



**HELVETAS**

Together for a better world

**BHUTAN**

**2008**

**Annual Report**



## Table of Contents

Brief Country Context:	2
Helvetas-Bhutan program:	3
Budget	4
Expenditure per Working Area	5
Contribution towards 10 <sup>th</sup> plan Objectives	5
Contribution towards Country Programme	6
Project Highlights:	7
Rural Development Training project	8
Participatory Forest Management Program	8
Support for the Tarayana Foundation	10
Rural Livelihood Project	10
Suspension Bridge Programme	11
Expansion Colleges of Education Paro/Samtse	11
RNR Research System of Bhutan	11
Support for Local Governance	12
Dairy Technology Development	12
Bhutan-Swiss Archaeology project – LAN4 Schools	13
Small Actions	13
Selected publications for further reference:	13

## Acronyms and Glossary

CF	Community Forest
CNR	College of Natural Resources
CoOF	Coordination Office
CoE	College of Education
CoRRB	Council of RNR Research of Bhutan
CSO	Civil Society Organization
DoF	Department of Forest
DTD	Dairy Technology Development
GAO	Gewog Administrative Officer
GDP	Gross Domestic Product
GNHC	Gross National Happiness Commission
LG	Local Government
MoA	Ministry of Agriculture
MoWHS	Ministry of Works and Human Settlement
MPU	Milk Processing Unit
NGO	Non Government Organization
NWFP	Non Wood Forest Product
PFMP	Participatory Forest Management Project
RGoB	Royal Government of Bhutan
SBP	Suspension Bridge Programme
SLG	Support for Local Governance
SBS	Suspension Bridge Support
SSTB	Short Span Trail Bridge
PPS	Policy and Planning Support
STEP	Support for Teacher Education Programme
RDG	Rural Development Governance
RDI	Rural Development Initiatives
RDT	Rural Development Training project
RLP	Rural Livelihood Project
RNR-RC	Renewable Natural Resources-Research Centers
ToT	Training of Trainers

## Brief Country Context:

In Bhutan, several significant events occurred in 2008 – coronation of the 5<sup>th</sup> King, signing of the Constitution of the Kingdom of Bhutan, introduction of parliamentary democracy, national elections which led to the formation of a new government, and convening of Bhutan's Parliament which consists of the National Assembly and the National Council. Two sessions of the Parliament held so far have discussed and passed six bills<sup>1</sup>. In a move towards greater transparency, Parliamentary discussions are broadcast on television and radio, and bills are posted on the Parliament website for public viewing and posting of comments. Whether through online forums, discussions on television or views in the media, critical opinions were voiced on important issues such as high profile corruption cases, delays in the administrative bureaucracy, and quality of education.

There are start-up challenges in local government developments. The Local Government (LG) Bill 2009 was passed by the National Council upon incorporation of several major changes to the 2007 LG Act. An ongoing debate is on the roles of the Gups (elected representatives) versus the Gewog Administrative Officers (civil service appointees). This has been further aggravated by the re-establishment of a Department of Local Governance (under MoHCA), an agency whose functions regarding local governments was earlier

<sup>1</sup> National Council Act, National Assembly Act, Parliamentary Entitlements Act, Election Act, Election Fund Act, National Referendum Act

transferred to a newly created division in the GNH Commission.

The 10<sup>th</sup> five year plan was approved by the National Assembly during its second session. The primary objective of the plan is poverty reduction. The plan outlay has increased from earlier projections mainly because of inclusion of major infrastructure investments (medical college, teacher training center, farm roads), and additional targets in the education and health sectors (13% of the total budget have been allocated for the two sectors). The plan provides greater financial autonomy to gewogs through an annual grants system which will give a realistic budgeting framework.

Bhutan is on track in meeting several of the MDGs<sup>2</sup> – net primary enrollment is 83.7%; ratio of girls to boys in primary education is 99.5%; proportion of population without access to an improved drinking water source has decreased from 22% to 19%. However, one fifth of the population lives below the poverty line, there are large differences in poverty incidences, and there exists gender disparities in tertiary institutes and decision-making positions. Youth unemployment has reached 9.9% in 2007, up from 5.5% three years earlier.

The GDP growth rate for the next five years is projected at 7.7%, expected to be mainly propelled by the electricity and construction sectors.

