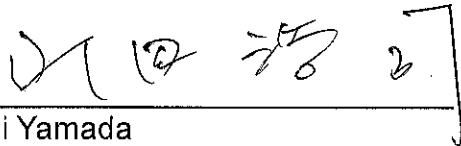
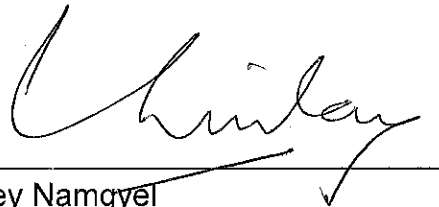


RECORD OF DISCUSSIONS
ON
THE PROJECT FOR FORMULATION OF COMPREHENSIVE
DEVELOPMENT PLAN FOR BHUTAN 2030
IN
KINGDOM OF BHUTAN
AGREED UPON BETWEEN
MINISTRY OF WORKS AND HUMAN SETTLEMENT
AND
JAPAN INTERNATIONAL COOPERATION AGENCY

Thimphu, September, 30th 2016

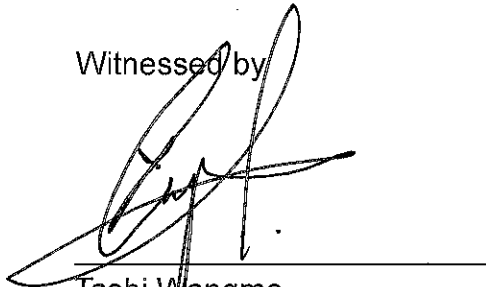


Koji Yamada
Chief Representative
JICA Bhutan Office
Japan



Thinley Namgyel
Secretary
Gross National Happiness Commission
Bhutan

Witnessed by



Tashi Wangmo
Officiating Director
Department of Human Settlement
Ministry of Works & Human Settlement
Bhutan

Based on the minutes of meetings on the Detailed Planning Survey on the Project for Formulation of Comprehensive Development Plan for Bhutan 2030 (hereinafter referred to as "the Project") signed on August 18th, 2016 between Ministry of Works and Human Settlement (hereinafter referred to as "MoWHS") and the Detailed Planning Survey Team, Japan International Cooperation Agency (hereinafter referred to as "JICA"), JICA held a series of discussions with MoWHS and relevant organizations to develop a detailed plan of the Project.

Both parties agreed the details of the Project and main points discussed as described in the Appendix 1, respectively, and to request their respective governments to proceed with the necessary procedures for implementation of the Project.

Both parties also agreed that MoWHS, the counterpart to JICA, will be responsible for the implementation of the Project in cooperation with JICA, coordinate with other relevant organizations and ensure that the self-reliant operation of the Project is sustained during and after the implementation period in order to contribute towards social and economic development of Kingdom of Bhutan.

The Project will be implemented within the framework of the Note Verbales to be exchanged between the Government of Japan (hereinafter referred to as "GOJ") and the Royal Government of Bhutan (hereinafter referred to as "RGOB").

Appendix 1: Project Description

Appendix 2: Minutes of Meetings on Detailed Planning Survey for the Project signed on August 18th, 2016



PROJECT DESCRIPTION

Both parties confirmed that there is no change in the Project Description in the minutes of meetings for Detailed Planning Survey on the Project signed on August 18th, 2016 (Appendix 2).

I. BACKGROUND

The principle of development policy in Bhutan is well-balanced development and prosperity between urban and rural areas. One of the basic policies of assistance of GOJ and JICA to Bhutan is also assistance of well-balanced development between urban and rural.

However Bhutan is a rapidly urbanizing nation with increasing migration from rural areas to urban areas, mainly from eastern to western Bhutan. It was also observed that 65.1% of Bhutan's urban population is concentrated in the western region, constituting only 20.74% of the total land area. This influx of population to the larger cities, like Thimphu, is linked to rising crime rates, unemployment, pressure on urban amenities, emergence of squatters, pollution and environmental degradation in the urban centers. Further, rural-urban migration is also seen as a cause of problem in rural areas. Some of these problems include labor shortage leading to fallow agriculture land, socio-cultural break-up and under-utilization of government facilities and services.

One of the causes of the domestic migration is the happiness gap between urban areas and rural areas. According to the result of 3rd Gross National Happiness Survey conducted in 2015, Happiness score in urban area (0.811) is higher than rural area (0.731). Also according to the Poverty Analysis 2012, poverty rate of urban area (1.8%) is much lower than rural area (16.7%).

With a view to addressing the issue of rural-urban migration and promote regionally balanced development, RGOB is planning to initiate sectoral interventions like the development of special economic zones, industrial estates, hydro-power projects, tourism, farming and agro-based industries.

Under above background, RGOB requested GOJ to implement "The Project for Formulation of Comprehensive Development Plan for Bhutan 2030" aiming to promote comprehensive and coordinated development.



II. OUTLINE OF THE PROJECT

1. Title of the Project

Project for Formulation of Comprehensive Development Plan for Bhutan 2030

2. Expected Goals which will be attained after implementing the Proposed Plan
To enable continuous pursuit of Gross National Happiness and a development that is progressive, sustainable and regionally balanced.

3. Outputs

- Comprehensive Development Plan for Bhutan
- General guidance for developments incidental to the proposed Comprehensive Development Plan for Bhutan
- Recommendation for Implementation framework of Comprehensive Development Plan for Bhutan

4. Activities

(1) Current Status Evaluation and Analysis of Bhutan

- 1) Review of the country profile of Bhutan
- 2) Review of the demographic feature including domestic migration of Bhutan through the result of the Population and Housing Census
- 3) Review of the relevant existing development policies, strategies, plans and etc.
- 4) Review of the relevant legal and institutional framework
- 5) Review of the relevant projects
- 6) Review of the information relevant to environmental and social consideration including the legal and regulatory frameworks, Bhutanese culture, custom and tradition
- 7) Review of existing hazard, geological, seismic data and history of the past disasters
- 8) Review of the role and function of Dzongkhag, Thromde (Dzongkhag and Yenlag), Gewog and Chiwog
- 9) Analysis of the existing settlements.
- 10) Analysis and evaluation of the happiness gap between urban and rural, among the Dzongkhag from the data of 3rd GNH survey
- 11) Analysis of development issues, constraint and trends
- 12) Review of current status and issue about national economy including foreign trade and industries
- 13) Review of existing water resources and management
- 14) Preparation and analysis of the existing land use map
- 15) Setting of planning framework (national population, economy, etc.)

(2) Vision and Strategy for National Development

- 1) Setting of development vision
- 2) Setting of spatial structure for National Comprehensive Development Plan
- 3) Formulation of development strategy and development scenarios
- 4) Implementation of Strategic Environmental Assessment (SEA)

- (3) Formulation of National Comprehensive Development Plan
 - 1) Formulation of national land use plan
 - 2) Specification of basic plan for basic physical and social infrastructure services to materialize spatial structure.
 - 3) Specification of the basic physical and social infrastructure services for Dzongkhag, Thromde (Dzongkhag and Yenlag), Gewog and Chiwog
- (4) Formulation of general guidance for developments incidental to the proposed Comprehensive Development Plan
 - 1) National transport infrastructure development
 - 2) National industrial (tourism, hydropower, mining, small and medium enterprises) development
 - 3) Rural and agricultural development
 - 4) Social infrastructures and services location
- (5) Recommendation for implementation framework of National Comprehensive Development Plan
 - 1) Implementation administrative structure
 - 2) Necessary budget and its fund source
 - 3) Necessary legal framework
 - 4) Policy packages in relevant sectors
- (6) Capacity Development
 - 1) On the job training - hands on training will be carried out by the JICA Mission team members during the course of the project. There will be two groups of beneficiaries, the working group members and the officials of the Department of Human Settlement, MoWHS closely involved in the project
 - 2) Training in Japan - Training in Japan is aimed at learning case studies, observations, sharing real experiences.

5. Input

(1) Input by JICA

(a) Dispatch of Mission

- Leader/ National Development Plan
- Social Survey Analysis
- Economic Analysis / Planning Framework
- Industrial Development Plan
- Rural Development Plan / Depopulation Measure
- Transport Plan
- National Land Use Plan
- Environment and Social Consideration
- Institutional Framework for Implementation
- Disaster Prevention/ Climate Change

(b) Training in Japan

(c) Machinery and Equipment

- Satellite Image (covered area: whole Bhutan. resolution larger than 1.5m, Color)
- Equipment for printing and scanning (A0 size, color)
- Other necessary equipment for project

Input other than indicated above will be determined through mutual consultations between JICA and MoWHS during the implementation of the Project as necessary.

