UNITED NATIONS
CENTRE FOR REGIONAL DEVELOPMENT

In collaboration with

Ministry of Public Works and Transport, Lao People's Democratic Republic
Ministry of the Environment (MOE), Japan
Partnership on Sustainable, Low Carbon Transport
United Nations Economic and Social Commission for Asia and the Pacific, and
United Nations Office for Sustainable Development

INTERGOVERNMENTAL TENTH REGIONAL ENVIRONMENTALLY SUSTAINABLE TRANSPORT (EST) FORUM IN ASIA,
14-16 MARCH 2017, VIENTIANE, LAO PEOPLE'S DEMOCRATIC REPUBLIC

Case Study on Bhutan LRT System ~ Outcome of the Pre-feasibility Study

(Background Paper for EST Plenary Session-5)

Final Draft

-------------------------------------
This background paper has been prepared by Mr. Julien Gaudremeau, Director, Rail Concepts, France and Mr. Charlie Hargroves, Director, Strategic Transitions Group, Australia for the Tenth Regional EST Forum in Asia. The views expressed herein are those of the authors only and do not necessarily reflect the views of the United Nations.
Pre-Feasibility Study to Identify Suitable Mass Transit Options for Bhutan

Final Draft
February 2017

Disclaimer: The designations employed and the presentation of the material in this publication do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.
Pre-Feasibility Study to Identify Suitable Mass Transit Options for Bhutan

Final Draft
February 2017

Submitted to:
Ministry of Information and Communication (MOIC),
The Royal Government of Bhutan
with
technical support from
United Nations Center for Regional Development (UNCRD)
Nagoya, Japan

Authors: Mr. Julien Gaudremeau and Frederic Tardif from Rail Concepts
Dr. Karlson Hargroves, Director of The Strategic Transitions Group
Foreword

As custodians of Bhutan’s amazing and bountiful nature, the people of Bhutan are committed to ensuring that it is protected for generations to come. With our past energy choices now threatening its natural environment, there is an urgent need to update transport energy options to harness world’s best practices to deliver clean, safe and affordable energy to ensure mobility for its people and goods long into the future. The choice to base the mobility system on automobiles running on fossil fuel has now led to serious issues related to: air pollution and health impacts, growing greenhouse gas emissions (threatening the Climate Negative Country status); increased road congestion, crashes, and fatalities; and economic impacts (with over 95% of hydro-electric energy revenue used to pay for imports of fossil fuels).

It is in the best interest of Bhutan and its people to invest in a low carbon transition that will see its mobility needs met by a system of highly efficient rail transport options and buses powered by electricity generated by its mighty rivers. In 2015, Hon’ble Prime Minister Lyonchen Tshering Tobgay responded to this situation by stating that, ‘My target for Bhutan is a 70 percent reduction in fossil fuel imports by 2020’.

Since 2006, the Royal Government of Bhutan has been experimenting with a range of transportation policy options, including the transportation agenda as part of its ‘Nationally Appropriate Mitigation Actions’ to the UNFCC Conference of the Parties by:
- Improving mass transit and demand side management of personal modes of transport;
- Exploring alternative modes of transport to road transport such as rail, water and gravity ropeways, cable car;
- Improving efficiency in freight transport;
- Promoting non-motorized transport and non-fossil fuel powered transport such as electric and fuel cell vehicles;
- Improving efficiency and emissions from existing vehicles through standards and capacity building; and
- Promoting the use of appropriate intelligent transport systems.

Such themes are now being considered a core part of Bhutan’s economic development agenda with the current Eleventh 5 Year Plan calling for ‘Eco-friendly mass public transportation services’. The initiatives are indeed encouraging and stand to be advanced through the outcome of this report undertaken through the leadership of the United Nations Centre for Regional Development (UNCRD) as it not only provides a pre-feasibility understanding of the technical requirements of a new transport system for Bhutan but it also shows how this system can be integrated into the existing fabric and provide a range of direct and in-direct benefits.
Pre-Feasibility Study to Identify Suitable Mass Transit Options for Bhutan is a technical study, which was commissioned by United Nations Centre for Regional Development (UNCRD) at the request of the Royal Government of Bhutan. The Ministry of Information and Communications of the Royal Government of Bhutan would like to express its deep appreciation to United Nations Department of Economic and Social Affairs (UN DESA)/UNCRD for all their efforts (including field missions in Paro and Thimphu area) in completing this valuable study.

In order to further expand this study into a complete feasibility study for ground implementation, it would require dedicated funding and technical support. We urge the international community to join hands to support this initiative.

D. N. Dhungyel
Minister for Information and Communications
Royal Government of Bhutan
Notes:

The following chapters have been written by Dr Karson James Hargroves, Director of The Strategic Transitions Group, with research support from Georgia Grant, Daniel Conley, Kiri Gibbons, and Deana Ho from the Curtin University Sustainability Policy Institute and the University of Adelaide;

1. Transportation, the key to a ‘Carbon Negative Country’;
2. Potential Mitigation Measures and Recommended Actions;
3. Preliminary Assessment of Social Considerations
4. Preliminary Assessment of Environmental Considerations

2. The following chapters in the report have been written by Julien Gaudreameau and Frederic Tardif from Rail Concept;

1. Preliminary Assessment of Technical Considerations
2. Preliminary Assessment of Economic Considerations, Understanding a Rail Based Transport System in Bhutan
3. Overview of Assumptions around Economic Considerations
4. Notes on Project Financing, Overview of Feasibility Study Process
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

Contents

Foreword.............................................................................................................................. Error! Bookmark not defined.

Executive Summary ............................................................................................................. 6

Transportation, the key to a ‘Carbon Negative Country’.................................................. 10
  Automobile Dependence: A Growing Concern ............................................................... 10
  The Influence of Fossil Fuels on the Balance of Trade .................................................. 11
  Curbing Growing Greenhouse Gas Emissions ................................................................. 12

Proposal of Most Suitable Mode of Mass Transport for Bhutan ................................. 16
  Eco-Friendly Mass Public Transport .............................................................................. 16
  Electrified Rail Backbone for Transport System .......................................................... 17
    What is in the best interest of Bhutan’s future? ............................................................. 17
    Can rail provide social, environmental and economic benefits? ................................. 18
    What about ‘Bus Rapid Transit’? .................................................................................. 19
    The Potential for a ‘Roll-On Roll-Off’ Rail Freight Link ............................................ 20
    Contribution to the Sustainable Development Goals .................................................. 23

Potential Mitigation Measures and Recommended Actions ................................. 25
  Staging Efforts to Achieve Overall Outcomes ............................................................... 25
  Recommended Stages of Implementation ..................................................................... 26
    Detailed Rail Feasibility Study ..................................................................................... 26
    Encourage zero-emissions taxis (while discouraging private vehicles) ...................... 27
    Support walking, cycling and traditional forms ........................................................... 28
    Light and Heavy Rail Construction ............................................................................ 29
    Discouraging Car Use ................................................................................................. 29
    Enhancing the existing bus system (in preparation for rail system) ............................. 30
    Cable Cars and Monorail (as steep terrain distributors in an integrated rail network) .... 32
    Opening of the First Stage of the Rail System ............................................................. 33
  Possible Development Partners ..................................................................................... 34
    Sustainable Development Agreement ......................................................................... 34
    Accessing Climate Finance for Sustainable Transport ............................................... 34

Preliminary Assessment of Social Considerations .................................................... 35
  Social Drivers for Reducing Automobile Dependence .................................................. 35
    Greater Road Fatalities ................................................................................................. 35
    Health Impacts from Air Pollution ($PM_{10}$) ............................................................. 36
  Identification of Social Parameters ............................................................................... 36
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

Measurement, Analysis and Monitoring Social Parameters ........................................ 37
  Indicators of projected passenger demand ............................................................. 37
  Affected populations, groups, settlements, and Transit dependent individuals .......... 39

Preliminary Assessment of Environmental Considerations ........................................ 40
  Identification of Environmental Parameters .......................................................... 40
  Measurement, Analysis and Monitoring Environmental Parameters ..................... 41
    Environmental Parameters and Impacts ............................................................... 41

Preliminary Assessment of Technical Considerations .............................................. 42
  Consideration of Traffic Volumes .......................................................................... 42
  Consideration of Potential for Connection with Adjacent Countries .................... 43
  Consideration of Key Zones of Initial Rail Network ............................................. 45
    Zone 1: Thimphu City ......................................................................................... 46
      Selection of Rail Type ....................................................................................... 46
      Location of Main Stations ................................................................................. 49
      Selection of Line Configuration ....................................................................... 49
    Zone 2: Thimphu to Chuzom ............................................................................. 51
    Zone 3: Chuzom to Paro ..................................................................................... 57
    Zone 4: Chuzom to Phuentsholing ..................................................................... 59
  Proposed Passenger Service in Thimphu City ...................................................... 61
  Consideration of Types of Rolling Stock (Train Carriages) ..................................... 62
    Definition of Rolling Stock ................................................................................ 62
    Recommended Rolling Stock for Initial Zones .................................................... 63
      Zone 1: Thimpu City - Light Rail Rolling Stock (Tramways) .............................. 63
      Zone 2: Thimphu to Chuzom – Heavy Rail Passenger and Freight Rolling Stock .... 64
      Zone 3: Chuzom to Paro – Light Rail Rolling Stock .......................................... 64
      Zone 4: Chuzom to Phuentsholing – Heavy Rail Passenger and Freight Rolling Stock .... 64
    Consideration of Appropriate Track Gauge ...................................................... 68
    Considering Rail Gauge Connections ................................................................ 71
    Consideration of Configuration of Railway Stations .......................................... 72
  Consideration of Approach to Organisation of Rail Network ................................ 77

