

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. Bhutan's transport sector development has been supported through multilateral agencies and bilateral channels, including the Asian Development Bank (ADB); the World Bank; and the governments of India, Japan, the Netherlands, and Switzerland. The Eleventh Five Year Plan, 2013-2018 emphasizes the importance of transport infrastructure development.¹ The government aims to provide better access to safe, reliable, and affordable transport service using environment-friendly technology. Since the transport system in Bhutan is almost totally dependent on the country's road network, development partners have supported the development of the road network, including national highways and rural roads.

2. ADB's involvement in Bhutan's road sector, which began in the early 1980s, initially focused on capacity development of road sector institutions for road construction. Since most of the country's main road network was constructed and maintained by the Border Roads Organisation (BRO) of India until the early 1990s, the capacity of the government and local contractors was not sufficient to provide road construction and maintenance services. Responsibility for the road network was gradually transferred from the Public Works Department, initially under the Ministry of Development and later under Ministry of Social Services to the Department of Roads under the Ministry of Works and Human Settlement in the 1990s, and it was only after the late 1990s that ADB started to finance road network construction and expansion works. Since the late 1990s, the World Bank has been supporting road construction projects focusing on rural roads. The ongoing Remote Rural Communities Development Project of the World Bank is supporting construction of 34 kilometers of farm roads chosen from the list proposed under the Tenth Five Year Plan, 2008–2013.² The Government of India provides substantial assistance, with a focus on the new construction or improvement of the major north–south national highways. It also shows interest in supporting some unfunded sections of the Southern East–West Highway (SEWH). The Facility for Infrastructure Development, funded by the Ministry of Foreign Affairs of the Netherlands, is supporting the Dagapela–Dalbari road project, which connects the hilly Daga districts to the SEWH at Lhamoizinkha. A 53-kilometer SEWH section connecting Lhamoizinkha to Manitar was completed in mid-2015 under the ADB-funded Road Network Project II.

Major Development Partners

Development Partner	Project Name	Duration	Amount
ADB	Multi-project	1983–1986	\$5,000,000
	Road Construction and Training	1985–...	\$75,000
	Second Multi-Project	1985–...	\$7,400,000
	Institutional Strengthening of Public Works Department	1986–...	\$350,000
	Roadworks Mechanization	1986–1992	\$4,500,000
	Institutional Strengthening of the Department of Roads	1991–...	\$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–...	\$650,000

¹ Government of Bhutan, Gross National Happiness Commission. 2013. *Eleventh Five Year Plan, 2013–2018, Volume I: Main Document*. Thimphu.

² Government of Bhutan, Gross National Happiness Commission. 2009. *Tenth Five Year Plan, 2008–2013, Volume 1: Main Document*. Thimphu.

Development Partner	Project Name	Duration	Amount
	Capacity Building of the Construction Development Board	1999–2000	\$400,000
	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
	South Asia Subregional Economic Cooperation Road Connectivity Project	2014–2019	\$18,960,000
World Bank	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
Government of Austria	Technical Assistance to Hesothingkha Mechanical Workshop	1996–2002	€1,370,408
Government of India	Various road projects under the Ninth Five Year Plan	2003–2008	Rs2,830,100,000
	Various road projects under the Tenth Five Year Plan	2008–2013	Rs4,483,780,000
	Various road projects under the Eleventh Five Year Plan	2013–2018	Rs8,585,020,000
Government of Japan	Improvement of the Equipment for Road Construction and Maintenance	1987	...
	Improvement of the Equipment for Road Construction and Maintenance (Phase 2)	1995	...
	Study on National Highway Bridge Construction	1997–1998	...
	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
	EFRC Support Project	2003–...	Nu33,000,000
	Dagapela–Dalbari Road Project	2013–2019	€11,358,000
Government of Switzerland	Puna Tsang Chhu Bridge Phase II	1999–...	SwF2,393,000
	Suspension Bridge Programme Phase IV Part II	1999–...	SwF2,490,000
	Reconstruction of Seven Suspension Bridges	2001–...	Nu9,759,000
	Suspension Bridge Programme, Phase V	2003–...	SwF2,495,000
	EFRC Support Project	2003–...	Nu39,000,000

... = not available, ADB = Asian Development Bank, EFRC = environment-friendly road construction.
Sources: ADB; Government of Bhutan, Ministry of Finance.

B. Institutional Arrangements and Processes for Development Coordination

3. Within the overall development framework provided in the government's five-year plans and in support of key sector development initiatives such as Bhutan 2020 and the Road Sector Master Plan, 2007–2027, ADB support has been enhanced in close collaboration with the World

Bank and other key development partners.³ With the establishment of ADB's Bhutan Resident Mission in 2012, coordination with other development partners has been strengthened. Roundtable meetings are organized by the government at the beginning and middle of every five-year plan period as formal occasions for coordination among development partners and the government.

C. Achievements and Issues

4. The 2010 Country Assistance Program Evaluation for Bhutan indicated that ADB transport sector development support in Bhutan was in line with its transport sector strategy for the country and was well balanced and demand-driven during 2001–2009.⁴ Dialogue between ADB and other development partners has contributed to coordinated assistance to Bhutan. For example, ADB has focused on strengthening the trunk road network, the governments of Japan and Switzerland have focused on bridge constructions and the provision of construction equipment, and the World Bank has focused on supporting the construction of farm roads to improve accessibility of the rural population. Additionally, development partners have provided capacity development support to road sector institutions, including ADB's provision of capacity development support to the Department of Roads, which is responsible for road development, construction and maintenance of the major trunk road network, and the World Bank's provision of capacity development support for 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 the road sector in Bhutan, ADB continues to focus on trunk road network development. Furthermore, ADB transport sector support started in 2014 for the construction of cross-border infrastructure, e.g., a mini dry port in Phuentsholing and a land custom station in Allay under the South Asia Subregional Economic Cooperation Road Connectivity Project. In particular, ADB will focus on road network connections with neighboring countries to promote integration and the resulting income-generating opportunities. The development impact is expected to be enhanced by the improvement of rural access, which other development partners, notably the World Bank, have focused on. Bilateral development partners, such as the governments of Japan and Switzerland, have focused on supporting bridge construction, applying their country-specific expertise, especially in mountainous areas.

6. Bhutan lacks human resources with sufficient capacity to design and implement road construction projects and to properly manage road assets. ADB will continue to support increasing the number of government officials with sufficient capacity through providing on-the-job training opportunities of international best practices to Department of Roads staff for trunk road network development and management. The World Bank will also provide capacity development support to the Ministry of Agriculture and Forests for rural road network development and management.

³ Government of Bhutan, Planning Commission. 1999. *Bhutan 2020: A Vision for Peace, Prosperity and Happiness*. Thimphu; Government of Bhutan, Ministry of Works and Human Settlement. 2006. *Road Sector Master Plan (2007–2027)*. Thimphu.

⁴ ADB. 2010. *Country Assistance Program Evaluation: Bhutan*. Manila.