(2) Input by MoWHS

MoWHS will take necessary measures to provide at its own expense:

- (a) Services of MoWHS's counterpart personnel and administrative personnel as referred to in II-6;
- (b) Suitable office space with necessary equipment;
- (c) Supply or replacement of machinery, equipment, instruments, vehicles, tools, spare parts and any other materials necessary for the implementation of the Project other than the equipment provided by JICA;
- (d) Travel permission for members of the JICA missions for official travel within Kingdom of Bhutan;
- (e) Information as well as support in obtaining medical service;
- (f) Credentials or identification cards;
- (g) Available data (including maps and photographs) and information related to the Project;
- (h) Running expenses necessary for the implementation of the Project;
- (i) Necessary facilities to members of the JICA missions for the remittance as well as utilization of the funds introduced into Kingdom of Bhutan from Japan in connection with the implementation of the Project

6. Implementation Structure

The project organization chart is given in the Annex 1. The roles and assignments of relevant organizations are as follows:

(1) MoWHS

- (a) Project Director
Director of Department of Human Settlement, MoWHS
- (b) Project Manager
Chief Urban Planner, Regional and Rural Planning Division, Department of Human Settlement, MoWHS

(2) Member of JICA Mission

The member of JICA mission will give necessary technical guidance, advice and recommendations to MoWHS on any matters pertaining to the implementation of the Project.

(3) Steering Committee

Steering Committee (hereinafter referred to as "SC") will be established in order to facilitate inter-organizational coordination. SC will be held whenever deems it necessary. A list of proposed members of SC is shown in the Annex 2.



(4) Working Group

Working Group (hereinafter referred to as "WG") will be established in order to work with JICA mission on daily basis. WG is responsible for information sharing and awareness-raising actions as well as holding sessions with local stakeholders etc. A tentative list of the proposed members and function of WG is shown in the Annex 3.

7. Project Site(s) and Beneficiaries

(1) Project Site(s)

Target Area for Planning: Whole of Bhutan (38,394 km²)

(2) Beneficiaries

All People of Bhutan (Approximate Population: 770,000)

8. Duration

Duration of the project is Twenty Four (24) months.

Cumulative month	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
Stage	1st stage				2nd Stage				3rd stage				4th stage				DFR r&r								
Steering Committee Reports	▲									▲														▲	
IR											PR 1														
PR 2																									
PR 3																									
DFR																									
FR																									

IR: Inception Report, PR: Progress Report, DFR: Draft Final Report, FR: Final Report

9. Reports

JICA will prepare and submit the following reports to the MoWHS in English.

- (1) 30 copies of Inception Report at the commencement of the first work period in Bhutan
- (2) 30 copies of Progress Report 1, ten (10) months after the commencement of the Project in Bhutan
- (3) 30 copies of Progress Report 2, fourteen (14) months after the commencement of the Project in Bhutan
- (4) 30 copies of Progress Report 3, eighteen (18) months after the commencement of the Project in Bhutan
- (5) 30 copies of Draft Final Report at the final stage of the Project in Bhutan
- (6) 100 copies of Final Report within one (1) month after the receipt of the comments on the Draft Final Report

10. Environmental and Social Considerations

- (1) MoWHS will abide by 'JICA Guidelines for Environmental and Social Considerations' in order to ensure that appropriate considerations will be made for the environmental and social impacts of the Project.

III. UNDERTAKINGS OF MoWHS AND RGOB

1. MoWHS and RGOB will take necessary measures to:

- (1) ensure that the technologies and knowledge acquired by the Kingdom of Bhutan nationals as a result of Japanese technical cooperation contributes to the economic and social development of Kingdom of Bhutan, and that

the knowledge and experience acquired by the personnel of Kingdom of Bhutan from technical training as well as the equipment provided by JICA will be utilized effectively in the implementation of the Project; and

- (2) grant privileges, exemptions and benefits to members of the JICA missions referred to in II-5 above and their families, which are no less favorable than those granted to experts and members of the missions and their families of third countries or international organizations performing similar missions in Kingdom of Bhutan.

2. MoWHS and RGOB will take necessary measures to:

- (1) provide security-related information as well as measures to ensure the safety of members of the JICA missions;
- (2) permit members of the JICA missions to enter, leave and sojourn in Kingdom of Bhutan for the duration of their assignments therein and exempt them from foreign registration requirements and consular fees.
- (3) exempt members of the JICA missions from taxes and any other charges on the equipment, machinery and other material necessary for the implementation of the Project;
- (4) exempt members of the JICA missions from income tax and charges of any kind imposed on or in connection with any emoluments or allowances paid to them and/or remitted to them from abroad for their services in connection with the implementation of the Project; and
- (5) exempt taxes and any other charges on the equipment, machinery and other material, referred to in II-5 above, necessary for the implementation of the Project.

3. MoWHS and RGOB will bear claims, if any arises, against members of the JICA missions resulting from, occurring in the course of, or otherwise connected with, the discharge of their duties in the implementation of the Project, except when such claims arise from gross negligence or willful misconduct on the part of members of the JICA missions.

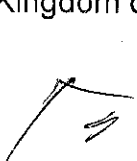
IV. MONITORING AND EVALUATION

JICA will conduct the following evaluations and surveys to verify how the proposed plan is utilized and draw lessons. The MoWHS is required to provide necessary support for them.

1. Ex-post evaluation three (3) years after the project completion, in principle
2. Follow-up surveys on necessity basis

V. PROMOTION OF PUBLIC SUPPORT

For the purpose of promoting support for the Project, MoWHS will take appropriate measures to make the Project widely known to the people of Kingdom of Bhutan.



VI. MISCONDUCT

If JICA receives information related to suspected corrupt or fraudulent practices in the implementation of the Project, MoWHS and relevant organizations will provide JICA with such information as JICA may reasonably request, including information related to any concerned official of the government and/or public organizations of the Kingdom of Bhutan.

MoWHS and relevant organizations will not, unfairly or unfavorably treat the person and/or company which provided the information related to suspected corrupt or fraudulent practices in the implementation of the Project.

VII. MUTUAL CONSULTATION


JICA and MoWHS will consult each other whenever any major issues arise in the course of Project implementation.

VIII. AMENDMENTS

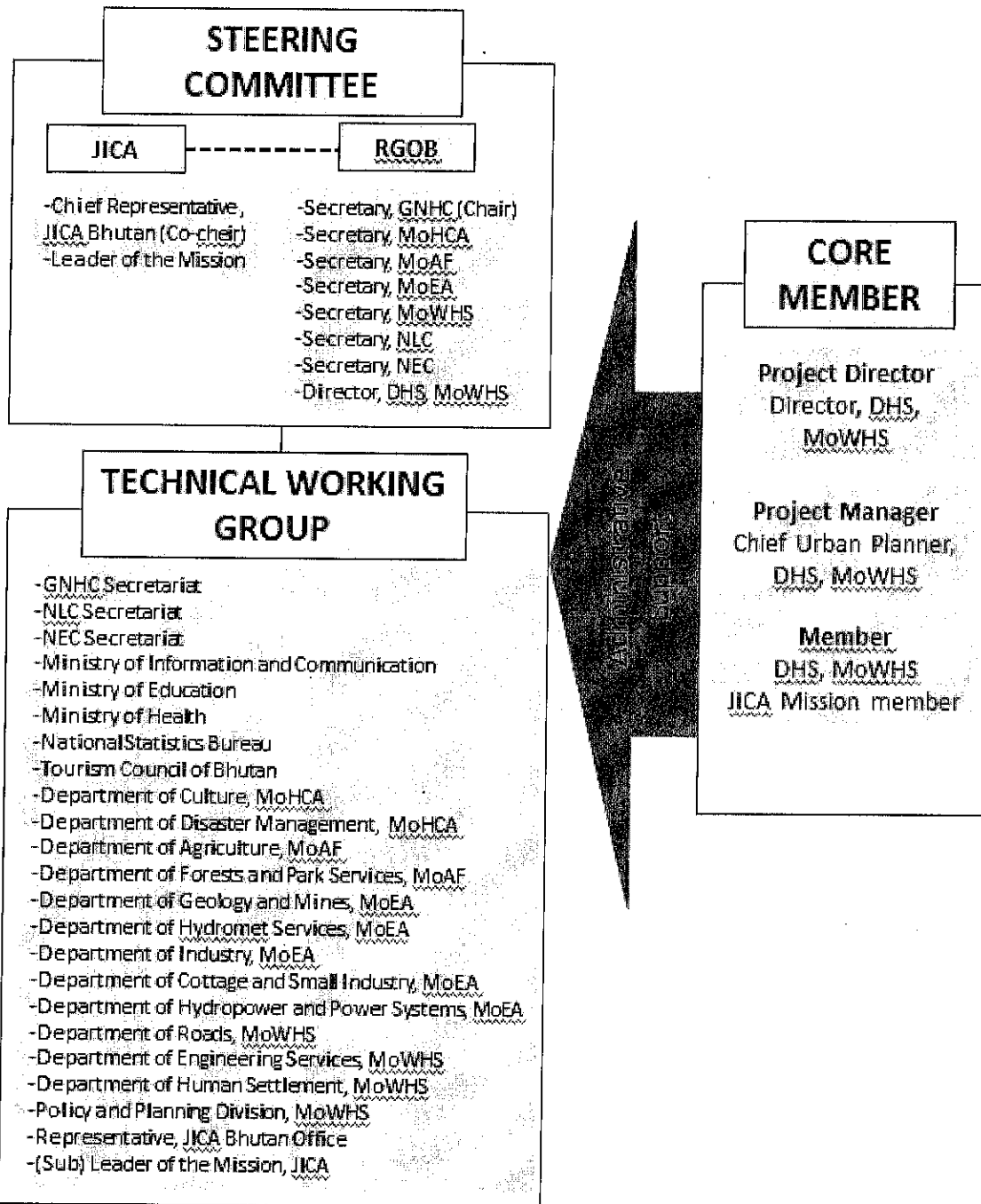
The record of discussions may be amended by the minutes of meetings between JICA and MoWHS.