Preliminary Assessment of Economic Considerations .............................................. 79
  Overview of Findings .............................................................................................. 79
  Assumptions Related to Fares and Travel Times .................................................. 81
  Assumptions around Traffic Volumes .................................................................... 82
    During Commissioning ....................................................................................... 82
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

<table>
<thead>
<tr>
<th>Appendix B: Overview of Assumptions around Economic Considerations</th>
<th>116</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment</td>
<td>116</td>
</tr>
<tr>
<td>Railway economics</td>
<td>116</td>
</tr>
<tr>
<td>Basics of transportation economics modelling</td>
<td>119</td>
</tr>
<tr>
<td>Traffic forecast</td>
<td>119</td>
</tr>
<tr>
<td>Revenues and costs of the system</td>
<td>120</td>
</tr>
<tr>
<td>Socio-economics benefits</td>
<td>120</td>
</tr>
<tr>
<td>Summary of Railway Economics Study Approach</td>
<td>121</td>
</tr>
<tr>
<td>Project financing of infrastructure</td>
<td>122</td>
</tr>
</tbody>
</table>
Appendix C: Notes on Project Financing

Appendix D: Overview of Feasibility Study Process

Technical studies

What is the study?

Deliverables

Economic studies

What is the study?

Traffic forecast

Economic balance study

Socio-economic balance study

Financing study

Deliverables

Planning and budget

Planning

Budget
Executive Summary

Like in Bhutan, many countries around the world are faced with the dilemma that their current transport systems have been designed to be fossil fuel based and automobile dependent which is leading to greater numbers of vehicles on the roads and associated pollution. Should current trends continue the ownership of vehicles in Bhutan is estimated to soar from just over 75,000 vehicles in 2015 to well over 350,000 in 2040, causing significant ongoing issues. Issues include increased numbers of road fatalities, greater air pollution, rising greenhouse gas emissions, rising fuel imports, negative economic impacts, and increased congestion. In particular the growth in fossil fuel dependence will be the major threat to Bhutan’s status as the world’s first ‘Carbon Negative Country’.

Of growing concern is the economic impact of fossil fuel based transportation systems with the Tourism Council of Bhutan highlighting that in 2015 the level of fuel imports into Bhutan to power the vehicle fleet was nearly equivalent to the entire hydroelectricity revenue. As pointed out in the Preface to this report, in 2015 Prime Minister Tshering Tobgay responded to this situation by stating that, ‘My target for Bhutan is a 70 percent reduction in fossil fuel imports by 2020’. Such a reduction can only be achieved through an upgrade in the transportation system that has Bhutan transition from an automobile dependent nation to one serviced by a backbone of hydro-electric powered trains and buses. Not only will this significantly reduce fuel imports, and the associated greenhouse gas emissions, it will free up a greater proportion of hydro-electric revenue, which is currently drawn from some 5 percent of the available generation capacity.

As a result of the pre-feasibility study it is recommended that the future of Bhutan’s mass transport system be an appropriate combination of electrified vehicle options designed around a core of electrified rail infrastructure that provides both passenger and freight capacity.

As highlighted in this report the Government of Bhutan has been developing transportation related policies and strategies since 2006, culminating in the ‘Nationally Appropriate Mitigation Actions’ identified as part of the UNFCC Conference of the Parties process, that have included a building blocks of a transition away from a fossil fuel based automobile dependent nation that clearly demonstrate the social, environmental and economic imperative and benefit in doing so. This report
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

provides the next steps in understanding how to take an integrated approach to deliver energy and mobility services to the people and visitors of Bhutan long into the future.

This report responds directly to both the call in the Bhutanese Eleventh 5 Year Plan for ‘Eco-friendly mass public transportation services’, and the call in the Bhutan Economic Development Plan for ‘Clean, safe and reliable mass transportation’ specifically mentioning ‘... an electric tram/train network’, in a manner that strengthens its freight connectivity and significantly reducing growing pollution concerns in Thimphu. As the report will demonstrate, the findings are clear that the future of Bhutan’s transport system be an appropriate combination of integrated transportation options designed around a core of electrified rail infrastructure that provides both passenger and freight capacity with links into neighbouring nations. Of particular value is the ability to use a heavy rail link between Thimphu and Phuentsholing to transport trucks carrying freight from India, reducing the travel time from some 10-12 hours to just 90 minutes.

This aligns to the Thimphu Structural Plan which points out that ‘movement and transport are a group of systems that are integrated with one another’. Additionally with both People’s Republic of China (hereafter China) and India investing heavily in rail systems this provides strong incentive for Bhutan to be able to connect to such systems with a domestic rail network that would support economic and social growth of the nation for centuries to come. A shift to such a model will deliver a range of social, environmental and economic benefits, as shown in the table below.

<table>
<thead>
<tr>
<th>Social</th>
<th>Environmental</th>
<th>Economic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduced travel times</td>
<td>Reduced air pollution</td>
<td>Greater access to freight</td>
</tr>
<tr>
<td>Employment Creation and Improvement</td>
<td>Reduced Greenhouse Gas Emissions</td>
<td>Increased tourism income</td>
</tr>
<tr>
<td>Less congestion</td>
<td>Reduced road construction</td>
<td>Less fossil fuels expenditure</td>
</tr>
<tr>
<td>Reduced particulate emissions</td>
<td>Reduced noise</td>
<td>Reduced car related expenses</td>
</tr>
<tr>
<td>Increasing transport affordability</td>
<td>Reduced animal collision</td>
<td>Reduce road maintenance</td>
</tr>
<tr>
<td>Reduced commute time</td>
<td>Reduced sedimentation in waterways</td>
<td>Increasing land value adjacent to stations</td>
</tr>
<tr>
<td>Access to cheaper products/materials</td>
<td>Reduced deforestation from road building</td>
<td>Greater access for rural areas</td>
</tr>
</tbody>
</table>
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

Based on the pre-feasibility study it is recommended to develop the initial stage of Bhutan’s Rail Network in three zones, namely:

1) A Light Rail System in Thimphu City (running from North to South),
2) A Light Rail Link between Paro to Chuzom (to connect with the Thimphu – Phuentsholing Line),
3) A Heavy Rail Link between Thimphu and Phuentsholing.

It is recommended that a dual gauge system be used to allow the light rail carriages to travel as passenger trains to Paro and Phuentsholing along with Freight trains (however the freight trains would not be able to enter Thimphu City on the light rail tracks). Based only on the pre-feasibility study it is estimated that such a system will cost in the range of USD$1.6 – 3.1 billion to construct with a cost for train carriages of between $50 – 75 million USD. Assuming that the operator will invest for rolling stock but not for infrastructure it is estimated that the rail operator will generate a profit of 5 – 10% each year. A summary of the cost and benefits analysis based on the pre-feasibility study is provided in the following table.

<table>
<thead>
<tr>
<th>Investment for infrastructure</th>
<th>$2.4 billion (middle point between min and max of investment)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>For the first year of operation</strong></td>
<td>Benefits for the railway company</td>
</tr>
<tr>
<td></td>
<td>Benefits about safety</td>
</tr>
<tr>
<td></td>
<td>Benefit about pollution</td>
</tr>
<tr>
<td></td>
<td>Benefits about time</td>
</tr>
<tr>
<td><strong>Total benefits</strong></td>
<td></td>
</tr>
<tr>
<td><strong>For 50 years, with grow up of 4% / year and actualisation of 4%</strong></td>
<td>Benefits for the railway company</td>
</tr>
<tr>
<td></td>
<td>Benefits about safety</td>
</tr>
<tr>
<td></td>
<td>Benefit about pollution</td>
</tr>
<tr>
<td></td>
<td>Benefits about time</td>
</tr>
<tr>
<td><strong>Total benefits</strong></td>
<td></td>
</tr>
</tbody>
</table>

Hence it is estimated that over a period of operation of 50 years benefits in the order of $3.8 billion (with actualisation of 4%, and hypothesis of grow up of 4%) can be achieved for an investment of $2.4 billion. Hence the project is beneficial for Bhutan with a socio-economic ITR of more than 6%.
The following report outlines key elements of the associated benefits and then provides a recommendation for staging efforts to see the integration of a rail based system in Bhutan, namely:

1. Detailed Rail Feasibility Study,
2. Encourage zero-emissions taxis (while discouraging private vehicles),
3. Support walking, cycling and traditional forms,
4. Light and Heavy Rail Construction,
5. Discouraging Car Use,
6. Enhancing the existing bus system (based on rail routing),
7. Cable Cars and Monorail (as steep terrain distributors in an integrated rail network),
8. Opening of the First Stage of the Rail System.
Transportation, the key to a ‘Carbon Negative Country’

Automobile Dependence: A Growing Concern

Many growing cities around the world are faced with the dilemma that their current transport systems have been designed to be automobile dependent which is leading to greater numbers of vehicles on the roads. This is the case in Bhutan, with Figure 1 showing a clear link between length of the road network and the number of vehicles. In part this has been unavoidable due to the geographic nature of Bhutan’s landscape however there are clear signs that the level of development in Bhutan now calls for a more effective mass transportation option.

