

PART I: OVERALL PLAN POLICIES AND FRAMEWORK

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I. INTRODUCTION

The guidelines for preparation of the Ninth Five Year Plan (2002/03-2007/08) has been drawn based on the following documents and the consultations that had been carried out with all the stakeholders during the past three years of the Eighth Five Year Plan:

- Bhutan 2020: A Vision for Peace, Prosperity and Happiness, 1999
- The Government Restructuring Exercise, 2000
- The Midterm Review of the Eighth Five Year Plan, 2000
- Record of the Brainstorming Session for the Formulation of the Ninth Five Year Plan, 2000
- Report of the Ninth Plan Core Group Visits to the Dzongkhags, 2000
- Development Toward Gross National Happiness, 7th Round Table Meeting held in Thimphu from 7-9 November 2000.

II. PRIORITY OF THE PLAN

During the Ninth Plan, social and infrastructure sector shall receive priority and the outlay allocation shall be considered accordingly. The focus of social sector shall be to improve the quality of service in both the education and health sectors. Hence, the proposals for expansion in the sector shall be considered with lesser priority.

The focus for infrastructure sector during the Ninth Plan shall be to enhance production capacities and income in the rural areas through rural access and poverty alleviation programs; increase interconnectivity; and further promote private sector development.

III. STRATEGIC POLICY FRAMEWORK

While the long-term national development principles such as self-reliance, sustainability, preservation of culture and tradition, balanced development and strengthening national security shall remain valid, the strategic and policy framework for the Ninth Plan should be guided by the following objectives:

- Increase domestic revenue through improving tax collection and administration mechanism and by enhancing tax base;
- Focus on rural access program to improve quality of life and income of the people;
- Invest in areas where employment generation can be maximized;
- Initiate geog based planning approach to further the decentralization process;
- Consolidate and improve existing infrastructure and services;
- Develop human and institutional capacity;
- Enhance private sector development;
- Manage and make effective use and management of external assistance; and
- Grant autonomy to the dzongkhags for use of tax collected at the dzongkhag level to finance their development programs.

While the Vision 2020 should form the basis for all sector programs, sectors must incorporate and address the policy issues and decisions highlighted during the Round

Table Meeting, Midterm Review and the Brainstorming Session in formulating their Ninth Plan programs.

IV. SIZE AND FINANCING OF THE PLAN

The recurrent expenditure is likely to reach Nu.25 billion during the Ninth Plan, and if the current and capital expenditures are to be taken at the same ratio, the size of the Ninth Plan will be around Nu.50 billion.

While current expenditure shall be met through internal revenue, the government will have to continue to rely on external assistance to finance its capital expenditure. As such, neither allocation nor ceiling is made on capital expenditure at this stage. However, it is important and necessary for the central and dzongkhag agencies **to be cautious** in programming their current and capital expenditures for the Ninth Plan.

V. CHANNEL FOR EXTERNAL ASSISTANCE.

The external assistance for both the central sectors and dzongkhag programs must be routed through the established normal channel i.e. Department of Aid and Debt Management (DADM) in the Ministry of Finance. There must not be any direct flow of external funding for any programs and organizations in the country.

VI. STRUCTURE OF SECTOR PLAN

The sector plan proposals for inclusion in the national plan document shall be formulated in accordance with the following layout using the specified computer software applications:

1. Layout of the Plan Proposals

- Situational Analysis
 - a) Assessment of current situation in the sector;
 - b) Assessment of situation at the end of the plan;
- Policy Objectives
- Strategies
- Programs and budget outlays
- Financing Mechanism – proposals on how the sector proposes to finance its programs
- Implementation Strategy – delineation of responsibilities among the different sector entities and underlining a process of program implementation
- Monitoring and Evaluation Mechanism – delineation of monitoring and evaluation (M/E) functions on collecting data, analyzing and reporting it and providing feedback.

2. Use of Computer Software

For word processing, Microsoft Word will be used and Excel will be used for tabulation and data analysis purposes.

VII. SCHEDULE OF PLAN PREPARATION

Date	Activities	Responsibility
August, 2000	Brainstorming Session on the Approach to the Ninth Plan.	PCS, Core Group and the Sector Representation.
September, 2000	Visit to Dzongkhags (Paro, Zhemgang & Trashigang).	PCS and Core Group.
November, 2000	Discussion with dzongkhags on the Approach to the Ninth Plan (Geog-based planning).	PCS, Core Group, MOF and Concerned Sectors.
Third week of December, 2000	Preparation of Ninth Plan Guidelines.	PCS.
First week of January, 2001	Issue of Guidelines for the Ninth Plan Preparation to the sectors and Dzongkhags.	PCS and MOF.
Mid-January to February, 2001	Discussion on the IPF for the Ninth Plan. Preparation of Sector and Dzongkhag Plans.	PCS and MOF. Sectors and Dzongkhags.
March, 2001	Begin detailed resource forecast exercise.	MOF.
August – October 2001	Discussion on Draft Sectoral and Dzongkhag Plan.	PCS, Core Group, MOF, Sectors and Dzongkhags.
November, 2001- January, 2002	Finalization and compilation of the Ninth Plan.	PCS, MOF, Sectors and Dzongkhags.
February, 2002	Submission of the Draft Plan to the CCM.	PCS.
February-April, 2002	Printing of the Plan.	PCS.
May – June, 2002	Preparation for launching of the Ninth Plan.	PCS.

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