The minutes of meetings will be signed by authorized persons of each side who may be different from the signers of the record of discussions.

- Annex 1 Project Organization Chart
- Annex 2 A List of Proposed Members of Steering Committee
- Annex 3 A List of Proposed Members of Working Group
- Annex 4 The draft terms of reference on environmental and social considerations studies



Annex 1 Project Organization Chart



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Annex 2 Steering Committee

Function of the Steering Committee (SC):

- (1) To monitor and supervise the entire project;
- (2) To discuss and approve the reports;
- (3) To coordinate among the relevant organizations; and
- (4) To review and exchange views on major issues arising from or in connection with the Project.

Chair: Secretary, Gross National Happiness Commission

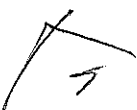
Co-chair: Chief Representative, JICA Bhutan Office

Members:

- (1) Secretary, Ministry of Home and Cultural Affairs, Member
- (2) Secretary, Ministry of Agriculture and Forests, Member
- (3) Secretary, Ministry of Economic Affairs, Member
- (4) Secretary, MoWHS, Member
- (5) Secretary, National Land Commission, Member
- (6) Secretary, National Environment Commission, Member
- (7) Leader of the Mission, JICA
- (8) Director, Department of Human Settlement - Member Secretary

Above-mentioned members can designate his/her representatives.

Secretariat of the SC will be assumed by MoWHS.



Annex 3 Working Group

Function of the Working Group (WG):

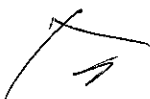
- (1) To work with JICA mission on daily basis and facilitate necessary arrangements for smooth implementation of the Project;
- (2) To examine and analyze the technical aspects of the Reports;
- (3) To coordinate and harmonize the stakeholders of the Project and ensure involvement of the concerned authorities;
- (4) To prepare materials (reports/presentations) for SC; and
- (5) To correspond to the requests/inquiries made by SC on technical matters arising from or in connection to the Project.

Members:

- (1) Gross National Happiness Commission Secretariat
- (2) National Land Commission Secretariat
- (3) National Environment Commission Secretariat
- (4) Ministry of Information and Communication
- (5) Ministry of Education
- (6) Ministry of Health
- (7) National Statistics Bureau
- (8) Tourism Council of Bhutan
- (9) Department of Culture, Ministry of Home and Cultural Affairs
- (10) Department of Disaster Management, Ministry of Home and Cultural Affairs
- (11) Department of Agriculture, Ministry of Agriculture and Forests
- (12) Department of Forests and Park Services, Ministry of Agriculture and Forests
- (13) Department of Geology and Mines, Ministry of Economic Affairs
- (14) Department of Hydromet Services, Ministry of Economic Affairs
- (15) Department of Industry, Ministry of Economic Affairs
- (16) Department of Cottage and Small Industry, Ministry of Economic Affairs
- (17) Department of Hydropower and Power Systems, Ministry of Economic Affairs
- (18) Department of Roads, MoWHS
- (19) Department of Engineering Services, MoWHS
- (20) Department of Human Settlement, MoWHS
- (21) Policy and Planning Division, MoWHS
- (22) Representative, JICA Bhutan Office
- (23) (Sub) Leader of the Mission, JICA

Above-mentioned members can designate his/her representatives.

MoWHS will assume the responsibility to coordinate WG



Annex 4

Framework of the Terms of Reference for the Strategic Environmental Assessment - Draft

(1) Rationale

The Project formulates a comprehensive development plan for Bhutan. It is required to conduct a Strategic Environmental Assessment (SEA) as the Environmental and Social Considerations for the Project under the following Bhutanese laws, regulation and JICA Guidelines.

- National Environment Protection Act (2007);
- Environment Assessment Act (2000);
- Regulation on Strategic Environmental Assessment (2001), and,
- JICA Guidelines for Environmental and Social Considerations (2010).

National Guidelines for Strategic Environmental Assessment are being drafted, and are planned to be finalized in October 2016. The Guidelines are to be used in the Project if it is in force before the Project.

(2) Description of the SEA

1) Objectives

The objectives are;

- (a) To integrate the Four Pillar of the Gross National Happiness Policy into the Plan
- (b) To identify and assess potential impacts induced by the Project;
- (c) To avoid, reduce and mitigate these impacts;
- (d) To collect comments from stakeholders and reflect them to options proposed by the Project;
- (e) To evaluate the options from technical, financial and environmental points of view; and,
- (f) To select the optimal option for the Project.

2) Study areas of the SEA

Entire Bhutan

3) Methodology and the flow of the implementation of the SEA

- (a) Consistent and clear environmental objectives of the Project are decided based on the Four Pillars of the Gross national Happiness Policy
- (b) Terms of Reference (TOR) of the SEA are drafted and submitted to the National Environment Commission. Discussions with the commission are held and the TOR is finalized. Based on the TOR, the SEA is conducted in the following flow (tentative).
- (c) Baseline surveys are conducted on the environmental and social conditions of the Study areas. Secondary data are utilized for the surveys. The following items should be well surveyed.
 - Laws and regulations (including standards) of Bhutan related to the environmental and social considerations (including SEA and Environmental Impact Assessment);
 - Natural conditions such as protected area system, internationally recognized important habitats and endangered species; and
 - Social conditions such cultural heritages and vulnerable people.
- (d) Planning the options by which potential negative impacts on the social and natural environments are avoided, reduced and mitigated as much as possible.
- (e) Scoping for the options is conducted.
- (f) Based on the results of the scoping, social and environmental surveys are conducted to collect more information if necessary.
- (g) Impacts of the options are analyzed and evaluated, and the evaluation is conducted from technical, financial and environmental points of view.
- (h) Mitigation measures and a monitoring system of the selected option is recommended.
- (i) Comments from stakeholders are collected and reflected in the process of developing the options and selecting the optimal option. It is therefore required to hold stakeholders meetings.

- (j) Stakeholders Meetings are held in the Project. Table 1 shows proposed participatory planning process under the SEA for the Project, and Table 2 shows proposed participants for the Stakeholders Meetings.

Table 1 Proposed participatory planning process under the SEA

No.	Step	Note
1	Information analysis	To evaluate and analyze data collected by GNH 2015.
2	Formulation of alternative scenarios	To formulate alternative scenarios by working groups. The working groups composed of related governmental agencies.
3	1 st SHM	To explain the alternative scenarios and collect opinions from related stakeholders. The SHM is held at each of three (3) regions (*1). The SHM is conducted as a workshop, and its duration is two days. Working language: Dzongkha
4	Formulation of the optimal scenario	Based on the opinions, the alternative scenarios are further developed and evaluated from environmental/ social, economic and technical points of views. The working groups are in charge of the works. The optimal scenario is formulated.
5	2 nd SHM	The optimal scenario is presented at the 2 nd SHM which is held at Thimphu. Working language: English
6	Review and approval	The final report is reviewed and approved by the NEC and the GNHC.