![Figure 1: (a) Increase in ‘Road Length’ in Bhutan from 2000 to 2012 compared with (b) the growth in ‘Vehicle Ownership’ from 2005 to 2014 (Source: Road Safety and Transport Authority of Bhutan)](image)

Should these trends continue the ownership of vehicles is estimated to soar from just over 75,000 vehicles in 2015 to well over 350,000 in 2040, which will cause significant issues for Bhutan.¹ Such issues include increasing numbers of road fatalities, greater air pollution, rising greenhouse gas emissions, rising fuel imports, and increased congestion (outlined further in this report). Such future impacts were considered at the 7th Regional Environmentally Sustainable Transport (EST) Forum in Asia, which called for nations to commit to ‘Vision Three Zeros: Zero Congestion, Zero Pollution, Zero Accidents’.²
The Influence of Fossil Fuels on the Balance of Trade

According to research by the Asian Development Bank, in 2009 exports of hydroelectricity from Bhutan (solely to India) represented some 45 percent of National Revenue. However according to the Tourism Council of Bhutan the level of fuel imports into Bhutan to power the vehicle fleet is nearly equivalent to the hydroelectricity revenue in 2015 as shown in Figure 2. In 2015 Prime Minister Tshering Tobgay reflected that, ‘Electricity is like oil for us and is the most abundant resource’, and stated that, ‘My target for Bhutan is a 70 percent reduction in fossil fuel imports by 2020’.3

Figure 2: Estimated comparison between the revenue from hydropower and expenditure on fossil fuel imports for Bhutan in 2015. (Source: Data from Bhutan Broadcasting Service)

Hence, not only is there great potential to not only reduce fuel imports by switching to electrified travel options but to also increase the level of hydroelectricity production used in Bhutan and exported to India. The ADB estimates Bhutan’s hydroelectricity generation capacity at around 30,000 MW with some 1,500 MW of this capacity currently being harnessed, just 5 percent. It is the intention of the Government of Bhutan to reach 10,000 MW of installed capacity by 2020, however given trends in vehicle use, this new revenue may be used to pay for increasing imports of fossil fuels.4
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

Curbing Growing Greenhouse Gas Emissions

The growth in vehicles in Bhutan in the coming decade will contribute further to the growing Greenhouse Gas Emissions with Figure 3 by the Bhutanese National Environment Commission showing the upward trend since late 1997 in transport related CO₂ emissions. Not only does this signal growing levels of air pollution associated with combustion of fossil fuels by vehicles, in time this will threaten Bhutan’s status as the world’s first ‘Carbon Negative Country’.

![Figure 3: Energy related Greenhouse Gas Emissions in Bhutan between 1995 and 2009 (Source: National Environment Commission, Royal Government of Bhutan, cited in Ea Energy 2012)](image)

In response to such concerns the Government of Bhutan has been developing transportation related policies and strategies since 2006 with the release of the National Transport Policy as can be seen in Table 1 provided by the Government of Bhutan. These documents have contributed to the government’s understanding of what would constitute a ‘Nationally Appropriate Mitigation Actions’ (NAMA) as part of the UNFCCC Conference of the Parties process.

This work over nearly a decade informed Bhutan’s response to the call from the United Nations in the build up to the ‘Conference of the Parties 21’ (COP21) to provide an indication of the actions that were intended to be undertaken to reduce greenhouse gas emissions. The submission to COP21 by the Government of Bhutan provided a comprehensive list of actions to reduce greenhouse gas emissions and included a number related to transport, as listed below along with specific mention of the potential for an electrified rail network to make a contribution to achieving the outcomes.
The Transport related items presented to COP21 by the Government of Bhutan included:

- **Improving mass transit and demand side management of personal modes of transport.** (A rail system would provide a robust backbone for a mass transit system in Bhutan that if would not be at the mercy of landslides and other weather related incidents given appropriate routing and construction. Further this would provide a faster, cleaner, and cheaper option in the long run for commuters and travellers to manage their transportation needs).

- **Exploring alternative modes of transport to road transport such as rail, water, and gravity ropeways** (The provision of alternatives to road transport for both passenger vehicles and freight will provide significant social, environmental and economic benefits as listed in Table 2 and expanded throughout this report. Road transport is solely powered by fossil fuels that not only cost the near equivalent to the revenue generated by hydro power but will continue to contribute to the generation of greenhouse gas emissions. The rail network can be complimented by a number of supporting modes of transport as outlined in this report.)

- **Improving efficiency in freight transport** (Providing a rail link between Thimphu and Phuentsholing would reduce current freight travel times from 10-12 hours by truck to 90 minutes by train, with the option of loading trucks onto the train to avoid loss of livelihood of drivers, allowing a two deliveries a day and a comfortable safe ride for drivers.)

- **Promoting non-motorized transport and non-fossil fuel powered transport such as electric and fuel cell vehicles** (Developing rail infrastructure in Bhutan would be a key part of the nation’s shift to non-fossil fuel based transportation by not only significantly reducing national spending on fuel, but also providing a domestic market for hydroelectricity to power electric trains that are supported by elected busses and taxis.)

- **Improving efficiency and emissions from existing vehicles through standards and capacity building** (Given the level of investment in a rail based system this will bring great attention to Bhutan and is likely to attract investment in both the train locomotive and carriages and the supporting electric buses and vehicles which will take many of the fossil fuel based vehicles off the road.)

- **Promoting use of appropriate intelligent transport systems** (Intelligent transport systems, or ITS, can provide some relief to vehicle congestion however when the transport system is based around a rail network ITS can become a very powerful tool to ensure that real time data is used to ensure that travellers are well informed and the system delivers high levels of reliability.)
## Table 1: Alignment of Transport NAMA with national and sectoral policies, strategies and plans

<table>
<thead>
<tr>
<th>Policy/ Strategy/ Plan</th>
<th>Alignment with Transport NAMA interventions</th>
</tr>
</thead>
</table>
| **National Transport Policy (2006)** | • Introduction of electric buses is in alignment with the Policy’s objective of promoting less polluting vehicles and urban transport, although introduction of electric vehicles as a standalone measure is not mentioned.  
• One of the objectives for Surface Transport, according to the Policy is “introduction of urban transport where lacking, and an increase in the number of city buses and expansion of route coverage, where already existing”, which is the objective of the NAMA interventions. |
| **Economic Development Policy, 2010** | • The NAMA interventions are in alignment with the objective of “Promotion of clean, safe and reliable mass transportation”. The Policy also states that all Dzongkhags shall have bus networks that run on time and on schedule as well as with high standards of safety and service.  
• “Green and non-fossil fuel based modes of transportation” is identified as an area of economic opportunity under transport sector and related services. The initiative also contributes to the objective of economic development by improving the county’s balance of trade in the long run, by reducing its reliance on imported fossil fuels. |
| **Bhutan’s Second National Communication to the UNFCCC, 2011** | • The enlisted mitigation options for transport sector include promotion of mass transportation systems, specifically a bus rapid transit system, to tackle congestion and air pollution in the major urban areas of Bhutan.  
• The enlisted mitigation options for transport sector also include use of electric vehicles. |
| **Transport 2040: Integrated Strategic Vision, 2011** | • The progress in the development of electric vehicles for urban use, is highlighted. The possibility of Thimphu becoming a leading city in the promotion of electrically powered vehicles and the eventual eradication of all petrol and diesel vehicles, within a few years, is also mentioned.  
• The ineffectiveness of the current urban bus services in Thimphu is pointed out, and development of a public transport strategy to better serve current demands and encourage more public transport usage is recommended as a short term measure. Further development into a bus rapid transit system with dedicated bus lanes is recommended as a long term measure. |
### National strategy and action plan for low carbon development, 2012
- The recommended medium term measures (3-5 years) for mitigation measures in road transport sector include pilot testing of electric vehicles.
- The recommended road transport mitigation measures include improvement of the public transport to make it safe, affordable and responsive to demand, and promote the decrease the increasing number of private vehicles.