<sup>2</sup> Data source - *Bhutan's Progress: Midway to the MDGs*, GNHC and the UN System in Bhutan, published November 2008

## Helvetas-Bhutan program:

The Country Programme for Helvetas' engagement in Bhutan for five years (2008-2012) was completed. The main aims under this programme are to contribute towards the goals of poverty reduction and good governance. A general agreement for the overall development cooperation between Helvetas and the Royal Government of Bhutan was signed covering the period till June 2013, coinciding with the end of the 10th five year plan of Bhutan.

Several new phases of on-going projects were started. Two new areas of engagements were initiated – “Support for Local Governance” , which focuses mainly on supporting the growth of civil society and capacity development of local governments; and “Dairy Technology Development” , which seeks to improve and scale up milk processing activities. With financial and technical support from the Swiss-Liechtenstein Foundation for Archaeological Research Abroad (SLSA), a three year project on strengthening and institutionalizing archaeology in Bhutan was started.

The consolidation phase of Helvetas' support to the College of Natural Resources (CNR) ended. Helvetas' support to the CNR started in 1989 and covered both infrastructure developments

and support for developing and establishing appropriate training programmes. The Support for Teacher Education Programme (STEP), which aimed at supporting the quality of teacher training at the two Colleges of Education (CoE) in Samtse and Paro, came to an end. STEP followed two earlier phases of Swiss engagement in the education sector that were started in 1993. Infrastructure support at the two CoE will continue until end of 2009.

A delegation of the Helvetas Board of Directors, including the President, visited Bhutan and projects in Zhemgang and Bumthang. Mrs. Ruth Dreifuss, former Federal Councilor, inaugurated the Rural Development Training (RDT) Center together with the Secretary of the Ministry of Agriculture. Walter Roder took over as the Resident Coordinator for Helvetas-Bhutan in August. The outgoing Resident Coordinator, Werner Kuelling left Bhutan in November. Franz Gaehwiler took over as the programme coordinator from the Helvetas head office for Helvetas-Bhutan, and visited Bhutan in this capacity in February. For capacity development of staff in the Coordination Office, Dhendup Wangdi (IT manager) and Monju Chetri (Office Secretary) were trained on Linux Administration and Networking Services in Kasersart University in Thailand.

## Budget

There was an overall budget under-spending of approximately 11%. This was largely because of under-spending in the Support of Local Governance (project implementation start delay) and the Suspension Bridge Programme.

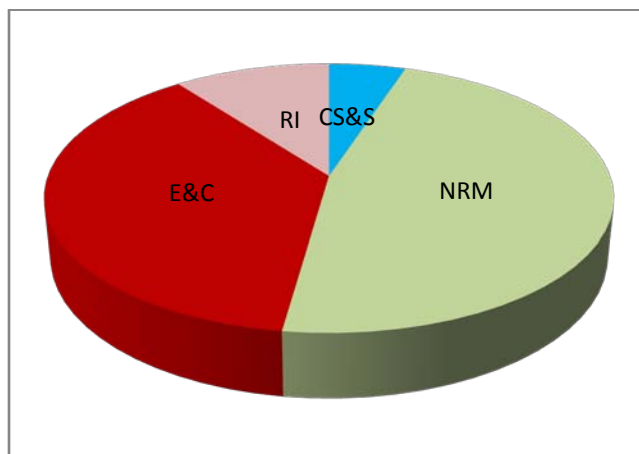
### Budget versus expenses

Programme/Project	Budget (CHF)	Expense (CHF)	under/overspend (%)
CoOf	251,040	331,559	(32.07)
<b>Sector Education and culture</b>			
LAN4Schools	110,830	52,172	52.93
Expansion CoE	1,200,260	1,080,459	9.98
STEP	514,720	414,202	19.53
<b>Sector Natural resource management</b>			
RNR-RC RS	264,180	263,143	0.39
PFMP	717,570	606,276	15.51
RDT	359,040	250,899	30.12
CNR	109,820	91,246	16.91
RLP	601,080	648,421	(7.88)
DTD	80,850	89,836	(11.11)
MoA PPS	-	602	(100.00)
<b>Sector Rural Infrastructure</b>			
SBP	490,150	341,875	30.25
SBS (Sp'bach)	44,990	41,324	8.15
Tang Bridge	-	45,598	(100.00)
<b>Sector Civil Society and state</b>			
Tarayana Foundation	109,180	107,223	1.79
SLG	200,990	103,435	48.54
Small Actions	71,880	83,299	(15.89)
<b>TOTAL</b>	<b>5,126,580</b>	<b>4,551,568</b>	<b>11.22</b>