Note: *1: Three regions are Western region (8 Dzongkhags and 2 Thromdes); Central region (6 Dzongkhags and 1 Thromde); and Eastern region (6 Dzongkhags and 1 Thromde)

Table 2 Proposed participants for the Stakeholders Meetings

SHM	Place	Participants	Number of participants
1 st SHM	Held at each region.	<u>Eastern and Central regions:</u> <ul style="list-style-type: none"> ➤ About 6 persons (representatives and planners) from each Dzongkhag and Thromde. <u>Western Region</u> <ul style="list-style-type: none"> ➤ About 6 persons (representatives and planners) from each Dzongkhag and Thromde. ➤ Representatives from related governmental agencies, NGOs and private sectors. 	<u>Eastern Region</u> About 60 persons <u>Central Region</u> About 60 persons <u>Western Region</u> About 100 persons
2 nd SHM	Held at Thimphu.	<ul style="list-style-type: none"> ➤ Representatives from Dzongkhag and Thromde. ➤ Representatives from related governmental agencies, NGOs and private sectors. 	From 100 to 150 persons

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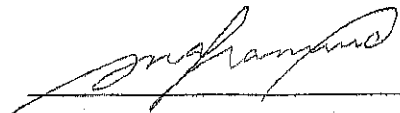
MINUTES OF MEETINGS
BETWEEN
THE JAPAN INTERNATIONAL COOPERATION AGENCY
AND
MINISTRY OF WORKS AND HUMAN SETTLEMENT
ON
THE JAPANESE TECHNICAL COOPERATION
FOR
THE PROJECT FOR THE FORMULATION OF COMPREHENSIVE DEVELOPMENT
PLAN FOR BHUTAN 2030

In response to the request from the Royal Government of the Bhutan (hereinafter referred to as "RGOB"), the Detailed Planning Survey Team (hereinafter referred to as "the Team") organized by the Japan International Cooperation Agency (hereinafter referred to as "JICA") and headed by Dr. Akira NAKAMURA, visited the Kingdom of Bhutan from July 31st to August 18th, 2016 for the purpose of working out the details of the technical cooperation for development planning "The Project for the Formulation of Comprehensive Development Plan for Bhutan 2030" (hereinafter referred to as "the Project").

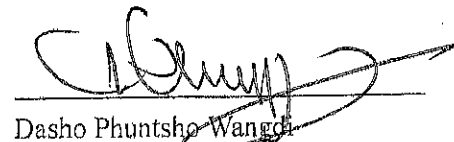
During its stay in Bhutan, the Team exchanged views and had a series of discussions with Ministry of Works and Human Settlement (hereinafter referred to as "MoWHS") and the authorities concerned (hereinafter referred to as "the Bhutan side") on the detailed plan of the Project and necessary measures to be taken by the Bhutan side and JICA for the successful implementation of the Project.

As a result of the discussions, the Team and MoWHS (hereinafter referred to as "Both Sides") agreed upon the matters referred to in the documents attached hereto.

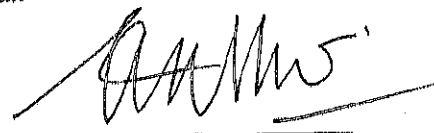
Thimphu, August 18th, 2016




Dr. Akira NAKAMURA
Team Leader
Detailed Planning Survey Team
Japan International Cooperation Agency,
Japan



Dasho Phuntsho Wangdi
Secretary
Ministry of Works & Human Settlement
Bhutan



Mr. Rinchen Wangdi
Chief Programme Coordinator
Development Cooperation Division
Gross National Happiness Commission
Bhutan



ATTACHED DOCUMENTS

1. Record of Discussions (R/D)

Both Sides had a common understanding of the draft of R/D, as shown in ANNEX 1. Both sides likewise understood that the detailed contents of the R/D are subject to change based on further internal consideration by both sides and their mutual agreements. It will be agreed and signed among JICA and the Bhutanese authorities after approval from JICA Headquarters and authority of the RGOB.

2. Output of the Project

Both Sides confirmed that the output of the Project is Comprehensive Development Plan for Bhutan 2030 (hereinafter referred to as "the Plan"), which will be used as a part of national development policy such as the five year plans. It will include, at least, the following items:

- 1) Comprehensive Development Plan for Bhutan;
- 2) General Guidance for developments incidental to the proposed Comprehensive Development Plan for Bhutan; and
- 3) Recommendation for Implementation framework of Comprehensive Development Plan for Bhutan.

3. Endorsement of the Proposed Plan and its Approval Procedure

MoWHS explained to the Team that the Plan to be developed and proposed under the Project will be:

- 1) firstly, vetted by the Working Group (hereinafter referred to as "WG") Members;
- 2) secondly, presented to the Steering Committee (hereinafter referred to as "SC") for its endorsement; and
- 3) thirdly, presented to the Gross National Happiness Commission for its review and approval.

MoWHS shall take all the necessary measures to obtain the endorsement of the output of the Project for comprehensive national development once the Project completes successfully.

4. Target Area

Both Sides agreed that the Plan will cover whole of Bhutan with 38,394 km² land area.

5. Target Year

Both Sides confirmed that the target year for the Plan is the year 2030.



6. Steering Committee and Working Group

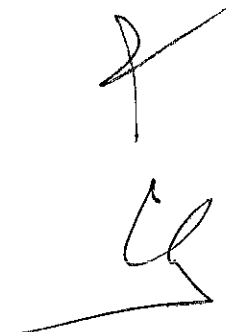
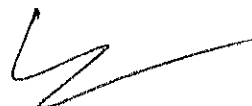
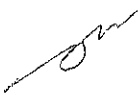
Both sides agreed to set up the SC and WG.

SC will execute the decision making power when necessary. SC will comprise of members from the following ministries and organizations with possible inclusion of others if SC considers necessary.

- (1) Secretary, Gross National Happiness Commission, Chair
- (2) Chief Representative, JICA Bhutan Office, Co-Chair
- (3) Secretary, Ministry of Home and Cultural Affairs, Member
- (4) Secretary, Ministry of Agriculture and Forests, Member
- (5) Secretary, Ministry of Economic Affairs, Member
- (6) Secretary, MoWHS, Member
- (7) Secretary, National Land Commission, Member
- (8) Secretary, National Environment Commission, Member
- (9) Leader of the Mission, JICA, Member
- (10) Director, Department of Human Settlement - Member Secretary

WG will be established in order to secure the smooth implementation of the Project. The tentative members of WG need to be assigned from the following organizations before the commencement of the Project.

- (1) Gross National Happiness Commission Secretariat
- (2) National Land Commission Secretariat
- (3) National Environment Commission Secretariat
- (4) Ministry of Information and Communication
- (5) Ministry of Education
- (6) Ministry of Health
- (7) National Statistics Bureau
- (8) Tourism Council of Bhutan
- (9) Department of Culture, Ministry of Home and Cultural Affairs
- (10) Department of Disaster Management, Ministry of Home and Cultural Affairs
- (11) Department of Agriculture, Ministry of Agriculture and Forests
- (12) Department of Forests and Park Services, Ministry of Agriculture and Forests
- (13) Department of Geology and Mines, Ministry of Economic Affairs
- (14) Department of Hydromet Services, Ministry of Economic Affairs
- (15) Department of Industry, Ministry of Economic Affairs
- (16) Department of Cottage and Small Industry, Ministry of Economic Affairs
- (17) Department of Hydropower and Power Systems, Ministry of Economic Affairs



- (18) Department of Roads, MoWHS
- (19) Department of Engineering Services, MoWHS
- (20) Department of Human Settlement, MoWHS
- (21) Policy and Planning Division, MoWHS
- (22) Representative, JICA Bhutan Office
- (23) (Sub) Leader of the Mission, JICA

7. Signer of the Record of Discussions (R/D)

The signer of the R/D will be Secretary of Gross National Happiness Commission, from RGOB.

8. Scale for the national land use plan

Both Sides confirmed that the scale used for the national land use plan is 1:25,000.

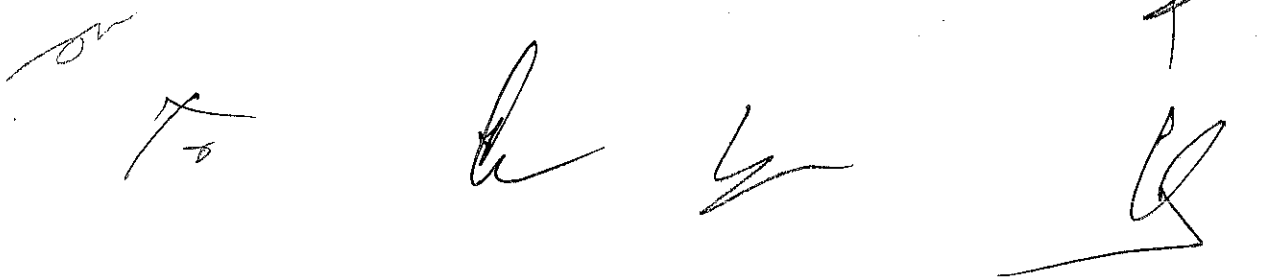
9. Information Disclosure

Both sides agreed that the final report will be open to public after the approval by S/C.

10. Methods of Japanese Technical Cooperation

Upon the explanations by the Team, MoWHS understood the philosophy of Japanese Technical Cooperation. In particular, JICA does not simply fund the Project to employ the consultant, but to work together with Bhutanese counterparts which contributes to enhancement of the partnership between both sides and the capacity development of the counterparts. In this context, both sides confirmed that MoWHS assigns an appropriate number of counterparts for the Project. The core members of the counterparts will be assigned as below.