### Eleventh Five Year Plan, 2013-18
- Promotion of electric vehicles to address environmental issues and reduce dependency on fossil fuel, is one of the key programmes planned for the Transport Sector, according to the FYP.
- Setting up of Bus Rapid Transport systems in Thimphu and Phuentsholing to address traffic congestion and control emissions, is one of the key programmes planned for the Transport Sector, according to the FYP.

### National Environment Strategy for Sustainable Development, 2015
- The recommended mitigation measures for transport sector include “promotion of electric passenger buses & cars, and development of infrastructure for their operation and maintenance, such as charging stations along highways and in urban centres and facilities for safe disposal of used batteries”.
- The recommended mitigation measures for transport sector also include improvement of urban public transport systems in terms of area coverage and service by introducing Intelligent Transportation System with particular attention to route management, transport schedule and timely movement, passenger safety, and information and communication.

### National strategy and action plan for low carbon development, 2012
- The recommended medium term measures (3-5 years) for mitigation measures in road transport sector include pilot testing of electric vehicles.
- The recommended road transport mitigation measures include improvement of the public transport to make it safe, affordable and responsive to demand, and promote the decrease the increasing number of private vehicles.

### Bhutan’s Intended Nationally Determined Contribution, 2015
- NAMA interventions are in direct alignment with one of the key strategies, which is development of a low carbon transport system. The strategy also includes promoting non-fossil fuel powered vehicles such as electric and fuel cell vehicles.
- The strategy also includes improvement of mass transit and demand side management of personal modes of transport, promotion of non-motorized transport, and the use of appropriate intelligent transport systems.

*Source: Government of Bhutan*
Proposal of Most Suitable Mode of Mass Transport for Bhutan

Eco-Friendly Mass Public Transport

The Bhutanese Eleventh 5 Year Plan calls for ‘Eco-friendly mass public transportation services’ which suggests that the future solutions to the growing demands on transportation services and infrastructure in Bhutan would ensure clean and environmentally sustainable outcomes.

Hence a system based on fossil fuels would be less sustainable, especially given the costs associated with importing fossil fuels and the health impacts on Bhutanese citizens from vehicle exhaust fumes. This together with the abundance of hydroelectric power suggests that Bhutan has a unique opportunity to create a rail based electrified transport infrastructure that not only reduces import costs of fuels and harnesses local clean energy sources, but provides faster and more comfortable travel for its citizens. This concept is supported in the Bhutan Economic Development Plan that again calls for ‘Clean, safe and reliable mass transportation’ and specifically mentions the option of ‘... an electric tram/train network’.

When considering the most suitable mode of mass transportation for Bhutan there are a number of factors to consider including: the suitability of energy sources (fuel vs electricity); impacts on jobs and wellbeing (especially as there are an estimated 30,000 taxi trips per day in Thimphu); possible routes and corridors within cities and between them; the cost of various options (what to invest in first); and how to stage infrastructure investment over time to deliver reliable mobility. Such factors are then compared to a range of modal options, such as non-motorised forms (like walking and cycling), vehicles (such as buses and taxis), light rail systems (such as trams, trolley cars and monorails), heavy rail (such as freight and high speed passenger rail), and even cable cars in areas with limited accessibility and steep slopes.
Electrified Rail Backbone for Transport System

What is in the best interest of Bhutan’s future?

As a result of the pre-feasibility study it is recommended that the future of Bhutan’s mass transport system be an appropriate combination of electrified vehicle options designed around a core of electrified rail infrastructure that provides both passenger and freight capacity, as presented graphically in Figure 4. Such an approach is called for in the Thimphu Structural Plan of 2000 that seeks ‘Balanced Movement’, a principle that suggests that ‘movement and transport are a group of systems that are integrated with one another’. The key finding of the pre-feasibility study is that a rail system from Thimphu to Phuentsholing could be seen like the backbone of the evolution of future transport network in Bhutan. This initial component of a future national system would link Bhutan to India via rail and serve as an ideal freight transport corridor bring enormous benefits in terms of efficient supply chain logistics, reduced fuel consumption, reduce road network maintenance, reduced air pollution, and reduced road accidents and fatalities.

Figure 4: A graphic representation of a future Bhutan transportation system based around an electrified rail backbone and harnessing an appropriate combination of other modes
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

However a key consideration in the selection of a mass transit option for Bhutan is whether it will be in line with neighbouring countries. A focus on creating a backbone of rail infrastructure as the foundation for a nation’s transportation system is reflected in both China and India.

- In 2012 there were rail systems under construction in 82 cities in China and by 2016 the China Railway Corporation announced plans to begin rail projects in 45 new cities. According to the People’s Daily Online ‘by the end of 2015, the network length in China reached 121,000 kilometres and the length of high-speed rail in operation was over 19,000 kilometres, accounting for 60 percent of the world’s total’.

- In 2015 plans for rail systems in 50 Indian cities were confirmed, including plans for the Nagpur Metro run on solar power. In addition to city based systems the Indian Government is committed to ‘the introduction of three new super-fast trains and creation of dedicated north-south, east-west and east coast freight corridors by 2019’.

With both China and India investing heavily in rail systems this provides strong incentive for Bhutan to be able to connect to such systems with a domestic rail network that would support economic and social growth of the nation for centuries to come.

Can rail provide social, environmental and economic benefits?
A rail based system provides significant social, environmental and economic benefits to Bhutan, as outlined in detail in this report and summarised in Table 2 below.

**Table 2**: Examples of social, environmental and economic benefits associated with a rail network

<table>
<thead>
<tr>
<th>Social</th>
<th>Environmental</th>
<th>Economic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduced travel times</td>
<td>Reduced air pollution</td>
<td>Greater access to freight</td>
</tr>
<tr>
<td>Employment Creation and Improvement</td>
<td>Reduced Greenhouse Gas Emissions</td>
<td>Increased tourism income</td>
</tr>
<tr>
<td>Less congestion</td>
<td>Reduced road construction</td>
<td>Less fossil fuels expenditure</td>
</tr>
<tr>
<td>Reduced particulate emissions</td>
<td>Reduced noise</td>
<td>Reduced car related expenses</td>
</tr>
<tr>
<td>Increasing transport affordability</td>
<td>Reduced animal collision</td>
<td>Reduce road maintenance</td>
</tr>
<tr>
<td>Reduced commute time</td>
<td>Reduced sedimentation in waterways</td>
<td>Increasing land value adjacent to stations</td>
</tr>
<tr>
<td>Access to cheaper products/materials</td>
<td>Reduced deforestation from road building</td>
<td>Greater access for rural areas</td>
</tr>
</tbody>
</table>
In particular, as show in Table 2 and expanded on in Table 3, there are a number of economic considerations related to a rail network, both around benefits and risks, that need to be fully explored along with social and environmental considerations (as covered in later sections) as part of a full feasibility study.

**Table 3**: Economic considerations of shifting to a rail based mass transport system in Bhutan

<table>
<thead>
<tr>
<th>Potential Economic Benefits</th>
<th>Potential Economic Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater access to freight (2hrs/12hrs)</td>
<td>Securing a suitable Payback Period</td>
</tr>
<tr>
<td>Increased tourism income</td>
<td>Attracting Donors/Investors</td>
</tr>
<tr>
<td>Less expenditure on fossil fuels</td>
<td>Reaching levels of patronage and low population size</td>
</tr>
<tr>
<td>Reduced car related expenses</td>
<td>Disruption of utilities during construction</td>
</tr>
<tr>
<td>Reduce road maintenance</td>
<td>Requiring expensive service support</td>
</tr>
<tr>
<td>Increased air cargo potential</td>
<td>Lack of maturity in battery storage</td>
</tr>
<tr>
<td>Increasing land value adjacent to stations</td>
<td>Problem with land acquisition</td>
</tr>
<tr>
<td>Reduced loss of productivity (Congestion)</td>
<td>High capital cost (with strong rates of return from avoided fuel imports alone)</td>
</tr>
<tr>
<td>Increase development potential of land</td>
<td>Issues with built up area</td>
</tr>
<tr>
<td>Greater return on investment than roads</td>
<td></td>
</tr>
<tr>
<td>Reducing road maintenance costs</td>
<td></td>
</tr>
<tr>
<td>Showcase world class technology</td>
<td></td>
</tr>
<tr>
<td>Provide greater access to rural areas</td>
<td></td>
</tr>
</tbody>
</table>

**What about ‘Bus Rapid Transit’?**

Some have advocated the use of a system of ‘rapid’ buses in Bhutan rather than a rail network and cite examples from the cities of Curitiba and Bogota as proof of the success of such a system. However such examples have since drawn criticism in light of evidence that rather than being the best solution for the city they may have in fact been the best solution for those influencing public sector investment, which raises serious concerns. Accusations have been made in both cases of industry pressure leading to political intervention in favour of the bus option, the overlooking of
studies that did not support the bus option over the rail option, and the inflation of the estimated cost of a rail network option.

