

Rolling Plan for the Kingdom of Bhutan

As of September 2017

Basic Policy of Assistance	Assistance for self-reliant and sustainable nation building with a good balance of rural and urban areas.
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Priority Area 1	Sustainable economic growth	
<p>Development Issue1-1</p> <p>Improvement of Standard of Living in Rural Areas</p>	<p>[Background and Current Situation]</p> <p>Bhutan has sound economic growth at the macro level with average GDP growth rate of about 6.5% during 2010-2014. Also, the poverty ratio decreased to 12% in 2012 from 32% in 2003 and the goal of the 10th Five Year Plan (15%) was successfully accomplished. The Bhutanese Government considers 'Inclusive Socio-Economic Development' the most important issue to be addressed, and it has set up such goals as to bring down poverty rate to 5% from 12% in 2012 and to decrease economic disparity.</p> <p>It is essential for Bhutanese economic development to achieve growth with a good balance between rural and urban areas. In order to achieve this, it is necessary to improve agricultural productivity and income, to facilitate inland movement of people and goods, and to enhance access of the people in rural areas to social services through development of basic social infrastructure.</p> <p>Although the percentage of agricultural workforce in the employed population decreased to 57% in 2014 from 75% in 1999, agriculture is still a key industry in Bhutan. However, agricultural productivity and income per labour and per unit area is low (rice yield of around 2.3 t/ha is at a lower level as compared to other South Asia countries) for the following reasons;</p> <ul style="list-style-type: none"> (i) arable land is limited because most of the country is in mountainous area (arable land is only 2.9% of the total national land and it is difficult to expand further), and average farm land per household is small. (ii) farm mechanization and irrigation facilities are underdeveloped. (iii) agricultural products are mainly low value-added like rice and maize and mostly meant for self-consumption. <p>The poverty ratio is higher especially in the Southern and the Eastern regions. About 90% of the total poverty population live in rural areas, and income disparity is growing between urban and rural areas. Rural areas have been declining due to avoidance of agriculture by youth and outflow of population from rural areas to urban areas.</p> <p>Although roads are the main mode of transportation and traffic, the progress of road construction is slow. The network of main roads consists of only five Primary National Highways (PNHs), PNH No. 1 running east-west of the country and PNH No.2 to 5 running southward from PNH No.1 to the border with India. Over 20 % of total households take more than half a day, and about 10% of total households take more than 6 hours, to reach roadway on foot in 2005. Even in 2012, there was no motorable road connection in 31 gewogs (counties) out of the total 205 gewogs. The Bhutanese Government has been working to expand and rehabilitate the road network, and to maintain, repair and reconstruct bridges. However, absolute shortage and poor conditions of roads cause difficulties for people in accessing various social services and markets and in economic activities such as timely shipping of agriculture produce to markets, impeding the development in Bhutan significantly.</p> <p>As for the medical environment, infant mortality rates and maternal mortality rates have been decreasing through the Bhutanese Government's efforts to improve healthcare services. At the same time, it is necessary to improve the medical environment furthermore, because currently there are only 10 out of 20 prefectures where 3 or more doctors are available.</p> <p>Although Bhutan has sufficient power supply with its abundant water resources, power distribution network in rural areas is underdeveloped. The electrification rate in rural households remained as low as 54% in 2005. The Bhutanese Government has set up the goal of electrification rate of 100% in rural areas with the cooperation of Japanese government, and the electrification rate in rural households has reached 99% in 2017.</p>	<p>[Strategy]</p> <p>Japan provides assistance for increasing productivity in agricultural sector which is a key industry in Bhutan through farm mechanization, and for improving agricultural income through introduction and extension of high value-added horticulture crops, while taking into account the need of reducing poverty in eastern and southern areas, where the poverty ratio is higher.</p> <p>From the point of view of increasing food supply, Japan provides assistance for developing irrigation systems, aiming to increase the production of main crops such as rice and vegetables with low self-sufficiency.</p> <p>Japan continues to provide assistance for developing social infrastructure which is insufficient in rural areas in particular, aiming at a well-balanced development between urban and rural areas. Also, Japan provides assistance for improving safety and reliability of road network which is vulnerable to landslides in mountain areas, and for strengthening capacity of the Bhutanese Government of design, construction and maintenance.</p> <p>Moreover, Japan provides assistance for strengthening systems to provide various administrative services that respond to situations and needs in rural areas, taking into account the democratization and decentralization promoted by the Bhutanese Government.</p> <p>Japan provides assistance for reducing disparities between urban and rural areas, by increasing agricultural income and stabilizing economic infrastructure especially in rural areas through the cooperation as mentioned above.</p>

