for the EU mandate in civil society and begin implementation; to review engagement in the local governance sector and potentially plan a new phase. A new staff may be needed to assist in the implementation of the EU mandate.

Skills development and education: to begin planning a new phase in the vocational skills sector.

Transversal themes: review and possible updating of the gender and social inclusion note is needed. Clearer definition of disadvantaged groups and primary stakeholders is needed and applied when formulating the new country strategy and new phases of projects. Advocacy will be pursued in the civil society programme especially on the legal framework for CSOs. On one hand, CSOs will be supported to bring their opinions on the legal framework to the forefront, and on the other, support in the actual review and revision will be provided to the relevant state agencies. Policy engagement in the agriculture sector will continue through assisting in the development of a policy on food security and nutrition.

Acquisition efforts will continue, and it should be planned that a focal person in the office be given some time each month to maintain contacts with the acquisition department and through active lookout for opportunities. Follow up on a tender from the EU in the agriculture sector will be made and linkages with the ADB will be continued in the vocational skills sector. The SAARC Development Fund is another avenue for acquisition; the requirement for at least 3 countries in the region to participate and benefit is challenging, but could be a possibility for different HELVETAS country offices in the region to collaborate.

Various workshops are planned to seek inputs into the concept note for the country strategy and in the development of the strategy itself. The draft of the concept note will be presented to the management in March 2017, and the first complete draft of the country strategy is expected to be completed in October 2017. The biennial Round Table Meeting (RTM), a forum where the government meets all its international partners, will take place in which participation from the head office will be invited.

7. Appendices

1. Project Status Sheets of all Projects
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