In the case of Curitiba a planning group in 1980 recommended investment in light rail due to the potential for higher capacity to respond to overcrowding and congestion issues that made the bus system very unpopular. However, evidence suggests that the influence of bus operators saw that this recommendation was replaced with the bus rapid transit system. In the case of Bogota evidence suggests that the bus option was selected over the rail option to provide greater transport service in an attempt to garner short term political favour from the community despite evidence to suggest that it was not in the best interest of the city in the medium or long term.

The ability for a well organised bus system to deliver very short term benefits to a city is a valuable feature which is a strong part of its political allure. However rather than being the reason such as system is selected (and then locked into for the medium to long term) it can be used as part of a transition to a rail based network (as outlined in this report) that is supported by bus feeder systems (to ensure ongoing viability of bus operators) by providing better transportation service during the 8-10 year construction period (with bus stops aligned to the intended rail routing to ensure minimal disruption to user behaviour.

The Potential for a ‘Roll-On Roll-Off’ Rail Freight Link

Given the projected growth in freight between Bhutan and India the consideration of the use of rail for a freight link leads to a range of social, environmental and economic benefits. For instance consider the Thimphu-Phuentsholing link that in 2016 had estimated 150-200 trucks road per day. According to a study by the Asian Development Bank and the Government of Bhutan, Ministry of Information & Communications this is anticipated to increase to some 2,000 freight vehicles per day by 2020, and growing to 7,500 by 2040. The report also suggests that the cost of freight in Bhutan are 3 times higher than in India making it expensive to bring in goods and products and to export Bhutanese goods and products using a road based system.

Shifting freight to rail will provide obvious environmental benefits from reduced fossil fuel consumption and associated pollution along with economic benefits of allowing freight to be delivered faster and cheaper, but often this option overlooks the social implications. Should the social implications of shifting to a rail freight link be considered if freight is simply moved from trucks to trains there will be impacts on the livelihoods of truck drivers. However there is now strong precedent for combined rail and road freight systems that can both harness the value of a rail freight
link and enhance the livelihood of truck drivers (allowing them to sleep in rail sleepers and socialize with other drivers in dining cars).

This precedent first comes from Switzerland that since 2001 has provided a trans-alpine rail link to transport entire freight trucks on rail carriages, as shown in Figure 5. In this system trucks drive onto what are referred to as ‘low-loader’ rail cars. A typical ‘rolling road train’ carries up to 27 semi-trailers and can be fully loaded in under 30 minutes, and is used in Canada, France, Italy, Austria and Switzerland.

![Figure 5: An image of the ‘Rolling Road’ in Switzerland (Source: RAIlpin)](image)

This method of combining the trucking and rail options is not only being used in developed countries in Europe but also in India. India’s Konkan Railway has a similar system on the 860km line between Mumbai and Goa, known as the ‘Roll-on Roll-Off’ freight train or ‘RORO’, which runs parallel to a national highway, as shown in Figure 6. Comparing average speeds between the RORO and the adjacent Highway, ‘Roll-On Roll-Off’ trucks travel at between 75 and 100 km/h, whereas the road users travel at an average speed of 20km/h.
There has long been strong interest in linking Bhutan to India via a rail network with the Indian Prime Minister Manmohan Singh announcing plans to Parliament in 2008 to build a ‘Golden Jubilee Rail Link’ between Hasimara in India and Phuentsholing in Bhutan. Despite encountering resistance related to land acquisition in West Bengal the commitment to the rail link was renewed in October 2015 by the Chief Minister of West Bengal Mamata Banerjee and Prime Minister of Bhutan Tshering Tobgay.

The Prime Minister stated that ‘the issue can be resolved and will be resolved’, and further that ‘There is tremendous potential for Bhutan to work with entrepreneurs of West Bengal and also to form joint ventures in Bhutan’. The Prime Minister pointed out that doing business in Bhutan had many benefits, saying that Bhutan provides ‘clean and sustainable environment, good brand name, political stability, easy way of doing business, good rules and regulations that are liberal’. In response the Chief Minister of West Bengal pointed out that it would provide a direct link to markets in India for Bhutanese products.
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

Contribution to the Sustainable Development Goals

According to the United Nations the Sustainable Development Goals (SDGs) seek to ‘end poverty, protect the planet, and ensure prosperity for all as part of a new sustainable development agenda’. There are 17 SDG’s as can be seen in Figure 7.

![Sustainable Development Goals](image)

**Figure 7:** The United Nations Sustainable Development Goals (Source: United Nations)

Such an agenda aligns well with the intention of the Government of Bhutan to create sustainable and inclusive transport policies and systems, having stated that, ‘The policy objective of Surface Transport is to provide the entire population with a safe, reliable, affordable and sustainable transport system in support of strategies for socio-economic development’. Specifically this statement contains goals aligned to the following specific goals as part of the SDGs:

- **SDG 3: Good Health and Well Being:** ‘By 2020, halve the number of global deaths and injuries from road traffic accidents’, and ‘By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination’.

- **SDG 7: Affordable and clean energy:** ‘By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries, in particular land-locked developing countries’.
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

- SDG 9: Industry, innovation and infrastructure: ‘Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being.’

- SDG 11: Sustainable Cities and Communities: ‘By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons’ and ‘By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management’.

Further to this an effective, clean and reliable transport system underpins many of the other SDGs such as providing job opportunities (both in the new transport sector and reducing commuting times), reducing the cost of living (by providing a cheaper transport option that personal fossil fuel vehicle ownership), increasing resilience to natural disasters (by providing a more robust transport link that can be designed to avoid areas of land slide risk), increasing access to markets for products and produce, enhance trade opportunities with India, and provide rural communities with a fast and reliable way to get into urban areas to access education facilities, markets and employment opportunities.
Potential Mitigation Measures and Recommended Actions

Staging Efforts to Achieve Overall Outcomes

According to the 10\textsuperscript{th} Five Year Plan for Bhutan, ‘For a small, land-locked and underdeveloped economy like Bhutan, the expansion of strategic infrastructure is an absolute requisite for the broader economic and social transformation of the country … Moreover, accessibility to strategic infrastructure invariably affects the living conditions and welfare of communities all across the country and determines their livelihood opportunities. Strategic infrastructure investments are thus expected to greatly enhance national productivity and competitiveness and stimulate new business while enriching the quality of life for all Bhutanese’.

The transportation network of any country can be classified as ‘strategic infrastructure’ and as such requires a long term view as to its development in a manner that delivers both short and long term value. In order to create an integrated system a strategy needs to be developed to see activities undertaken in the short term (such as encouraging zero emissions taxi’s, enhancing existing bus systems in readiness for a rail based system, and discouraging personal car use) while construction is underway on medium term options such as light and heavy rail, as suggested in Figure 8.

![Figure 8: Indicative staging of components of rail based transport system in Bhutan (2016-2030)](image-url)
Recommended Stages of Implementation

**Detailed Rail Feasibility Study**

Building on from the findings in this report the full feasibility study would look at a range of rail configurations and carriage options for both the intercity connector rail and the urban passenger rail. An emphasis will be placed on creating a flexible system that allows for cross functionality of carriage types and minimizing the need to change trains or gauges between different types.

The rail feasibility study will also consider the potential for private interests to create new opportunities by scoping, delivering, and operating rail based public transport services that unlock land development options, referred to as the ‘Entrepreneur Rail Model’ developed by the Curtin University Sustainability Policy Institute, led by Professor Peter Newman. It is anticipated that this will be of great interest and can attract significant investment, such as from superannuation funds, while significantly reducing the burden on public funds. The appeal of developments around new train stations can be seen by documented cases of an increase in land value, such as a studies showing a 42 percent increase over 5 years in Perth, 32 percent in Missouri USA, and 17 percent in England UK. Distinct from a ‘land-value capture’ model that imposes greater land taxes on land surrounding new stations this model attracts investment capital that is interested in both providing transportation services and land development. According to the developers, ‘This model provides a significant leveraging opportunity that sees private capital invested in greater public transport without large investments from governments’. It is recommended that this approach be based on 100% private capital with government ensuring appropriate land acquisition and assembly (including compulsory acquisition), zoning of land, and integration with existing services and transportation networks. It is proposed that the unique value of this approach is that the "integration of private land development entrepreneurial skill unlocks access to private capital".
**Encourage zero-emissions taxis (while discouraging private vehicles)**

A key part of a rail based system will be the ability for passengers to quickly access stations. Given the culture of using taxis it is recommended to use this method of transport to provide feeder services to train stations. In such a model taxis may be allocated a particular area of the city to service allowing for the development of personal relationships with passengers that may allow for personalization of the service. The results of early trials of electric taxis in Thimphu showed that in one instance the cost to run the taxi dropped from some US$403 for fuel and $48 on engine oil per month to some $16 per month for recharging costs, allowing for a reconfiguration of fares to make a taxi-train-taxi option economically feasible for travellers.\(^\text{11}\)

