

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. The Government of India has historically been a major development partner for the Government of Bhutan. In Bhutan's Eleventh Five-Year Plan, 2013–2018, the Government of India provided 67% of the total external grants and provided about 22% of the outlay. Besides the Government of India, other major development partners are the European Union, the governments of Japan, Austria, Switzerland and Norway, the International Centre for Integrated Mountain Development, the South Asian Association for Regional Cooperation Development Fund, the United Nations, and international financial institutions including the Asian Development Bank (ADB), the World Bank, and International Fund for Agricultural Development.¹ With Bhutan transitioning from a low-income country to a lower-middle-income country, some donors have phased out their support, including Danida in 2013 and the Swiss Agency for Development and Cooperation (SDC) in 2017.² Support to technical and vocational education and training (TVET) from key development partners is summarized in the table.

Major Development Partners

Development Partner	Project Name	Duration	Amount (\$ million)
Education (TVET)			
ADB	Institutional Development of National Technical Training Authority	2000–2001	0.3
ADB (financed by the JFPR)	Rural Skills Development Project	2007–2010	1.9
ADB (financed by the JFPR)	Institutional Strengthening for Skills Development	2014–2016	0.75
GTZ	Basic Skills Development Project (Component 3: Improving the quality of basic skills training)	2001–2007	2.5
JICA	Strengthening the Quality of TVET	2009–2013	0.4
Danida	Social Sector Program Support (Component 2: Support for TVET)	2008–2013	1.5
World Bank	Private Sector Development Project (Component 2: Development of an IT skills program)	2007–2013	2.0
Government of India	Critical Skills Training Program	2013–2018	5.3
Government of India	Jigme Wangchuk Power Training Institute Construction	2013–2018	2.9
Helvetas	Occupational Skills Development for Construction Sector	2013–2017	2.2
Helvetas	Occupational Skills Development for Construction Sector (Phase 2)	2018–2022	2.0
ADB	Basic Skills Development Project	2001–2007	7.2

ADB = Asian Development Bank, IT = information technology, JICA = Japan International Cooperation Agency, JFPR = Japan Fund for Poverty Reduction, TA = technical assistance, TVET = technical and vocational education and training.

Sources: Donor websites; and Government of Bhutan, Ministry of Labor and Human Resources past project documents.

2. ADB has been the biggest funding agency for TVET in Bhutan. A series of projects were supported during 1990–2000 in technical and vocational education and training. During 2000–2002, ADB supported the institutional development of the National Training Authority. An investment of \$7.2 million was provided in 2001 for the Basic Skills Development Program to the

¹ Government of Bhutan, Gross National Happiness Commission (GNHC). 2017. Thimphu.

² According to the World Bank, Bhutan transitioned from a low-income country to a lower-middle-income country in 2008.

Ministry of Labor and Human Resources (MOLHR). This project was instrumental in establishing six technical training institutes (TTIs), which now form the backbone of public TVET institutions across the country. The project helped to establish a TVET policy framework and the Bhutan Vocational Qualifications Framework. ADB helped the government extend the provision of TVET to far-flung villages under a \$1.9 million Japan Fund for Poverty Reduction grant in 2007 to support new earning opportunities during off-farm seasons.

3. The Japan for International Cooperation Agency (JICA) provided support for TVET in Bhutan through a technical assistance (TA) project from 2009 to 2013, which aimed to strengthen quality of TVET. The TA focused on improvement of the quality of electrical courses in the TTIs, capacity development of the electrical course instructors, and establishment of an institute advisory board for the electrical sector to improve public–private partnerships in TVET. Danida has been supporting Bhutan since the 1980s, mainly in the education, health, urban development, and governance sectors. During the Tenth Five-Year Plan, Danida provided support of about \$1.5 million to the MOLHR to enhance vocational education and training under Danida’s Social Sector Support Program. This support– helped to institutionalize competency-based training practices and quality assurance systems, and to upgrade the capacity and qualifications of the TVET trainers. Danida phased out its support in 2013.