The total budget planned for 2009 is 4,081,000 CHF out of which 2,232,000 CHF are Regie projects (mandated by SDC to Helvetas) and 1,849,000 under Programme Credit (50% ratio between Helvetas and SDC). There are no major challenges foreseen. However, delays in release of funds within the RGoB system, specifically further to the Dzongkhags, might continue to be a challenge for some projects. The RGoB is in the process of starting an online Public Expenditure Management system (PEMs) that is expected to ease fund flow and expenditure assessments.

## Expenditure per Working Area

Almost 50% of the total budget allocation and expenses were under the NRM working area. This was followed by the Education and Culture (E&C) working area (37%), largely for the infrastructure development under the Expansion of Colleges of Education Paro/Samtse. Rural Infrastructure (RI) accounted for 10% with activities under 3 projects (Suspension Bridge Programme, support from the community of Spreitenbach for 2 bridges, and the Tang Bridge). For the Civil society and Culture (CS&S) working area which included the support to the Tarayana Foundation and SLG, the expenses made up 5% of the total.



Expenditures per working area

## Contribution towards 10<sup>th</sup> plan Objectives

The overall objectives of the Helvetas-Bhutan programme - supporting “sustainable rural livelihood” opportunities, and facilitating “direct participation of people” in socio-economic and political developments – are in line with the overall 10<sup>th</sup> FYP goal of poverty reduction. Specifically, the Helvetas-Bhutan programme contributes towards the following important priorities within the 10<sup>th</sup> FYP:

- reducing regional imbalances (Zhemgang and Samtse are among those Dzongkhags with the highest poverty incidences)
- improving rural access
- supporting the growth of civil society organizations and
- strengthening local governance.

## Contribution towards Country Programme

Outcome	Outputs	Results
<b>Objective 1: Contribute towards enhancing sustainable rural livelihoods through innovative interventions in natural resource management, income generation and support structure and services</b>		
Enhanced access to and equitable benefits from natural resources through community based management of natural resources	Community-based organizations for NRM supported and institutionally strengthened.  Knowledge and skills of NRM facilitators and managers at district and block levels enhanced	131 forestry and 15 livestock/agriculture NRM groups functioning  Forest allocated and technologies extended to an area of 8889 ha  8000 agriculture, livestock and forestry technical staff trained  <b>PFMP, RLP, Tarayana<sup>1</sup></b>
Enhanced income and employment for rural people from agriculture and livestock based enterprises	Micro and small enterprises contributing to household income established	1400 rural and semi-rural people accessed farm and non-farm based income generation training services  17 micro and small enterprises (livestock and agriculture) generating income  <b>RLP, PFMP, RDT, DTD</b>
Increased access to socio-economic services, livelihood assets and basic infrastructures	Target rural communities linked with priority infrastructure	27'000 rural people directly benefitted 11.5 km of farm roads built and 42 new suspension bridges constructed  <b>RLP, SBP</b>
<b>Objective 2: Facilitate direct participation of the people in the development and management of their social, economic and developmental well-being through decentralization and devolution of power and authority</b>		
Enhanced awareness of local communities on democracy, democratic principles and rights	Implementation modalities and specific programs emphasizing on democratic principles supported	RDT center is recognized as an important training center for community leaders'  Community NRM groups practice democratic principles (participatory formation, by-laws, equal rights)  550 participants attended relevant courses  <b>PFMP, RDT, SBP, SLG</b>
Enhanced capacity of local governments in the target gewogs to undertake participatory planning and to provide effective administrative services	Knowledge and skills of local stakeholders on participatory planning and basic financial and administrative management enhanced	5 areas of training for 6 categories of local stakeholders (led by GNHC with support from JICA and participation of Helvetas)  99 Gewog Administrative Officers from 17 districts were oriented on administrative and results-based management to support locally elected leaders  <b>SLG</b>
Enhanced participation of women in decision making and leadership roles	Awareness on gender equality and equity enhanced in target areas	To start with, gender awareness-raising will be included as part of the sector policy briefing of the ICBP (basic capacity development master plan for local governments)  <b>SLG, RDT, PFMP</b>

<sup>1</sup>Projects contributing



## Project Highlights:

The various projects mainly contribute towards the core values of: equitable and sustainable development, preservation and promotion of cultural values, conservation of the natural environment and good governance.

