

## DEVELOPMENT COORDINATION

### A. Major Development Partners: Strategic Foci and Key Activities

1. The development of Bhutan's transport sector has been supported by multilateral and bilateral development partners, including the Asian Development Bank (ADB); the World Bank; and the governments of India, Japan, the Netherlands, and Switzerland. The country's 11th five-year plan for 2013–2018 emphasizes the importance of transport infrastructure development. The government aims to provide better access to safe, reliable, affordable transport service, using environment-friendly technology. Given that transport in Bhutan depends almost totally on its road network, development partners have helped the country develop its national highways and rural roads.

2. ADB's involvement in Bhutan's road subsector began in 1983 and focused initially on building capacity for road construction. Since most of the country's main road network was being built and maintained by the Border Roads Organization of India at the time, the government and local contractors had not developed the necessary abilities in these areas. Responsibility for the road network was gradually transferred to the Department of Roads of Bhutan's Ministry of Works and Human Settlements, and ADB started to finance physical road network construction and expansion works only in 1998. The World Bank has also been supporting road construction since that time, focusing on rural road projects. Its ongoing Remote Rural Communities Development Project is helping build 34 kilometers of the farm roads proposed under the 10th five-year plan for 2008-2013. The Government of India provides substantial assistance for new construction or improvement of the major north–south national highways, which run to and from the Bhutan-India border. It has also shown interest in supporting some of the planned but still unfunded and incomplete sections of the Southern East–West Highway (SEWH), which runs along the border. A new 68.3-kilometer section of the SEWH is to be built as a component of ADB's South Asia Subregional Economic Cooperation Road Connectivity Project. The Facility for Infrastructure Development funded by the Ministry of Foreign Affairs of the Netherlands is supporting the Dagapela–Dalbari road project that will connect hilly districts to the SEWH at Lamozingkha. The 53.0-kilometer SEWH section connecting Lamozingkha and Manitar is being constructed under ADB's Road Network Project II.<sup>1</sup>

#### Major Development Partners

Development Partner	Project Name	Duration	Amount
ADB	Multiproject loan and technical assistance grant	1983–1986	\$5,000,000
	Road construction and training	1985–n.a.	\$75,000
	Second multiproject Loan	1985–n.a.	\$7,400,000
	Institutional strengthening of public works department	1986–n.a.	\$150,000
	Roadworks mechanization	1986–1992	\$4,500,000
	Institutional strengthening of the department of roads	1991–n.a.	\$530,000
	Road project	1992–1993	\$250,000
	East–west highway maintenance	1993–1997	\$5,200,000
	Development of maintenance management system	1993–1995	\$390,000
	Construction management	1993–1998	\$740,000
	Road transport network development	1998–n.a.	\$650,000
	Capacity building of the construction development Board	1999–2000	\$400,000

<sup>1</sup> ADB. 2009. *Report and Recommendation of the President to the Board of Directors: Proposed Asian Development Fund Grant to Kingdom of Bhutan for Road Network Project II*. Manila.

Development Partner	Project Name	Duration	Amount
	Road improvement	2000–2006	\$9,600,000
	Road planning and management strengthening	2000–2003	\$954,000
	Road network expansion	2003–2004	\$500,000
	Road network project	2005–2011	\$27,300,000
	Capacity building for road safety and road asset management	2005–2010	\$300,000
	Preparing the road network project II	2008–2009	\$650,000
	Road network project II	2009–2015	\$39,160,000
	Capacity building of the department of roads	2009–2010	\$400,000
	Bhutan transport 2040 integrated strategic vision	2010–2011	\$500,000
	Preparing road network project II (additional financing)	2011–2012	\$650,000
	South Asia road safety program	2011–2014	\$700,000
<b>World Bank</b>	Japanese grant for rural access project	1999–2006	\$196,000
	Rural access project	1999–2006	\$11,600,000
	Second rural access project	2007–2012	\$10,000,000
	Remote rural communities development project	2012–2018	\$9,000,000
<b>Austria</b>	TA to Hesothingkha mechanical workshop	2000–n.a.	Nu7,600,812
<b>India</b>	Various road projects under 9th five-year plan	2003–2008	Rs2,830,100,000
	Various road projects under 10th five-year plan	2008–2013	Rs4,483,780,000
	Various road projects under 11th five-year plan	2013–2018	Rs8,585,020,000
<b>Japan</b>	Improvement of the equipment for road construction and maintenance	1987	n.a.
	Improvement of the equipment for road construction and maintenance (phase 2)	1995	n.a.
	Study on national highway bridge construction	1997–1998	n.a.
	Reconstruction of bridges (construction)	2001–2003	¥1,713,000,000
	Second phase reconstruction of bridges	2005–2007	¥1,302,000,000
	Third phase reconstruction of bridges (detailed design)	2009–2010	¥62,000,000
	Third phase reconstruction of bridges (construction)	2009–2014	¥2,494,000,000
<b>The Netherlands</b>	Rural access technical assistance project	2000–n.a.	f1,995,000
	EFRC support project	2003–n.a.	Nu33,000,000
	Dagapela–Dalbari road project	2013–2019	€11,358,000
<b>Switzerland</b>	Puna Tsang Chhu bridge phase II	1999–n.a.	SwF2,393,000
	Suspension bridge program phase IV Part II	1999–n.a.	SwF2,490,000
	Reconstruction of seven suspension bridges	2001–n.a.	Nu9,759,000
	Suspension bridge program, phase V	2003–n.a.	SwF2,495,000
	EFRC support project	2003–n.a.	Nu39,000,000