- 1) Ugyen M Tenzin, Chief Urban Planner, Regional and Rural Planning Division, Department of Human Settlement, MoWHS
- 2) Tashi Wangmo, Chief Urban Planner, Survey and GIS Division, Department of Human Settlement, MoWHS
- 3) Chhado Drukpa, Chief Urban Planner, Compliance and Development Review Division, Department of Human Settlement, MoWHS
- 4) Tashi Penjor, Chief Urban Planner, Urban Planning and Development Division, Department of Human Settlement, MoWHS
- 5) Jigme Nagmyel, Architect Planner, Compliance and Development Review Division, Department of Human Settlement, MoWHS
- 6) Tshering Phuntsho, Architect Planner, Urban Planning and Development Division, Department of Human Settlement, MoWHS
- 7) Yangchen Lhamu, Architect Planner, Regional and Rural Planning Division,



Department of Human Settlement, MoWHS

- 8) Tshering Peldon, Urban Planner, Regional and Rural Planning Division,
Department of Human Settlement, MoWHS
- 9) Amrita Gurung, Asst.Architect, Regional and Rural Planning Division,
Department of Human Settlement, MoWHS

11. Coordination with/ Participation of Stakeholders

The Team emphasized the importance of stakeholders' participation and coordination with them in the process of making the Plan in order to secure a smooth implementation at later date. MoWHS confirmed that the MoWHS will coordinate all the related ministries, concerned bodies and development partners and take the lead in, with assistance of the JICA mission, 1) carrying out WG meetings/seminars/conferences/workshops, 2) acquiring existing map data and necessary survey data such as 3rd Gross National Happiness Survey, population and housing census.

12. TOR for Environmental and Social Considerations

Both Sides agreed the Project should include draft Terms of Reference (TOR) for Strategic Environmental Assessment in line with the JICA Guidelines as ANNEX 3.

13. Undertaking of the cost sharing for SC, WG, stakeholder meetings and Strategic Environment Assessment related fees.

- 1) Bhutan side bears processing fee payable to National Environment Commission for Strategic Environment Assessment.
- 2) JICA bears hiring conference hall, travel cost and per diem for the Bhutanese participants excluding core members for the stakeholder meetings.


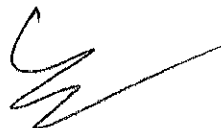
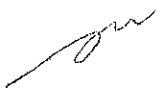
14. Category of the land use plan

JICA team advised tentatively to set four categories of land use (Urban and Rural Settlement, Agriculture, Industrial, Protected). But the category should be finalized in the Project under the consultation with the Bhutanese stakeholders and upon advice of the JICA Mission.

15. Training in Japan

MoWHS requested to conduct the following three types of counterpart trainings in Japan:

- SC Members - a 7 day study trip for 8 Bhutanese members of the SC at the beginning of the project period (as early as possible) to help the members



understand the scope and nature of comprehensive development plan and its significance and implications.

- WG Members - A tailor-made, 2 weeks counterpart training for the capacity building of the working group members from different agencies. There will be around 25 members and the training could be broken down to 2 batches if necessary for the ease of management. In addition to the scope and nature of the Plan, the training should focus on the inter-linkages and dependency of different sectors and also how the general guidance provided by the Plan can be taken forward by their respective sectors.
- Core Members - A 2-weeks training for about 25 members, comprising mainly of urban planners from the DHS and Dzongkhags and Thromdes, to study Japan's experience in comprehensive development plan and integration of disaster planning and settlement planning - share policy mechanism and experiences and learn through exposure and observations

After the discussion, Both Sides agreed the following:

- Training for SC Members - 1 week for 8 Bhutanese members of the SC and a few Core Members at the beginning of the project period (as early as possible) to help the members understand the scope and nature of comprehensive development plan and its significance and implications.
- Working Group Members and Core Members- 2 weeks counterpart training for two batches of 15 members each for the capacity building of the WG Members from different agencies and Core Members.

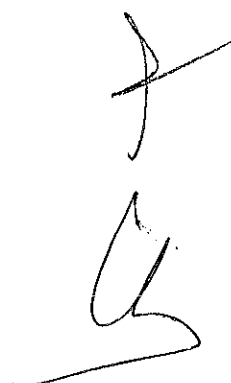
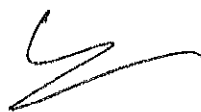
16. Equipment provision

MoWHS requested JICA to provide Vehicle (Hilux) and explained that the vehicle will be very useful during the project period. But more importantly, it will facilitate travel and site visits even after the Project to facilitate the Project implementation and, review and monitoring, MoWHS is severely constrained with shortage of vehicles. The Team explained that the vehicle provision is difficult because of compliance matters in JICA.

ANNEX 1: DRAFT OF THE RECORD OF DISCUSSIONS

ANNEX 2: LIST OF PARTICIPANTS

ANNEX 3: TOR OF STRATEGIC ENVIRONMENTAL ASSESSMENT



<DRAFT>

RECORD OF DISCUSSIONS

ON

THE PROJECT FOR FORMULATION OF COMPREHENSIVE
DEVELOPMENT PLAN FOR BHUTAN 2030

IN

KINGDOM OF BHUTAN

AGREED UPON BETWEEN

MINISTRY OF WORKS AND HUMAN SETTLEMENT

AND

JAPAN INTERNATIONAL COOPERATION AGENCY

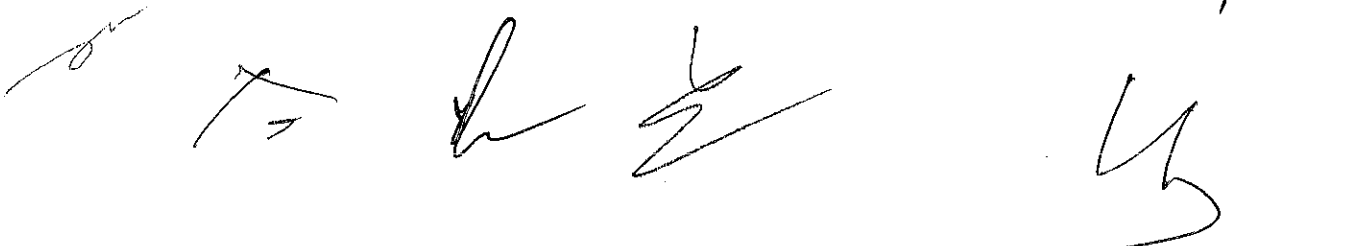
Thimphu, [date]

Koji Yamada
Chief Representative
JICA Bhutan Office
Japan

Thinley Namgyel
Secretary
Gross National Happiness Commission
Bhutan

Witnessed by

<Name>
Director
Department of Settlement
Ministry of Works & Human Settlement
Bhutan



Based on the minutes of meetings on the Detailed Planning Survey on the Project for Formulation of Comprehensive Development Plan for Bhutan 2030 (hereinafter referred to as "the Project") signed on August 18th, 2016 between Ministry of Works and Human Settlement (hereinafter referred to as "MoWHS") and the Detailed Planning Survey Team, Japan International Cooperation Agency (hereinafter referred to as "JICA"), JICA held a series of discussions with MoWHS and relevant organizations to develop a detailed plan of the Project.

Both parties agreed the details of the Project and main points discussed as described in the Appendix 1 and the Appendix 2, respectively, and to request their respective governments to proceed with the necessary procedures for implementation of the Project.

Both parties also agreed that MoWHS, the counterpart to JICA, will be responsible for the implementation of the Project in cooperation with JICA, coordinate with other relevant organizations and ensure that the self-reliant operation of the Project is sustained during and after the implementation period in order to contribute toward social and economic development of Kingdom of Bhutan.

The Project will be implemented within the framework of the Note Verbales to be exchanged between the Government of Japan (hereinafter referred to as "GOJ") and the Royal Government of Bhutan (hereinafter referred to as "RGOB").

Appendix 1: Project Description

Appendix 2: Main Points Discussed

Appendix 3: Minutes of Meetings on Detailed Planning Survey for the Project signed on August 18th, 2016



PROJECT DESCRIPTION

Both parties confirmed that there is no change in the Project Description in the minutes of meetings for Detailed Planning Survey on the Project signed on August 18th, 2016 (Appendix 3).

I. BACKGROUND

The principle of development policy in Bhutan is well-balanced development and prosperity between urban and rural. One of The Basic Policy of Assistance of GOJ and JICA to Bhutan is also assistance of well-balanced development between urban and rural.

However Bhutan is a rapidly urbanizing nation with increasing rural-urban migration, mainly from eastern to western Bhutan. It also observed that 65.1% of Bhutan's urban population is concentrated in Western Region, constituting only 20.74% of the total land area. This influx of population to the larger cities, like Thimphu, is linked to rising crime rates, unemployment, pressure on urban amenities, emergence of squatters, pollution and environmental degradation in the urban centers. Further, rural-urban migration is also seen as a cause of problem for the rural areas. Some of these problems include labor shortage leading to fallow agriculture land, socio-cultural break-up and under-utilization of government facilities and services.