As part of consideration of ‘Nationally Appropriate Mitigation Actions’ (NEMAs) the Government of Bhutan is considering the development of an electric vehicle Initiative to include the introduction of some 3,000 electric taxi’s in the city of Thimphu over a 3 year timeframe. The use of electric taxi is primarily intended to reduce dependence on fossil fuels and the associated pollution and is being rapidly adopted in countries around the world include China and India, for instance:

- The city of Taiyuan China has a population of 2.5 million people and will be the first city in China to have an entirely electric taxi fleet to include some 8,000 vehicles being replaced in just over 1 year. The provincial government has entered into an agreement with the Chinese taxi manufacturer, BYD, with the company investing USD$3 million to build manufacturing facilities in Taiyuan.\(^\text{12}\)

- In 2014 the city of Hangzhou China has a population of 2.5 million people and agreed to purchase 2,000 battery-electric buses and 1,000 electric BYD E6 taxis, with BYD saying they can meet the order in under a year.\(^\text{13}\)

- In 2015 it was reported that the Chinese Wuhan Third Ring taxi company purchased ten Tesla S85 sedans to be integrated into the Wuhan taxi rotation and have reportedly ordered a total of 100 more.\(^\text{14}\)

- The city of Bangalore has over 200 lithium battery based taxi’s that are capable of driving up to 300 kilometres on each charge, as shown in the Figure 9.\(^\text{15}\)
It is important to consider the use of taxis as feeder services to a train based system with local short range routes rather than an alternative to the train calling for cross town trips contributing urban congestion. Further such a fleet of electric vehicles provides new opportunities for decentralised energy storage and grid connect services to be provided by vehicles.

**Support walking, cycling and traditional forms**

A number of cities around the world are complimenting a shift to eco-friendly mass transport systems with a focus on supporting walking, cycling and traditional forms of transport, for instance:

- The city of Vauban in Freiburg, Germany is the largest car free development in Europe with 5,000 residents. If residents own a car they must purchase a parking space in a multi-story carpark for €18,000. This has been achieved by removing parking spaces and only allowing delivery vehicles/drop off and pick-ups in the area. Residents who decide to live there with no car receive a monetary incentive, such as cheaper tram use and cheaper housing that doesn’t include a parking space. Vauban has increased the car free incentive by adding 5,000 bicycle parking spaces.16

- Due to the worsening situation of congestion and pollution in Chennai, a city of 6 million citizens in India, 15 key urban departments came together in 2010 to form the ‘Chennai Unified Metropolitan Transport Authority’. The authority has the non-motorized transport policy to promote people walking, cycling or taking public transport as an alternative to private vehicle use. They hope this will increase cycling traffic by 40 percent and take the share of public transport to 60 percent.17
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

- A number of Chinese cities have made the move to electric bicycles, through improvements in non-motorized transport policy, e-bike technology, growing incomes and falling e-bike prices, restrictions on sales of gasoline scooters and banning cars from city centres. This change has also been helped by the Chinese government mandating the conversion of motorcycle lanes back into bicycle lanes.

**Light and Heavy Rail Construction**

Please refer to later sections for the results of the pre-feasibility assessment. Following the full feasibility study stage the design and construction of the rail system can be undertaken to include both light and heavy duty rail footings depending on the anticipated weight of the trains being used (either passenger or freight or both).

**Discouraging Car Use**

The Ministry of Information & Communications through the Road Safety & Transport Authority is working on strategies to discourage the use of personal cars. However such options need to be implemented as part of an integrated approach where enhanced bus services are made available while the infrastructure for rail services is constructed, which can be an 8-10 year timeframe. In-line with such a strategy the Ministry of Finance has approved the procurement of 10-18 diesel powered new city buses for Thimphu. The Government is also considering a trial of 2 – 4 electric buses to run on interchangeable batteries, charged by hydropower generation. This is expected to see a significant reduction in the running costs from importing, storing and distributing diesel. (See item on enhancing existing bus system)

Currently the Ministry of Information & Communications has plans to restrict the registration of new taxis in both Thimphu and Phuentsholing with exceptions for the replacement of existing taxis or the registration of new electric taxis. Furthermore, following the lift of import restrictions on vehicles in 2014, vehicles with an engine capacity over 1500cc are subject to an increase level of taxation rate yet to be determined, with a second threshold at over 3000cc.

The Ministry is also considering a range of other options such as:

- Increasing registration fees for vehicles in Thimphu as a form of congestion charge,
- Increasing the registration cost for older vehicles,
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

- The introduction of road tolls on congested corridors (such as Norzin and Chang Lam) with an initial manual system that would be upgraded to an automated system.

The Ministry is also thinking creatively about how it can itself reduce the pressure on the transport system during peak times. One of the options being considered is the staggering of the office hours across each of the 10 Ministries (which would involve some 3,500 staff and an estimated 1,700 vehicles). In the longer term, the Ministry is considering a range of options that align to the integrated rail based approach outlined in this report such as dedicated bus lanes, providing bus feeder services for main stations, improved cycle lanes and walking paths, the pedestrianisation of Norzin Lam, and encouraging car-sharing.

Enhancing the existing bus system (in preparation for rail system)

A key part of the transition to a rail based system will be the enhancement of the existing bus system to provide a public transport option while the rail system is being constructed, then to provide feeder services to stations along with taxis. It is recommended that the alignment of the future rail corridors as suggested in the pre-feasibility findings presented later in this report (to be further investigated as part of a full feasibility study) be used as the basis for the expansion of the bus network, using electric busses. As part of consideration of ‘Nationally Appropriate Mitigation Actions’ (NAMAs) the Government of Bhutan is considering the piloting of electric buses that includes the installation of quick chargers (which could also include the option for manually interchangeable batteries to avoid charging times).

An example of the use of electric buses comes from the city of Kochi in India that in 2012 had a population of 600,000 (comparable to the future anticipated population of Thimphu). The Kerala State Road Transport Corporation (KSRTC) plans to introduce 650 new buses in the Greater Cochin area, including electric buses and buses fuelled by compressed natural gas (CNG).\(^{20}\) According to the KSRTC Strategic Plan, ‘The initiative is aimed at ensuring lesser mile-connectivity for the Kochi Metro Rail project and also to rejuvenate the mass transportation facility in the project’. As part of the plan a fleet of approximately 100 electric buses would operate feeder services from Kochi Metro stations to commercial hubs and towns in a 10-km radius, as shown in Figure 10.\(^{21}\)
As part of the ‘Nationally Appropriate Mitigation Actions’ identified by the Government of Bhutan there is a clear strategy for enhancing the current bus system that provides a robust work plan for this item. The following provides a summary of the key steps of the proposed strategy:

1. Upgrading the Thimphu City Bus Terminal.

2. Integration of ITS Measures (including a real time information system to monitor the speed, location, and the arrival and departure time, with displays in bus stops, along with the provision for electronic ticketing to make purchasing a ticket easier and control revenue leakage).

3. Piloting of Electric Buses (including quick chargers, switch to electric buses, and the institutional strengthening of Bhutan Post as the ‘key implementing agency for operations of electric buses’, and the use of promotional campaigns to encourage ridership).

4. Full Scale Operations (involving an estimated 70 buses).

It is important that enhancements to the bus system are designed in accord with the intended rail network to ensure co-location of bus stops with future rail stations to build traveler patterns of accessing transport services while providing short term protection from the elements at bus stations.
Cable Cars and Monorail (as steep terrain distributors in an integrated rail network)

In a mountainous terrain, such as La Paz in Bolivia, constructing any form of infrastructure is a challenge, yet alone a rail system. However, much like in Bhutan this does not need to be a deterrent for public transport. Transporting citizens all around La Paz, even transporting to El Alto, is a cable car.\textsuperscript{22} Well above any traffic below the cable car system is not affected by the unstable mountainous landscape with an overall length of 10km, costing $23.4m per kilometre.

![Figure 1](image1.jpg)

(a) Urban Cable Car in Medellin, Columbia
(b) Monorail in Mumbai, India

Also as Figure 11 shows, the city of Medellin in Columbia is using cable cars to connect commuters across an area which not previously thought possible due to its urban density and steep terrain.\textsuperscript{23} Although this started as a sole means of transport in a difficult area to commute, it actually had a flow on effect with tourists travelling to Medellin to ride the famous urban cable car.\textsuperscript{24}

In an effort to reduce congestion and pollution the city of Mumbai in India has constructed a 9 km monorail system at an estimated cost of $13m/km\textsuperscript{25} that can access areas that require sharp turns due to topographical restrictions while travelling at speeds of up to 80km/h.\textsuperscript{26} The elevated rails allow for complex and curved pathways to be made not restricting routes to following existing roads which can completely avoid areas of high traffic volume. As seen with the Mumbai Monorail, the elevated structure can pass over multiple story buildings and bridges, and can be built near dense and congested infrastructure encouraging citizens to use the public transport. When considering the cost of a monorail system most systems have an average payback period of 20-25 years and an internal rate of return of around 7%, due to the low maintenance and running costs.
In May 2016 a privately-owned cable car running some 7kms was opened near Kathmandu to provide access to tourist sites for as many as 10,000 visitors a day in rugged terrain as shown in Figure 12.

