



**EUROPEAN COMMISSION**

**PRESS RELEASE**

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## **EU increases development support to Nepal and Bhutan**

European Commissioner for Development, Andris Piebalgs, has announced that the EU development programmes for Nepal and Bhutan will triple in the 2014-2020 period in comparison with the allocation from the previous years. This commitment shows the EU has taken note of the efforts both countries have made to fight poverty and implement constitutional reforms.

Commissioner Piebalgs starts tomorrow a visit to both countries, starting in Nepal. EU support for this country will amount to €360 million; and it will focus on sectors such as education, sustainable rural development and strengthening democracy. For Bhutan, the EU will provide a €42 million package and will aim to strengthening of civil society, supporting local governance and developing sustainable rural livelihoods by e.g. enhancing food and nutrition security and generating employment opportunities.

About the challenges in Nepal, he said: *"We appreciate the scale of the challenges involved in improving living standards in Nepal against a background of population growth, and we want to support the ambitious policy of the national authorities by targeting our aid on key areas for the population, such as good governance, quality education and development of more sustainable agriculture."*

The visit will also provide an opportunity for Commissioner Piebalgs and the Nepal authorities to discuss economic and development issues, the results achieved and the outlook for future cooperation between the EU and Nepal.

In the course of his visit to Nepal (18 - 21 October), Commissioner Piebalgs will meet several authorities including President Ram Baran Yadav and Prime Minister Sushil Koirala, as well as with Minister of Finance Ram Sharan Mahat, with whom he will sign the Multiannual Indicative Programme 2014-2020. He will confirm EU's commitment to helping the country's development process and, in particular, express support for reforms to place the public finances on a sounder footing. The Commissioner will also visit EU funded programmes in Bhaktapur and in the Banke and Bardia Districts (Mid-Western Region).

As regards Bhutan, where Commissioner Piebalgs will stay from 21 till 26 October, the Commissioner added: *"I welcome the successful democratic transition and the peaceful elections that took place last year. I am glad to see that the country has managed to reduce poverty by half. The new assistance will target areas that could work as catalysts for further development, like the Renewable Natural Resources sector, in line with Bhutan's objective to build a carbon neutral economy. I hope that the country will continue its current reform agenda and we stand ready to support the country to further engage with civil society in policy-making."*

The visit will provide an opportunity to stimulate further political reforms in Bhutan, by encouraging the Bhutanese Leadership to empower civil society and to find a balanced solution for the refugee situation (refugees from Bhutan of ethnic Nepali descent that were expelled from Bhutan in early 90s).

There, Commissioner Piebalgs is expected to meet the King Jigme Khesar Namgyel Wangchuck, the Prime Minister, Tshering Tobgay, Minister of Foreign Affairs, Lyonpo Rinzin Dorje. A signature ceremony to launch the MIP will take place with the Minister of Finance, Lyonpo Namgay Dorji. The Commissioner will also inaugurate the first EU film festival in Bhutan.

## **Background**

### **EU – Nepal cooperation**

EU assistance to Nepal started in 1977. The EU is the largest donor to Nepal. The previous development programme (implementation is partially still ongoing) for the time period 2007-2013 was worth €114 million and included education, stability and peace building and trade facilitation as priority sectors of cooperation. The current EU development programme, the Multi-Annual Indicative Programme (MIP) was adopted in September 2014. It is aligned to the National Development Strategies of Nepal and the amount earmarked for the programme is about the equivalent in value terms of EU Nepal cooperation since its inception in 1977.

### **EU – Bhutan cooperation**

The EU has focused on intensive support for Bhutan's efforts towards poverty reduction, food security and - most recently - democratisation. The previous development programme for the time period 2007-2013 was worth €14 million and mainly provided support for renewable natural resources and enhancing good governance. The total contribution of the EU to Bhutan's development efforts since the early projects in the 80s adds up to more than €90 million.

### **What is a Multiannual Indicative Programme?**

Multiannual Indicative Programmes (MIPs) represent an important step in the programming of EU aid under the Development Cooperation Instrument (DCI). EU Member States agreed in 2013 the overall amount for development cooperation that will be channelled to Latin America, Asia, Central Asia, the Middle-East and South Africa under the DCI during the next financing period 2014-2020 (total amount €19.6 billion).

In parallel, the preparations of a MIP for each of these countries started, defining the strategy and priorities for EU aid. These preparations are done in close cooperation with the partner countries in close consultation with other development partners (e.g. donors, civil society, private sector, etc.) so as to ensure that MIPs support national priorities where the EU has an added value.

## **For more information**

[MEMO/14/595](#): EU development cooperation with Nepal

[MEMO/14/596](#): EU development cooperation with Bhutan

Website of the European Commissioner for Development, Andris Piebalgs:

[http://ec.europa.eu/commission\\_2010-2014/piebalgs/index\\_en.htm](http://ec.europa.eu/commission_2010-2014/piebalgs/index_en.htm)

Website of DG Development and Cooperation - EuropeAid:

[http://ec.europa.eu/europeaid/index\\_en.htm](http://ec.europa.eu/europeaid/index_en.htm)

Website of the EU cooperation with Nepal:

[https://ec.europa.eu/europeaid/countries/nepal\\_en](https://ec.europa.eu/europeaid/countries/nepal_en)

Website of the EU cooperation with Bhutan:

[https://ec.europa.eu/europeaid/countries/bhutan\\_en](https://ec.europa.eu/europeaid/countries/bhutan_en)

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