One of the causes of the domestic migration is the happiness gap between urban area and rural area. According to the result of 3rd Gross National Happiness Survey conducted in 2015, Happiness score in urban area (0.811) is higher than rural area (0.731). Also according to the Poverty Analysis 2012, poverty rate of urban area (1.8%) is much lower than rural area (16.7%).

With a view to address the issue of rural-urban migration and promote regionally balanced development, RGOB is planning to initiate sectorial interventions like the development of special economic zones, industrial estates, hydro-power projects, tourism, farming and agro-based industries.

Under above background, RGOB requested GOJ to implement "The Project for Formulation of Comprehensive Development Plan for Bhutan 2030" with aim to promote comprehensive and coordinated approach to development.



II. OUTLINE OF THE PROJECT

1. Title of the Project

Project for Formulation of Comprehensive Development Plan for Bhutan 2030

2. Expected Goals which will be attained after implementing the Proposed Plan
To enable the continued pursuit of Gross National Happiness and a development that is progressive, sustainable and regionally balanced.

3. Outputs

- Comprehensive Development Plan for Bhutan
- General Guidance for developments incidental to the proposed Comprehensive Development Plan for Bhutan
- Recommendation for Implementation framework of Comprehensive Development Plan for Bhutan

4. Activities

(1) Current Status Evaluation and Analysis of Bhutan

- 1) Review of the country profile of Bhutan
- 2) Review of the demographic feature including domestic migration of Bhutan through the result of the Population and Housing Census
- 3) Review of the relevant existing development policies, strategies, plans and etc.
- 4) Review of the relevant legal and institutional framework
- 5) Review of the relevant projects
- 6) Review of the information relevant to environmental and social consideration including Bhutanese culture, custom and tradition
- 7) Review of existing hazard, geological, seismic data and history of the past disasters
- 8) Review of the role and function of Dzongkhag, Thromde (Dzongkhag and Yenlag), Gewog and Chiwog
- 9) Analysis of the existing settlements.
- 10) Analysis and evaluation of the happiness gap between urban and rural, among the Dzongkhag from the data of 3rd GNH survey
- 11) Analysis of development issues, constraint and trends
- 12) Review the current status and issue about national economy including foreign trade and industries
- 13) Review of existing water resources and management
- 14) Preparation and analysis of the existing land use map
- 15) Setting of planning framework (national population, economy, etc.)

(2) Vision and Strategy for National Development

- 1) Setting of development vision
- 2) Setting of spatial structure for National Comprehensive Development Plan
- 3) Formulation of development strategy and development scenarios
- 4) Implementation of Strategic Environmental Assessment (SEA)

(3) Formulation of National Comprehensive Development Plan

- 1) Formulation of national land use plan



- 2) Specification of basic plan for basic physical and social infrastructure services to materialize spatial structure.
- 3) Specification of the basic physical and social infrastructure services for Dzongkhag, Thromde (Dzongkhag and Yenlag), Gewog and Chiwog
- (4) Formulation of general guidance for developments incidental to the proposed Comprehensive Development Plan
 - 1) National transport infrastructure development
 - 2) National industrial (tourism, hydropower, mining, small and medium enterprises) development
 - 3) Rural and agricultural development
 - 4) Social infrastructures and services location
- (5) Recommendation for Implementation framework of National Comprehensive Development Plan
 - 1) Implementation administrative structure
 - 2) Necessary budget and its fund source
 - 3) Necessary legal framework
 - 4) Policy packages in relevant sectors
- (6) Capacity Development
 - 1) On the job training - On the job training will consists of hands on training through association with the JICA expert team members during the course of the project. There will be two groups of beneficiaries, the working group members and the officials of the Department of Human Settlement, MoWHS closely involved in the project
 - 2) Training in Japan - The training in Japan is aimed at exposure to real and live case studies, observations, learning through sharing of experiences.

5. Input

(1) Input by JICA

(a) Dispatch of Mission

- Leader/ National Development Plan
- Social Survey Analysis
- Economic Analysis / Planning Framework
- Industrial Development Plan
- Rural Development Plan / Depopulation Measure
- Transport Plan
- National Land Use Plan
- Environment and Social Consideration
- Institutional Framework for implementation
- Disaster Prevention/ Climate Change

(b) Training in Japan

(c) Machinery and Equipment

- Satellite Image (covered area : whole Bhutan. resolution larger than 1.5m, Color)
- Equipment for printing and scanning (A0 size, color)
- Other necessary equipment for project facilities

Input other than indicated above will be determined through mutual consultations between JICA and MoWHS during the implementation of the Project, as necessary.

(2) Input by MoWHS

MoWHS will take necessary measures to provide at its own expense:

- (a) Services of MoWHS's counterpart personnel and administrative personnel as referred to in II-6;
- (b) Suitable office space with necessary equipment;
- (c) Supply or replacement of machinery, equipment, instruments, vehicles, tools, spare parts and any other materials necessary for the implementation of the Project other than the equipment provided by JICA;
- (d) Travel permission for members of the JICA missions for official travel within Kingdom of Bhutan;
- (e) Information as well as support in obtaining medical service;
- (f) Credentials or identification cards;
- (g) Available data (including maps and photographs) and information related to the Project;
- (h) Running expenses necessary for the implementation of the Project;
- (i) Necessary facilities to members of the JICA missions for the remittance as well as utilization of the funds introduced into Kingdom of Bhutan from Japan in connection with the implementation of the Project

6. Implementation Structure

The project organization chart is given in the Annex 1. The roles and assignments of relevant organizations are as follows:

(1) MoWHS

- (a) Project Director
Director of Department of Human Settlement, MoWHS
- (b) Project Manager
Chief Urban Planner, Regional and Rural Planning Division, Department of Human Settlement, MoWHS

(2) Member of JICA Mission

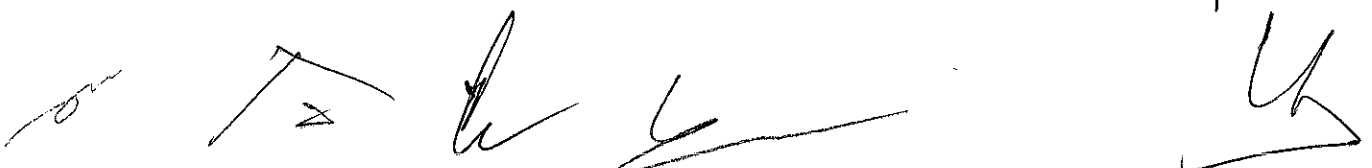
The member of JICA mission will give necessary technical guidance, advice and recommendations to MoWHS on any matters pertaining to the implementation of the Project.

(3) Steering Committee

Steering Committee (hereinafter referred to as "SC") will be established in order to facilitate inter-organizational coordination. SC will be held whenever deems it necessary. A list of proposed members of SC is shown in the Annex 2.

(4) Working Group

Working Group (hereinafter referred to as "WG") will be established in order

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to work with JICA mission on daily basis. WG is responsible for information exchange and awareness-raising actions as well as holding sessions with local stakeholders etc. A tentative list of the proposed members and function of WG is shown in the Annex 3.

7. Project Site(s) and Beneficiaries

(1) Project Site(s)

Target Area for Planning : Whole of Bhutan (38,394 km²)

(2) Beneficiaries

All People of Bhutan (Approximately Population : 770,000)

8. Duration

Duration of the project is Twenty Four (24) months.

Cumulative month	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	
Stage	1st stage				2nd Stage				3rd stage				4th stage				DFR r&r								
Steering Committee Reports	▲									▲														▲	
Reports	IR				PR 1				PR 2				PR 3				DFR	FR							

IR: Inception Report, PR: Progress Report, DFR: Draft Final Report, FR: Final Report

9. Reports

JICA will prepare and submit the following reports to the MoWHS in English.

- (1) 30 copies of Inception Report at the commencement of the first work period in Bhutan
- (2) 30 copies of Progress Report 1, ten (10) months after the commencement of the Project in Bhutan
- (3) 30 copies of Progress Report 2, fourteen (14) months after the commencement of the Project in Bhutan
- (4) 30 copies of Progress Report 3, eighteen (18) months after the commencement of the Project in Bhutan
- (5) 30 copies of Draft Final Report at the final stage of the Project in Bhutan
- (6) 100 copies of Final Report within one (1) month after the receipt of the comments on the Draft Final Report

10. Environmental and Social Considerations

- (1) MoWHS will abide by 'JICA Guidelines for Environmental and Social Considerations' in order to ensure that appropriate considerations will be made for the environmental and social impacts of the Project.

