



# European Union provides EUR 3.4 Million to support Bhutan’s tourism sector



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Press releases

**July 2, 2020:** COVID-19 crisis has adversely affected the economies worldwide, with tourism being the worst affected of all major economic sectors. In line with our support to Bhutan for Covid-19, the European Union (EU) through its SWITCH Asia programme, has signed two new projects with Association of Bhutanese Tour Operators and GrAT - Center for Appropriate Technology. To be implemented over a 4-year period, the projects aim at supporting the tourism sector, second largest earner in Bhutan, in making a prompt recovery from the impact of the COVID-19 pandemic. The EU will infuse EUR 3.4 million into the tourism industry through both these projects supporting over 2500 MSME suppliers servicing 100+ tour operators.

The projects are in line with Bhutan's Vision 2020, which has identified sustainable tourism as a key sector. These initiatives will support the transformation of Bhutan towards a green economy by enhancing the sustainability through resource efficiency and adoption of green practices and products; reduced GHG emissions and competitiveness of tourism. The respective activities were designed to also provide support to MSMEs and producers of agro products and handicrafts in rural areas by facilitating their participation in the global and local tourism supply chain; providing access to green financing schemes to the hotels and securing green product certification. The projects will also promote regional and global marketing of Bhutan as an attractive tourist destination.

Speaking on the signing of the projects, EU Ambassador to India and Bhutan H.E. Ugo Astuto said “Beyond the health emergency caused by the COVID-19, we are also facing today a serious economic fallout on a global scale. Tourism is a key sector in Bhutan with wide-ranging effects on economic growth and employment. We are happy to support the Bhutanese government to address the challenges faced by the tourism industry in these difficult times. I hope that the EU assistance will help in promoting responsible and sustainable tourism.”

The projects will also contribute to sustainable and inclusive tourism development in Bhutan with improved regional spread of the tourism activities. It will also focus on:

- Development of diversified tourism products to meet the market demand (handicraft, food products, homestay services, tourism packages)
- Support to increase uptake of local food products and indigenous handicrafts in the tourism sector; Strengthened market access and direct linkages between tourism establishments, tour operators and the producers of local sustainable food and handicrafts.
- Increased production of high quality sustainable food and handicrafts through efficient resource management, better and standardized processing and application of appropriate technology solutions;
- Support to “greening” of the supply chain. Increased income and green practices of suppliers through training, coaching and supply chain approaches
- Providing access to green financing schemes to the hotels and securing green product certification

Association of Bhutanese Tour Operators will collaborate with Allianz Selbststaendiger Reiseunternehmen, Hotel and Restaurant Association of Bhutan, Stitching European Centre for Eco and Agro Tourism – Nederland, all of whom have robust expertise in this industry. GrAT – Center for Appropriate Technology is partnering with Bhutan Association of Women Entrepreneurs, Handicraft Association of Bhutan and Stenum Asia Sustainable Development Society and the project has already started undertaking preliminary work since 1 May 2020.

**EU - Bhutan**

During the 2014-2020 period, the overall EU support to Bhutan amounts to EUR 71.43 million, focusing on promoting sustainable development, local governance, rural development, supporting civil society organisations, trade as well as small and medium enterprises. The impact of the COVID-19 crisis puts at risk the socio-economic gains that Bhutan has made during the last decade. As long term partners, the EU is supporting Bhutan in its efforts to tackle Covid-19

The EU has earmarked approximately EUR 20.5 million (EUR 12.5 million in April and EUR 8.5 million in March) till now that will contribute to Bhutan's efforts in strengthening its preparedness capacities to deal with the pandemic, as well as mitigating the socioeconomic impact in the country.

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