**Opening of the First Stage of the Rail System**

Once the first stage of the rail system is constructed it can be opened and the transition of part of the bus/tax fleet can be undertaken to provide feeder support to train stations, especially to and from rural areas.
Possible Development Partners

There will be great interest in supporting the Government of Bhutan to maintain its ‘Climate Negative’ status which can be harnessed to attract climate finance options.

Sustainable Development Agreement

During the UN Conference on Environment and Development (1992) in Rio de Janeiro, Benin, Costa Rica and Bhutan entered into a bilateral Sustainable Development Agreement (SDA) with the Netherlands, which was formalized in 1994. In 2005, Costa Rica, Benin and Bhutan came under the umbrella of South-South Cooperation, with a US$13.2 million grant from the Kingdom of Netherlands. Specifically the Netherlands identified the main goals to work towards as being:

- Develop reciprocal projects that will generate knowledge and empower stakeholders.
- Mobilize national governments, the civil society, and the academic and private sectors in partner countries to renew and reinforce commitment to sustainable development.
- Contribute to sustainable development and poverty reduction in partner countries, taking into account environmental, economic and cultural idiosyncrasies.
- Explore the potential of South-South partnership to promote international commitments and mutual cooperation for sustainable development

Accessing Climate Finance for Sustainable Transport

There are various mechanisms for accessing finance for sustainable transport such as the Clean Development Mechanism which has been applied to three major transport projects including: the Bus Rapid Transit system in Bogota, Columbia (US$360 million); Regenerative braking system for the Delhi metro, India (US$51.3 million); and the Cable Car Metro System in Medellin, Colombia (US$26 million). Significantly more projects are expected in the future with 23 currently being validated by the UNFCCC.²⁷
Preliminary Assessment of Social Considerations

Social Drivers for Reducing Automobile Dependence

The need to improve the transportation system in Bhutan has a number of drivers as previously mentioned with the key social drivers related to road fatalities and the health implications of air pollution from the combustion of fossil fuels by vehicles.

Greater Road Fatalities

According to the WHO ‘more than 1.3 million people die annually on the road in the world and another 20-50 million are injured’. Further a study by the WHO and the Asian Development Bank found that Bhutan is second only to Nepal in the number of road deaths per 10,000 vehicles in South Asia, as shown in Figure 13. Further a study by the Asian Development Bank suggests that if the increase in vehicle ownership continues as anticipated, annual deaths on Bhutanese roads are set to increase from less than 100 per year in 2010 to over 700 per year by 2040.

![Figure 13: Annual Road Deaths per 10,000 vehicles in South Asia (Source: Road Safety and Transport Authority of Bhutan, cited in ADB 2011)]
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

Health Impacts from Air Pollution (PM$_{10}$)

As can be seen in Figure 14, in 2010 the average daily level of PM$_{10}$ resulting from combustion of fuel fuels in vehicles in Thimphu exceeded The World Health Organizations recommended levels, with incidents of days where this level was significantly exceeded. According to data from the NEC the average annual concentration of PM10 was $40.5\mu g/m^3$, just over double the WHO Guideline Level for the annual average of $20\mu g/m^3$.

![Figure 14: Daily Average Concentration of PM10 in Thimphu (Source: National Environment Commission, Royal Government of Bhutan)](image)

Identification of Social Parameters

As can be seen in Table 4 there are a range of social parameters related to the consequences of the construction of a rail network in Bhutan, both positive and negative, that will need to be further investigated as part of the Full Feasibility Study. A particular consideration is that some 45 percent of Bhutanese population is under the age of twenty years old suggesting that a modern transportation system will be needed to meet their expectations for mobility and accessibility to both rural and urban areas.
Table 4: Potential Positive and Negative Social Consequences of Shifting to a Rail based Transportation Network

<table>
<thead>
<tr>
<th>Positive Social Consequences (Benefits)</th>
<th>Negative Social Consequences (Risks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduced travel times (commuters and freight)</td>
<td>Require land acquisition for corridors, stations, interchanges and terminals and in some cases built-up areas.</td>
</tr>
<tr>
<td>Creation of jobs and ancillary industries (both in rail and integrated bus and taxi feeders).</td>
<td>Potential for reduced employment for bus/taxi</td>
</tr>
<tr>
<td>Less congestion during peak times</td>
<td>Construction impacts (dust, noise, vibration.)</td>
</tr>
<tr>
<td>Improved health from reduced particulates and other fossil fuel related air pollution.</td>
<td>Impacts to traffic flow during construction</td>
</tr>
<tr>
<td>Increasing transport affordability by providing public transport and avoiding need for cars.</td>
<td>Lack of community involvement in planning (which can be overcome in early stages)</td>
</tr>
<tr>
<td>Greater transport accessibility for community (especially the vulnerable and disadvantaged)</td>
<td>Physical or economic displacement of inhabitants.</td>
</tr>
<tr>
<td>Cheaper imported goods and products and greater markets for Bhutanese exports.</td>
<td></td>
</tr>
<tr>
<td>Reducing summer pollution inversion</td>
<td></td>
</tr>
<tr>
<td>Reduced vehicle use leading reduced accidents and road fatalities.</td>
<td></td>
</tr>
</tbody>
</table>

Measurement, Analysis and Monitoring Social Parameters

Indicators of projected passenger demand

In 2015 Bhutan had a population of just under 750,000 people with a little over 35 percent living in urban areas. However it is also anticipated that there will be strong migration from rural areas in the future with a ADB supported study stating that, ‘This migration is a consequence of desires and aspirations of the younger, more mobile, and more educated generations for a more varied lifestyle, based on the greater employment, education, and social opportunities available in urban areas’. Consequently, it is likely that demand for transportation in urban areas of Bhutan will increase in the coming decade.
Currently much of the transportation needs of the urban population are met with either private cars or taxis. For example, taxis in Thimphu carry an estimated 36,000 passengers per day compared to the bus system which has 35 busses and carries an estimated 4,900 passengers per day. This has led to very low rates of public transport use with the World Bank estimating that, ‘less than one third of urban households in Bhutan used public transport in a given month in the year 2012’. Studies undertaken to investigate the feasibility of improving the bus system to provide rapid public transport suggest that by 2018 as many as 14,500 people would be likely use such a bus system each day and that this would grow to an estimated 80,000 people by 2033.

Building on from the findings of the work undertaken in the various documents in Table 1, the Government of Bhutan has identified specific ‘Nationally Appropriate Mitigation Actions’ related to the growth in transportation needs in urban areas. One key area is the suggestion of the use of electric buses to service the growing numbers of visitors to Bhutan. According to the Annual Statistical Bulletin of the Ministry of the Information & Communications, the annual movement of air passengers to Bhutan has grown steadily since 2002 as shown in Figure 15, growing from 42,990 passengers in 2002 to an estimated 293,551 in 2015.

Figure 15: Annual International Air Passenger Flow into Bhutan, 2002-14 (Source: Government of Bhutan)
Affected populations, groups, settlements, and Transit dependent individuals

A rail based transportation network will affect all Bhutanese with the potential for direct day to day benefits for both urban and rural communities. This can be demonstrated using the social parameters identified by the Government of Bhutan as being ‘Nationally Appropriate Mitigation Actions’ (NAMA), namely:

- **Reduction in traffic congestion measured by the time taken per passenger-trip**: A rail based system supported by a fleet of short route buses and taxis will significantly reduce traffic congestion, reduce travel time, and provide transportation access to a greater number of rural communities with the greater viability of lower density bus routes through subsidies to provide access to the train stations.

- **Cost of transportation measured in either the average cost per passenger-trip or the share of household income spent on transportation**: A rail based system will reduce the cost of transportation providing that it is offered in a way that is suitable, reliable and accessible. The cost of owning and running an electric private vehicle is similar to that of a fossil fuel car (given the average mileage in Bhutan is less than 10,000km per year, however much higher per trip that a train or light rail fare.

- **Health Impacts measured in change in respiratory infections per population**: Given Bhutan’s significant clean and renewable energy potential the option to construct an electrified rail network provides many benefits including reducing the use of fossil fuels in cars and the associated air pollution which has been shown above to currently exceed the World Health Organizations recommended levels in Thimphu.

- **Women Safety, Convenience and Employment measured in the number of women taking trips at night, number of public transport seats reserved for women, and the number of women drivers and conductors**: A rail network will provide the potential for a higher level of safety for all Bhutanese people with well-lit carriages patrolled by security officers. Further the jobs associated with driving and collection fairs on trains are well suited to women.
Preliminary Assessment of Environmental Considerations

Identification of Environmental Parameters

As can be seen in Table 5 there are a range of environmental parameters related to the consequences of the construction of a rail network in Bhutan, both positive and negative, that will need to be further investigated as part of the Full Feasibility Study.