III. UNDERTAKINGS OF MoWHS ("AND RGOB")

1. MoWHS ("and RGOB") will take necessary measures to:

- (1) ensure that the technologies and knowledge acquired by the Kingdom of Bhutan nationals as a result of Japanese technical cooperation contributes to the economic and social development of Kingdom of Bhutan, and that the knowledge and experience acquired by the personnel of Kingdom of Bhutan from technical training as well as the equipment provided by JICA

will be utilized effectively in the implementation of the Project; and

- (2) grant privileges, exemptions and benefits to members of the JICA missions referred to in II-5 above and their families, which are no less favorable than those granted to experts and members of the missions and their families of third countries or international organizations performing similar missions in Kingdom of Bhutan.

2. MoWHS (and RGOB) will take necessary measures to:

- (1) provide security-related information as well as measures to ensure the safety of members of the JICA missions;
- (2) permit members of the JICA missions to enter, leave and sojourn in Kingdom of Bhutan for the duration of their assignments therein and exempt them from foreign registration requirements and consular fees.
- (3) exempt members of the JICA missions from taxes and any other charges on the equipment, machinery and other material necessary for the implementation of the Project;
- (4) exempt members of the JICA missions from income tax and charges of any kind imposed on or in connection with any emoluments or allowances paid to them and/or remitted to them from abroad for their services in connection with the implementation of the Project; and
- (5) exempt taxes and any other charges on the equipment, machinery and other material, referred to in II-5 above, necessary for the implementation of the Project.

3. MoWHS and RGOB will bear claims, if any arises, against members of the JICA missions resulting from, occurring in the course of, or otherwise connected with, the discharge of their duties in the implementation of the Project, except when such claims arise from gross negligence or willful misconduct on the part of members of the JICA missions.

IV. MONITORING AND EVALUATION

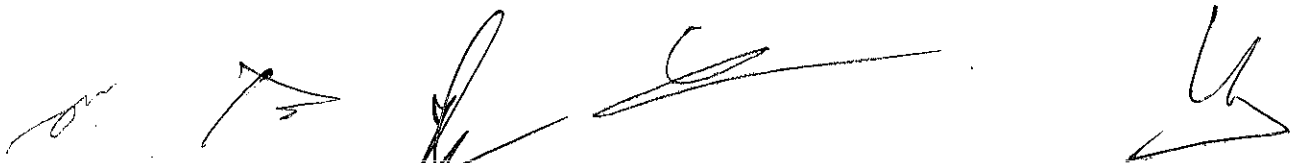
JICA will conduct the following evaluations and surveys to verify how the proposed plan is utilized and draw lessons. The MoWHS is required to provide necessary support for them.

1. Ex-post evaluation three (3) years after the project completion, in principle
2. Follow-up surveys on necessity basis

V. PROMOTION OF PUBLIC SUPPORT

For the purpose of promoting support for the Project, MoWHS will take appropriate measures to make the Project widely known to the people of Kingdom of Bhutan.

VI. MISCONDUCT



If JICA receives information related to suspected corrupt or fraudulent practices in the implementation of the Project, MoWHS and relevant organizations will provide JICA with such information as JICA may reasonably request, including information related to any concerned official of the government and/or public organizations of the Kingdom of Bhutan.

MoWHS and relevant organizations will not, unfairly or unfavorably treat the person and/or company which provided the information related to suspected corrupt or fraudulent practices in the implementation of the Project.

VII. MUTUAL CONSULTATION




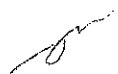
JICA and MoWHS will consult each other whenever any major issues arise in the course of Project Implementation.

VIII. AMENDMENTS

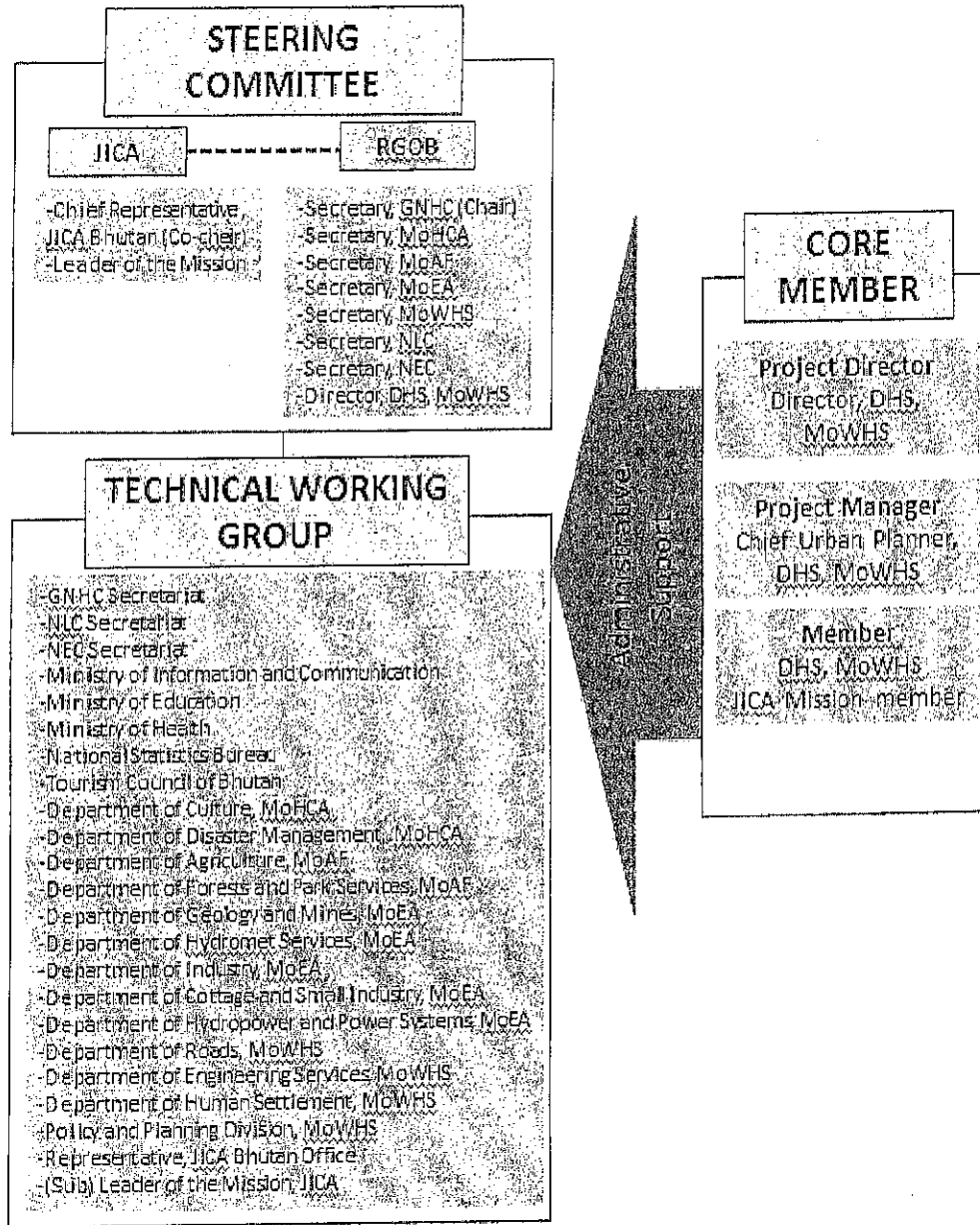
The record of discussions may be amended by the minutes of meetings between JICA and MoWHS.

The minutes of meetings will be signed by authorized persons of each side who may be different from the signers of the record of discussions.

- Annex 1 Project Organization Chart
- Annex 2 A List of Proposed Members of Steering Committee
- Annex 3 A List of Proposed Members of Working Group



Annex 1 Project Organization Chart



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Annex 2 Steering Committee

Function of the Steering Committee (SC):

- (1) To monitor and supervise the entire project;
- (2) To discuss and approve the reports;
- (3) To coordinate among the relevant organizations; and
- (4) To review and exchange views on major issues arising from or in connection to the Project.

Chair: Secretary, Gross National Happiness Commission

Co-chair: Chief Representative, JICA Bhutan Office

Members:

- (1) Secretary, Ministry of Home and Cultural Affairs, Member
- (2) Secretary, Ministry of Agriculture and Forests, Member
- (3) Secretary, Ministry of Economic Affairs, Member
- (4) Secretary, MoWHS, Member
- (5) Secretary, National Land Commission, Member
- (6) Secretary, National Environment Commission, Member
- (7) Leader of the Mission, JICA
- (8) Director, Department of Human Settlement - Member Secretary

Above-mentioned members can designate his/her representatives.

Secretariat of the SC will be assumed by MoWHS.