4. The World Bank supported the Private Sector Development Project with a grant of \$8 million during 2007–2013. The Thimphu Tech Park was set up under this project by the Ministry of Information and Communication, and the MOLHR led skills development for the international and domestic tenants of the tech park. Over 1,300 youth were trained in IT and IT-enabled service sector skills using a \$2 million allocation.

5. Switzerland’s partnership with Bhutan started in the 1970s with skills development and small-scale enterprise development. The SDC and Helvetas supported the establishment of the Natural Resource Training College and Rural Development Training Center to support skills development for the rural population. The SDC also supported vocational clubs in schools. Helvetas provided about \$2.2 million for skills development and employment in the construction sector from 2013 to 2017. A second phase of the project with about \$2 million was approved for 2018–2022.

6. The Government of India’s support has been for infrastructure, roads, bridges, and hydropower. The Government of India started supporting skills development from the Tenth Five-Year Plan (2008–2013) by providing Nu170.38 million to train 267 students in critical skill occupations such as nursing and midwifery. During the Eleventh Five-Year Plan, 2013–2018, the Government of India provided support of about \$5.3 million for short-term skills training in key sectors.³ Further support of \$2.9 million from the Government of India has been instrumental in upgrading the infrastructure of the TTI in Dekiling to offer training for the hydropower sector. The Government of India has also supported school education reforms by helping to upgrade 60 schools as central schools with residential facilities to serve rural populations.

7. ADB TA for Institutional Strengthening for Skills Development (2014–2016) was instrumental in the development of the government’s TVET Blueprint, 2016–2026, outlining key reforms and activities that form the basis for the Skills Training and Education Pathways Upgradation Project.

³ The key sectors covered were hospitality and tourism, health, arts and crafts, construction, and hydropower.

B. Institutional Arrangements and Processes for Development Coordination

8. The Gross National Happiness Commission is the nodal agency for coordinating plans, mobilizing resources, and ensuring alignment with national priorities, in close coordination with line ministries and development partners. While most bilateral and multilateral development coordination is managed by the GNHC, that of the World Bank and ADB is managed by the Ministry of Finance. The Round Table Meeting is the formal dialogue platform including all development partners—bilateral, multilateral, and international financial institutions, including ADB—and is led by the GNHC and jointly organized by the United Nations Development Programme and the Ministry of Foreign Affairs. The Round Table Meeting is organized at the start and midterm of each five-year plan.

C. Achievements and Issues

9. ADB's support to TVET has been instrumental in building the foundation for the TVET system in Bhutan, covering policy frameworks, institution building, infrastructure development, equipment asset creation, and implementation of training programs covering urban and rural beneficiaries. Other key development partners in TVET have brought leading TVET models from Japan (in the case of JICA) and Switzerland (in the case of the SDC and Helvetas) to Bhutan, such as dual training systems, institutional capacity building, and linkages to the private sector. The World Bank has undertaken extensive analytical studies and TA work in reform areas for sustainable economic growth and investment competitiveness, as well as studies reviewing labor market challenges.

D. Summary and Recommendations

10. The government's commitment to reform and change in the TVET sector, particularly to increase job outcomes, is high. Concerted efforts by the government, private sector, and development partners are required to implement the TVET Blueprint to improve access to TVET as well as its quality and relevance. During project implementation, it is suggested to ensure coordination with Helvetas (dual training model in the construction sector and other TVET activities); JICA (knowledge sharing on occupational health and safety in TTIs and possible introduction of a FabLab⁴); the World Bank (analytical work on the labor market, studies on private sector job creation); Government of Australia (partnerships with technical and other educational institutions for capacity development); and the Government of India (skills for repair and maintenance of hydropower equipment, and for domestic manufacturing).

11. It is suggested to initiate a knowledge sharing platform between development partners, civil society organizations, the private sector, and the government to bring synergy and complementarity in the efforts to further improve the TVET system in Bhutan.

⁴ A fablab or *fabrication laboratory* is a small-scale workshop enabling digital fabrication of products