Priority Area 2	Reduction of vulnerability										
Development Issue2-1 Countermeasures for Environmental Issues and Climate Change	<p>[Background and Current Situation]</p> <p>While Bhutan has been striving to protect forests and environment since 1960, and has rich nature and one of the broadest biological diversities in the world, the response to natural disasters such as glacial lake outburst floods in Himalaya areas and cyclones caused by global climate change is becoming an issue. Although the absolute number of victims affected by natural disasters such as landslides and floods in monsoon season and snow fall in winter is not high, the victim rate in the total population of Bhutan is much higher than those of Southeast Asian Nations that are told to suffer greatly from typhoons and floods. Therefore, it is essential to improve response capabilities for these disasters.</p> <p>Development of industrial infrastructure, migration of population and changes in lifestyle are likely to strongly affect the natural / urban environment, because Bhutan is a landlocked country surrounded by steep mountains, and the scale of the national land and the economy are limited. Therefore, it is imperative to pay due attention to environmental impacts in developing national parks and special economic zones. It is also necessary to address urban environmental problems such as treatment of solid waste and waste water caused by concentration of population in urban areas such as Thimphu.</p>					<p>[Strategy]</p> <p>Japan will explore opportunities for providing assistance for urban environmental problems such as solid waste treatment, waste water treatment and traffic congestion, addressing the degradation of urban environment caused by economic development and rapid migration to urban areas, as an effort in the environmental area which is one of the prioritized policies of the Bhutanese Government.</p> <p>Also, Japan provides assistance for incorporating disaster risk management perspective in various development works of Bhutan through disaster countermeasures against glacial lake outburst floods and cyclones, because it is possible to apply Japan's knowledge of comprehensive measures including flash flood management and land use, as there are many similarities in natural conditions between Japan and Bhutan such as steep terrains in mountainous countries and heavy rain falls.</p>					
	Program	Program Summary	Project	Scheme	Schedule						Assistance Amount (100 Million Yen)
Urban Environment Improvement Program	Japan provides assistance for tackling urban environmental problems such as treatment of solid waste and waste water, and traffic congestion and exhaust gas, stemmed from industrial development, migration of population among cities, and changes in lifestyle.	Improving Resilience to Seismic Risk	ML	—	—	—	—	—	—	1.41MUSD	Policy and Human Resources Development Fund (PHRD)
		Project for Formulation of Comprehensive Development Plan for Bhutan 2030	TCDP	—	—	—	—	—	—	3.62	
		Project on Development for National Spatial Data Infrastructure for Sustainable Land Management	TCDP	—	-----	-----	-----	-----	-----	-----	
		Verification Survey with the Private Sector for Disseminating Japanese Technologies for Small Scale Sewerage System with Energy-Saving Technology	SSM	—	—	—	—	—	—	—	
		JICA Partnership Program in urban environment improvement sector	JPP	—	—	—	—	—	—	—	
		Volunteer Group for urban environment improvement	JOCV/SV	—	—	—	—	—	—	—	
Climate Change Countermeasure and Disaster Risk Management Program	Japan provides assistance for developing disaster prevention measures against glacial lake outburst floods, other floods and cyclones.	Project for Evaluation and Mitigation of Seismic Risk for Composite Masonry Buildings in Bhutan	SATREPS	—	—	—	—	—	—	3.52	
		Project for Capacity Development for Telecommunications Business Continuity Planning and Operation for Disaster Management	TCP	—	-----	-----	-----	-----	-----	-----	
		Project for Capacity Development on Countermeasures of Slope Disaster on Roads in Bhutan	TCP	—	-----	-----	-----	-----	-----	-----	
		Volunteer Group for Climate Change · Disaster Risk Management	JOCV	—	—	—	—	—	—	—	

Legend: [PS] = Preparatory Survey, [TCP] = Technical Cooperation Project, [TCDP] = Technical Cooperation for Development Planning, [EXP] = Expert, [CTR] = Country-focused Training, [JOCV] = Japan Overseas Cooperation Volunteers, [SV] = Senior Volunteers, [JPP] = JICA Partnership Program, [GA] = Grant Aid (other than specific grant aid schemes listed below), 「GGP」 = Grant Assistance for Grass-Roots Human Security Projects, [LA] = Loan Aid (ODA Loan), [ML] = Multilateral Cooperation, [SSM] = Support for Small and Medium enterprises, [SATREPS]=Science and Technology Research Partnership for Sustainable Development, Solid Line [-----] = Schedule, Dash Line [- - - -] = Tentative Schedule