ADB = Asian Development Bank, EFRC = environment-friendly road construction, n.a. = information not available, TA = technical assistance, f = Dutch guilder, € = euro, ¥ = yen, Nu = ngultrum, Rs = India rupees, SwF = Swiss franc  
Sources: Asian Development Bank and Bhutan Ministry of Finance.

## B. Institutional Arrangements and Processes for Development Coordination

3. ADB's assistance and its collaboration with development partners have remained within the overall development framework provided in the government's five-year plans and in line with the key sector development initiatives. These include Bhutan 2020, the country's long-term vision document, and the Road Sector Master Plan (2007–2027), prepared in 2006 with ADB assistance.<sup>2</sup> ADB has planned its support in close collaboration with the World Bank and other key development partners. With the establishment of ADB's Bhutan Resident Mission in 2012, coordination with other development partners has been and is being strengthened further.

<sup>2</sup> Government of Bhutan, Planning Commission. 1999. *Bhutan 2020: A Vision for Peace, Prosperity, and Happiness*. Thimphu.

Round table meetings have been organized by the government every 2 years as formal occasions for coordination among development partners and the government.

### **C. Achievements and Issues**

4. The evaluation of ADB's country assistance program for Bhutan in 2010 found that ADB's transport sector development support was in line with its transport sector strategy for the country and was well-positioned during 2001–2009.<sup>3</sup> ADB's dialogue with other development partners has helped harmonize this assistance to Bhutan in the road sector. For example, ADB has focused on strengthening the trunk road network, Japan and Switzerland have focused on bridge construction and the provision of construction equipment, and the World Bank has focused on helping to build farm roads for better direct access to and for the rural population. To meet Bhutan's need for greater skills and capabilities in constructing and managing the country's roads, development partners have provided support for various capacity development efforts. While ADB has been helping build capacity in the Department of Roads, which is responsible for developing and maintaining the major trunk road network, an ongoing World Bank project is supporting the capacity development at the Ministry of Agriculture and Forests, which is responsible for the development and maintenance of rural roads.

### **D. Summary and Recommendations**

5. As a major development partner in Bhutan's road sector, ADB continues to concentrate on trunk road network development. Given the income generation opportunities that regional economic integration can provide the country and its people, ADB will focus in particular on roads that connect Bhutan with neighboring countries. The development impact of this effort is expected to be enhanced by the improvement of rural access that other development partners, notably the World Bank, have focused on. The governments of Japan and Switzerland, have centered their support on bridge construction, which has allowed Bhutan to benefit from their national expertise in bridge building, particularly in mountainous areas. A bridge to be constructed as part of the the Pasakha access road subproject of the South Asia Subregional Economic Cooperation Road Connectivity Project has been designed by a Japanese bridge engineer who has been working for the Department of Roads as a senior Japan overseas cooperation volunteer of Japan International Cooperation Agency and transferring his skills to this department's staff.

6. Bhutan lacks human resource capacity in the design and implementation of road construction projects and in properly managing road assets. ADB will continue to help increase the number of government officials with these abilities by providing training opportunities in international best practices to the Department of Roads for developing and managing the country's trunk road network. This is expected to achieve synergies with the capacity development efforts of the World Bank at the Ministry of Agriculture and Forests in the development and management of the country's rural road network.

---

<sup>3</sup> ADB. 2010. *Country Assistance Program Evaluation: Bhutan*. Manila.