Annex 3 Working Group

Function of the Working Group (WG):

- (1) To work with JICA mission on daily basis and facilitate necessary arrangements for smooth implementation of the Project;
- (2) To examine and analyze the technical aspects of the Reports;
- (3) To coordinate and harmonize the stakeholders of the Project and ensure involvement of the concerned authorities;
- (4) To prepare materials (reports/presentations) for SC; and
- (5) To correspond to the requests/inquiries made by SC on technical matters arising from or in connection to the Project.

Members:

- (1) Gross National Happiness Commission Secretariat
- (2) National Land Commission Secretariat
- (3) National Environment Commission Secretariat
- (4) Ministry of Information and Communication
- (5) Ministry of Education
- (6) Ministry of Health
- (7) National Statistics Bureau
- (8) Tourism Council of Bhutan
- (9) Department of Culture, Ministry of Home and Cultural Affairs
- (10) Department of Disaster Management, Ministry of Home and Cultural Affairs
- (11) Department of Agriculture, Ministry of Agriculture and Forests
- (12) Department of Forests and Park Services, Ministry of Agriculture and Forests
- (13) Department of Geology and Mines, Ministry of Economic Affairs
- (14) Department of Hydromet Services, Ministry of Economic Affairs
- (15) Department of Industry, Ministry of Economic Affairs
- (16) Department of Cottage and Small Industry, Ministry of Economic Affairs
- (17) Department of Hydropower and Power Systems, Ministry of Economic Affairs
- (18) Department of Roads, MoWHS
- (19) Department of Engineering Services, MoWHS
- (20) Department of Human Settlement, MoWHS
- (21) Policy and Planning Division, MoWHS
- (22) Representative, JICA Bhutan Office
- (23) (Sub) Leader of the Mission, JICA

Above-mentioned members can designate his/her representatives.

MoWHS will assume the responsibility to coordinate WG



List of Participants:

MoWHS

Name	Post	
Tashi Wangmo	Offtg. Director	Department of Human Settlement, MoWHS
Ugyen M Tenzin	Chief Urban Planner	Regional and Rural Planning Division, Department of Human Settlement, MoWHS
Chhado Drukpa	Chief Urban Planner	Compliance and Development Review Division, Department of Human Settlement, MoWHS
Tashi Penjor	Chief Urban Planner	Urban Planning and Development Division, Department of Human Settlement, MoWHS
Yangchen Lhamu	Architect Planner	Regional and Rural Planning Division, Department of Human Settlement, MoWHS
Tshering Peldon	Urban Planner	Regional and Rural Planning Division, Department of Human Settlement, MoWHS
Amrita Gurung	Asst. Architect	Regional and Rural Planning Division, Department of Human Settlement, MoWHS

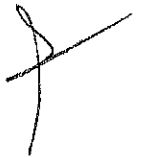
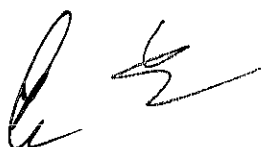
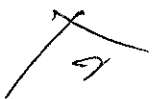
The Team

Name	Post	
Akira NAKAMURA	Leader	JICA HQ
Shuntaro KAWAHARA	National Development Policy	JICA HQ
Yasuhiro SUHARA	Cooperation Planning	JICA HQ
Satoru OBA	National Development Plan /Infrastructure Development Plan	Research Institute for Urban & Environmental Development, Japan
Minoru FUKUMURA	Economic Policy /Planning Framework	RECS International Inc. Planning & Management
Tomoyuki TAJITSU	Regional /Rural Development	Kaihatsu Management Consulting, Inc.
Shunji USUI	Environmental and Social Consideration	IC Net Limited

Handwritten signatures of the team members, including Akira Nakamura, Shuntaro Kawahara, Yasuhiro Suhara, Satoru Oba, Minoru Fukumura, Tomoyuki Tajitsu, and Shunji Usui.

JICA Bhutan Office

Name	Post	
Sho TAKANO	Representative	JICA Bhutan
Tomoko MIYATA	Project Formulation Advisor	JICA Bhutan
Krishna Subba	Program Officer	JICA Bhutan



Framework of the Terms of Reference for the Strategic Environmental Assessment - Draft

(1) Rationale

The Project formulates a comprehensive development plan for Bhutan. It is required to conduct a Strategic Environmental Assessment (SEA) as the Environmental and Social Considerations for the Project under the following Bhutanese laws, regulation and JICA Guidelines.

- National Environment Protection Act (2007);
- Environment Assessment Act (2000);
- Regulation on Strategic Environmental Assessment (2001), and,
- JICA Guidelines for Environmental and Social Considerations (2010).

National Guidelines for Strategic Environmental Assessment has been being drafted, and is planned to be finalized in October 2016. The Guidelines are to be used in the Project if it is put in force before the Project.

(2) Description of the SEA

1) Objectives

The objectives are;

- (a) To integrate the Four Pillar of the Gross National Happiness Policy into the Plan
- (b) To identify and assess potential impacts induced by the Project;
- (c) To avoid, reduce and mitigate these impacts;
- (d) To collect comments from stakeholders and reflect them to options proposed by the Project;
- (e) To evaluate the options from technical, financial and environmental points of view; and,
- (f) To select the optimal option for the Project.

2) Study areas of the SEA

Entire Bhutan

3) Methodology and the flow of the implementation of the SEA

- (a) Consistent and clear environmental objectives of the Project are decided based on the Four Pillars of the Gross national Happiness Policy
- (b) Terms of Reference (TOR) of the SEA are drafted and submitted to the National Environment Commission. Discussions with the commission are held and the TOR is finalized. Based on the TOR, the SEA is conducted in the following flow (tentative).
- (c) Baseline surveys are conducted on the environmental and social conditions of the Study areas and the country. Secondary data are utilized for the surveys. The following items should be well surveyed.
 - Laws and regulations (including standards) of Madagascar related to the environmental and social considerations (including SEA and Environmental Impact Assessment);
 - Natural conditions such as protected area system, internationally recognized important habitats and endangered species; and
 - Social conditions such cultural heritages and vulnerable people.
- (d) Planning the options with which potential negative impacts on the social and natural environments are avoided, reduced and mitigated as much as possible.
- (e) A scoping for the options is conducted.
- (f) Based on the results of the scoping, social and environmental surveys are conducted to collect more information if necessary.
- (g) Impacts of the options are analyzed and evaluated, and the evaluation is conducted from technical, financial and environmental points of view.
- (h) Mitigation measures and a monitoring system of the selected option is recommended.
- (i) Comments from stakeholders are collected and reflected in the process of developing the options and selecting the optimal option. It is therefore required to hold stakeholders

- meetings.
- (j) Stakeholders Meetings are held in the Project. Table 1 shows proposed participatory planning process under the SEA for the Project, and Table 2 shows proposed participants for the Stakeholders Meetings.

Table 1 Proposed participatory planning process under the SEA

No.	Step	Note
1	Information analysis	To evaluate and analyze data collected by GNH 2015.
2	Formulation of alternative scenarios	To formulate alternative scenarios by working groups. The working groups composed of related governmental agencies.
3	1st SHM	To explain the alternative scenarios and collect opinions from related stakeholders. The SHM is held at each of three (3) regions (*1). The SHM is conducted as a workshop, and its duration is two days. Working language: Dzongkha
4	Formulation of the optimal scenario	Based on the opinions, the alternative scenarios are further developed and evaluated from environmental/ social, economic and technical points of views. The working groups are in charge of the works. The optimal scenario is formulated.
5	2nd SHM	The optimal scenario is presented at the 2nd SHM which is held at Thimphu. Working language: English
6	Review and approval	The final report is reviewed and approved by the NEC and the GNHC.

Note: *1: Three regions are Western region (8 Dzongkhag and 2 Thromde); Central region (6 Dzongkhag and 1 Thromde); and Eastern region (6 Dzongkhag and 1 Thromde)

Table 2 Proposed participants for the Stakeholders Meetings

SHM	Place	Participants	Number of participants
1st SHM	Held at each region.	<p><u>Eastern and Central regions:</u></p> <ul style="list-style-type: none"> ➤ About 6 persons (representatives and planners) from each Dzongkhag and Thromde. <p><u>Western Region</u></p> <ul style="list-style-type: none"> ➤ About 6 persons (representatives and planners) from each Dzongkhag and Thromde. ➤ Representatives from related governmental agencies, NGOs and private sectors. 	<p><u>Eastern Region</u> About 60 persons</p> <p><u>Central Region</u> About 60 persons</p> <p><u>Western Region</u> About 100 persons</p>
2nd SHM	Held at Thimphu.	<ul style="list-style-type: none"> ➤ Representatives from Dzongkhag and Thromde. ➤ Representatives from related governmental agencies, NGOs and private sectors. 	From 100 to 150 persons

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The bottom of the page contains several handwritten signatures and initials in black ink. There are five distinct marks, including a large stylized signature on the right and several smaller initials or signatures on the left.