### Contribution of individual projects towards the core values of the FYP

Projects	Core values of 10 <sup>th</sup> Five Year Plan				Main partners
	Equitable sustainable development	Preservation and promotion of cultural values	Conservation of the natural environment	Good governance	
<b>Sector Education and culture</b>					
LAN4Schools				√	MoE
Expansion CoE	√	√			CoE/RUB
STEP	√	√			CoE/RUB
<b>Sector Natural resource management</b>					
RNR-RC RS	√		√		MoA
PFMP	√		√	√	MoA
RDT	√		√	√	MoA
CNR	√		√		RUB
RLP	√		√	√	MoA
DTD	√		√		DoL, producers
MoA PPS	√		√	√	MoA
<b>Sector Rural Infrastructure</b>					
SBP	√			√	DUDES/MoWHS
SBS (Sp'bach)	√			√	DUDES/MoWHS
Tang Bridge	√				Bumthang Dzongkhag
<b>Sector Civil Society and state</b>					
Tarayana Foundation	√		√	√	Tarayana
SLG	√			√	GNHC, Local Governments, CSOs
Small Actions	√	√	√	√	Diverse



## Rural Development Training project

Goal phase II, 2007-2008: *Establish RDT as a key-institution for training needs in rural areas.*

The RDT center in Zhemgang was completed (academic building, hostels and farm compound), and staffed with a core team of instructors. Some of the modules for the three main training programmes – Farm Business training, Community Leaders' training and apprenticeship training program - were re-visited and improved based on feedback collected from participants. Since the start of the center, over 600 participants have

attended the various training programs out of which more than 50% participated in the Community Leaders' training course. In 2008, 217 participants attended courses at the center out of which 31% were women. The apprenticeship training course had very little participation and therefore several strategies were undertaken to attract more youth – awareness creation among in-school youth (50 participated), organizing visits to the center, and breaking down the program into smaller modules with shorter duration. Phase III of this project will start in 2009.



RDT farm in Zhemgang



RDT training for farmers

## Participatory Forest Management Program

Goal phase II, 2007-2012: *contribute to the improvement of rural livelihoods and their natural environment by empowering local communities and strengthen their capacity to manage forest resources on a sustainable basis.*

A total of 110 Community Forests (CF) have been established so far against the

goal of supporting the establishment of 300 demand-based CFs by the end of the project period (2012). In 2008, 34 CFs were handed over to the communities. A strong increase in the interest by rural communities in CF resulted in fast growing momentum of the program. On October 9 the 100<sup>th</sup> CF was handed over to the Limbu community by HE the Agriculture Minister.

CF is seen as one of the major programmes in forestry contributing to the national objective of poverty reduction. Economic aspects of the CFs are gaining more importance. Certain non-wood forest products (NWFP) are already sold (lemon grass oil in close collaboration with Bio Bhutan), and timber sales from CF are being initiated. NWFP is receiving more focus and guidelines are being developed for their sustainable management. The project supported a range of trainings including: Forest Based Enterprise Development for Sustainable Livelihoods (in collaboration with SNV and Asia Network for Sustainable Agriculture and Bio-resources in Kathmandu),

bookkeeping, conflict management and business management skills (all at RDT).



PFMP community forest management group training

#### **100th Community Forest handed over to Limbu people as part of centenary celebrations**

**9 October, 2008** - The social forestry division under the agriculture ministry handed over the 100th community forest on October 6 as part of the celebrations of 100 years of Monarchy in Bhutan.

The 100th community forest, Woongbab community forest, was handed over in Thimphu to the management group of Limbu gewog, Punakha.

Agriculture minister, Lyonpo Dr Pema Gyamtsho, said that giving an opportunity for local communities to participate in decision making and management of resources was the only policy that promotes all four pillars of Gross National Happiness.

"The sense of belonging can protect the environment, revive the old culture of cooperation among villagers, promote good governance through participation, and help reduce poverty," he said. "I can't find any better platform to promote GNH than the community forest," he said.

According to the minister, when the concept of community forest first started, it didn't receive much support and nobody believed in it. "However now everyone believes in it and the establishment of community forest has picked up with support from Helvetas and the Swiss agency for development cooperation," he said.

The chief forestry officer of the social forestry division, Chado Tshering, said that the community forest was a decentralisation and devolution of power in practice, through which local communities are empowered to take decisions concerning the use and management of community forest resources.

The 100 community forests established across the 20 districts involve more than 5,000 households in managing of more than 12,000 hectares of national forest.

Lyonpo Pema Gyamtsho said that the government would give top priority to forestry development in the 10th Plan. "We hope that we can provide one community forest in each village by the end of the Plan," he said.

Social forestry division officials expect to establish at least 400-500 community forest management groups (CFMGs) across the country by the end of the 10th Plan.

Community forest was piloted in 1997, based on the provisions of the forest and nature conservation act 1995. However, implementation picked up only since 2002. Helvetas and the Swiss agency for development cooperation supported the establishment of community forest.

On Monday, Lyonpo Pema Gyamtsho handed over the community forest certificate, record-keeping books, marking and passing hammers to the management group from Limbu geog of Punakha.

**By Samten Yeshi**

Source: Kuensel (National Newspaper)



## Support for the Tarayana Foundation

Goal phase II, 2008-2010: *contribute towards strengthening rural livelihood interventions in target rural communities through working with and developing the capacity of civil society organizations.*

The on-going phase is focusing on remote communities, mainly in Zhemgang. So far in the second phase, product identification, planning and initiation of two products have started – cotton plantation in Langdurbi and Digala (middle Kheng), and wood crafts in Zurphey and Goling. Targeted poverty intervention for poor households in middle Kheng have

included training in carpentry (for building houses) and support for non-locally available materials on a cost-sharing basis.



*Tarayana weavers' group in Digala/Zhemgang*

## Rural Livelihood Project –

Goal phase II, 2008-2011: *strengthen sustainable rural livelihood interventions in the 4 dzongkhags of the east central region for poverty reduction.*



*RLP poultry farmer in Chuzargang/Sarpang*

The priority areas continue to be Zhemgang (south central) and Sarpang (south) while continuing smaller scale support in Bumthang (east central) and Trongsa (central). The project has supported several small scale income generating activities – poultry, piggery, dairy, fishery and vegetable production activities managed by farmers' groups, and processing and storage facilities (maize processing, oil expeller). Although large scale infrastructure support is not a priority of the project, access has been the main concern for communities in target areas. Therefore, farm road construction was supported in Tansibi (Trongsa dzongkhag, directly benefiting 47 households) and in Tenjury (Sarpang dzongkhag, directly benefiting 67 households). As a new activity, the project together with the RDT center and with support from a research sub-center have begun to collaborate in promoting citrus production (an important cash crop) and marketing in lower Zhemgang

### **Suspension Bridge Programme**

Goal phase VI, 2007-2010: *contribute towards poverty reduction by enhancing the living standards of the rural population through improved access.*

The survey, design and cost estimates for 14 of the total 20 new suspension bridges (10 by RGoB) planned in the current phase of SBP have been completed. These bridges will be constructed as per the Short Span Trail Bridge (SSTB) technology that bridge engineers were trained in during the earlier phase. The notion of routine bridge maintenance by

communities has been disseminated to village representatives with the distribution of the maintenance manual.



*Suspension bridge in Bumthang*

### **Expansion Colleges of Education Paro/Samtse**

Goal, 2002-2009: *contribute to the expansion of teacher capacity in Bhutan by constructing infrastructure.*

A gymnasium and lecture theatre at the Paro College of Education (CoE) were completed. These infrastructure were inaugurated on December 17 by His Excellency Dominique Dreyer, Swiss Ambassador to Bhutan, and the Vice Chancellor of RUB. The project has two other main infrastructures under construction – a student hostel at the Paro CoE and a Learner Resource Center at the Samtse CoE - that were expected to have been completed in March 2009. However, the project has sought an extension of the implementation period till end of 2009.

### **RNR Research System of Bhutan**

Goal final phase, 2007-2008: *strengthen management and enhance competences of the RNR research system to address challenges and to carry out pro-poor technology development.*

The main focus of the support in the last phase was on consolidating support to the research system. The project contributed towards several initiatives in this direction – greater institutionalized exchanges with research institutions and researchers in the region (MoU was signed with the Nepal Agricultural Research Council); required number of staff were deployed in prioritized sub-centers and different sectors of Research Centers, and their need-based short-term HRD carried out; a Farming Systems Division created and functional; and a research way forward document has been published.

The research and administration buildings at the RNR-RC Yusipang were completed and handed over to the Ministry of Agriculture. The phase ended in December 2008.

### **Support for Local Governance**

Goal phase I, 2008-2011: *contribute towards enhanced democratic governance at local levels through practical application of self-governance and support for participatory decision-making processes and structures.*

The first phase of this project was started in 2008. Initiatives to plan and identify possible groups and associations under the important component – support for strengthening civil society organizations – have started although the Civil Society Organization (CSO) Act is not as yet in effect. The establishment of a CSO Authority which is required for the implementation of the Act and for registering existing and new CSOs has not taken place. The project has supported the orientation (plans and policies in the 10th FYP, knowledge and skills on financial, office and results-based management) of Gewog Administrative Officers (GAOs) from 17 of the 20 districts. The GAOs are responsible for supporting local leaders in gewog-based planning and reporting.

**Dairy Technology Development** – Goal phase I, 2008-2010: *enhance the income and reduce poverty among remote rural communities engaged in cattle rearing.*

Bhutan has very few examples of functional milk processing facilities, although there are a few milk producer groups and units selling fresh milk to urban centres. The project has trained a first batch of extension agents and private entrepreneurs in milk processing technology and management. The setting up of a new MPU in Tang is on-going and the MPU Gogona is again producing high quality cheese.

### **Bhutan-Swiss Archaeology project** –

Goal Phase I, 2008-2010: *contribute to the strengthening and institutionalization of archaeology in Bhutan.*

The first archaeological excavation in Bhutan was started at the ruins of the Drapham Dzong in Bumthang. This resulted from a Bhutan Swiss Archaeology project between the Swiss-Liechtenstein Foundation for Archaeological Research Abroad (SLSA)



*Drapham Dzong Excavation*



in Zurich/Switzerland and the Department of Culture in Bhutan. The excavations provided opportunities for hands on training for Bhutanese counterparts, and discussions on plans to institutionalize archaeology in Bhutan. Limited artifacts (fragments of cooking vessels, ceramics, animal bones) and carbon samples have been found, most of which have been sent to Switzerland for further analysis and or carbon dating. A second phase of excavation has been planned for 2009.

### **LAN4 Schools**

LAN4 Schools Goal Phase I, 2007-2008: *contribute towards efforts to enable global learning by linking the secondary schools in Bhutan – specifically in areas, that have no easy access to information – to the know-how in the rest of the world.*

The project supported the ongoing initiatives of the Ministry of Education to connect middle and higher secondary schools with internet access. In parallel, a curriculum was developed and ToT conducted for trainers who further trained a batch of focal persons from schools on setting up and administering it network in schools.

**Small Actions** – under this framework, several small initiatives were supported: book publications (“Facts about Bhutan”; “As I Am, So Is My Nation”; “Potato Book”); livelihood support for senior citizen; weaving training for rural women’s group; and rest house for rural communities in Trongsa.

#### **Selected publications for further reference:**

Helvetas, 2008: Bhutan Country Program 2008-2012

Helvetas, 2008: Review Natural Resources Training Institute (NRTI), College of Natural Resources (CNR) covering the period 1998-2008

All above documents are available at [www.helvetas.org.bt](http://www.helvetas.org.bt)

For more details on projects, please visit our website: [www.helvetas.org.bt](http://www.helvetas.org.bt)



**HELVETAS**  
Together for a better world

**BHUTAN**

Helvetas Coordination Office  
Post Box No. 157  
Thimphu: Bhutan

Tel: +975 2 322870  
Fax: +975 2 323210

Email: [helvetas@druknet.bt](mailto:helvetas@druknet.bt)