Table 5: Potential Positive and Negative Environmental Consequences of Shifting to a Rail based Transportation Network

<table>
<thead>
<tr>
<th>Positive Environmental Consequence (Benefits)</th>
<th>Negative Environmental Consequences – During Construction (Risks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduced air pollution</td>
<td>Clearing of natural areas impacting Flora and Fauna</td>
</tr>
<tr>
<td>Reduced Greenhouse Gas Emissions</td>
<td>Construction impacts, such as on waterways around river crossings,</td>
</tr>
<tr>
<td>Reduced road construction</td>
<td>Risk of landslides from hill cutting</td>
</tr>
<tr>
<td>Reduced noise from vehicle use</td>
<td>Air pollution from earthworks equipment</td>
</tr>
<tr>
<td>Reduced animal collision</td>
<td>Generation of construction waste</td>
</tr>
<tr>
<td>Reduced sedimentation in waterways</td>
<td>Noise and vibration issues</td>
</tr>
<tr>
<td>Reduced deforestation from road building</td>
<td></td>
</tr>
</tbody>
</table>
Measurement, Analysis and Monitoring Environmental Parameters

Environmental Parameters and Impacts

Despite the initial disturbance to the environment from the construction phase (which is less impactful than for equivalent road infrastructure) the shift from a road network based transportation system to a rail based system will result in a number of reductions in the impact on the environment such as:

1. Reduced impact on the air, measured by the average concentration of various pollutants in a given zone, such as Particulate Matter (PM), Carbon Monoxide (CO), Nitrogen Oxides (NOx), volatile organic compounds (VOCs) and Sulphur Dioxide (SO₂).

2. Reduced contribution to the global greenhouse effect, measured by the volume of Greenhouse Gas Emissions, such as Carbon Dioxide (CO₂), Methane (NH₄), and Nitrous Oxide (N₂O).

3. Reduced impact on the land, measured by the reduced clearing of natural areas for road construction that affects Flora and Fauna.

4. Reduced impact on the water, measured by the amount of sedimentation in waterways from road construction and landslides from hill cutting and during the operation of the road.
Preliminary Assessment of Technical Considerations

Consideration of Traffic Volumes
The following section provides a summary of the finding of a preliminary assessment of the technical considerations of providing a rail backbone for Bhutan. The assessment began with consideration of traffic demand as shown in Figure 16. It is noted that these are indicative figures based on reported traffic counts and a roadside estimate and as part of the Feasibility Study the figures would be confirmed through actual traffic counts.

Figure 16:1 Indicative estimates of traffic volume in West Bhutan
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

Based on this initial assessment it is concluded that:

1) There is sufficient freight traffic from India both currently and projected to make a rail link viable, and

2) There is also sufficient traffic both within Thimphu and between Paro and Thimphu to make a rail network supported by collector services viable.

Consideration of Potential for Connection with Adjacent Countries

Both India and China are investing in expanding their rail network which presents the opportunity to connect to cities in Bhutan via a rail link. In case of India, and the closest station from Phuentsholing is Hasimara station, located on the ‘New Jalpaiguri – Alipurduar – Samuktala Road Line. Although Hasimara is about 17km from the border it is assumed that Indian railways will complete the network up to the border of Bhutan in the future. Between Hasimara and Kolkata the rail distance is approximately 750km taking some 14 hours (including a change at the New Jalpaiguri Railway Station). In the case of China a rail extension is panned from Shigatse to Dromo by 2020, with Dromo located just at the border between China, India and Bhutan (some 30km from Damthang) as shown in Figure 17.

![Figure 17 - Extensions of Chinese railway in Bhutan](image-url)
However given the topography of Bhutan it is unlikely that it be part of a main rail corridor between China and India, and hence should be considered a separate line connecting to Northern India, as shown in Figure 18.

**Figure 18:** International corridor in the region (red lines are in project, green are in operation)
Consideration of Key Zones of Initial Rail Network

Based on the pre-feasibility study it is recommended to develop the initial stage of Bhutan’s Rail Network in three zones, namely:

- Zone 1: Thimphu City (Light Rail),
- Zone 2: Thimphu to Chuzom (Light and Heavy Rail)
- Zone 3: Chusom to Paro (Light Rail), and
- Zone 4: Chuzom to Phuentsholing (Heavy Rail).

The following schematic shows these links and associated rail type.

*Figure 19: Layout of the railway lines*
Zone 1: Thimphu City

Selection of Rail Type

As described above, it is recommended that a light rail system be developed in Thimphu. However it is further recommended that this system be designed to connect with the intercity rail proposed in the following two zones. It is also recommended that multimodal connections are designed with other transport modes, such as cable rail, suspended cable car, electric buses, or electric taxi’s to act as feeder systems to the central light rail system and serve other parts of the city.

LRT systems are complementary and totally compatible with other transport modes which could be implemented within the city. About this subject, the location of the main stations in the city such as main station connected to heavy line, urban main stations, parking for road vehicles and so will be primary.

Figure 20: Example for Thimphu city network
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

It is proposed that the configuration of Thimphu City system would run from North to South and be comprised of:

- A railway main station located in the Southern part of the city, with heavy railway tracks for freight trains terminating and with light rail tracks continuing to the city for passengers coming from (or going to) Paro and Phuentsholing;

- A light railway line between the railway main station and the urban main station;

- An urban main station located close to the stadium and the current bus station. This station will be multimodal station with bus station, taxi station, and so on;

- A light railway line inside the city center (along the current main avenue or along the river) from the urban main station to the station close to the golf course;

- An urban station close to the golf course, with the possibility of connection with a second line to go to the urban main station (and reverse). This second line could be along the main avenue (if the main line is near the reverse, or could be ;

- An extended line to the northern part of the city to the National Assembly.

This urban network will be completed by different stopping points, with a headway of about 1 min 30s to 2 min. At this stage, the calculation of the distance (from Google earth) inside Thimphu gives the results below:

- From railway main station to urban main station = about 5300 meters including 500m of viaduct to cross the river and the road;

- From urban main station to the golf course station by using the current main avenue = 2000m including a 150m viaduct to pass over Thim Chhu River;

- From golf course station to National Assembly station = 1250m including a 120m viaduct to pass over the Thim Chhu River.

The total distance inside Thimphu city is 8,500 meters including 770m of overpass buildings. Different altitudes and elevations taken within Thimphu allow to calculate the difference in elevation between the South and the North, and the height difference is 1.1% which allows to have a great performance for the rolling stock.
Except the necessary crossings of Thim Chhu River and the road, there is no technical difficulty to create a new railway line inside Thimphu. However, this will have to be confirmed and validated from the feasibility study. Within Thimphu city centre, regarding the urbanization, the building and the location, we suggest to use the current main avenue. We can also think to put the line near the river, but this will be less central inside the city, and the traffic should be less important. Like majority of tramways in the world, the rail will use the existing road.

Figure 21 - Proposed line inside Thimphu
Location of Main Stations

Thimpu city will have two main stations. The first one is “Thimphu Railway Main Station” located in the Southern part of the city and connected with the railway line Paro – Phuentsholing (Fig. 24). Passengers coming from (or going to) Phuentsholing, except if there is also Tram-Train rolling stock, will have to change. Passengers coming from (or going to) Paro will continue their trip, in the same train, without changing. So, it will be possible for passengers to travel from National Assembly to Paro airport without changing trains. The railway main station will also have installations which will allow to load and unload freight coming from (or going to) the Indian border.

The second main station within Thimphu will be “Thimphu Urban Main Station”. It will be located close to the current bus station to have a multimodal area and will allow to have two lines (if possible): one through the city centre by using the current main avenue, and another one along the Thim Chhu River. There will be two other stopping points more important than for a single city service which will allow to have light multimodal possibility:

- A station close to the golf course, mostly if there is a second line along the river.
- The last station will be close to the National Assembly and will be used to insure the functionality for train terminus with turnback before leaving to the South.

Selection of Line Configuration

At this stage, it is difficult to know what will be the best system for Thimphu between a single or a double line. It depends from the technical possibilities, the annual number of passengers expected, the rolling stock, the cost and so on. The feasibility study should give us the answer. From the first studies, it looks than single line could be enough.

However, our first proposal is to operate the urban railway with a single line system with loops within the main stations, but also between the railway main station and the urban main station (Buddha point for example) within the longest part of the network (about 5 km). Regarding the service, a second loop is needed between the urban station and the golf course or between the golf course and the north station.

The electrical power will be supplied by a light catenary, commonly used for tramways. The implemented signalling system could be the same signalling system as for tramways. On the long part between two stations, especially in the Southern part of the network, the speed limit could be
70 km/h. The estimated travel time between southern railway station and the north station, with 14 stopping points, will be about 25 min divided as shown below:

- 15 min for servicing the stopping points with 30 seconds (or 1 min) stopping to allow passengers operations (up and down) and 30 s more for braking and acceleration.
- 10 min for the travel time between stopping points.

For the zone between the urban main station and the golf course station, with 4 stops, the travel time should be about 7 min.
Zone 2: Thimphu to Chuzom

On this part of the network, there will be passenger trains and freight trains. The line will be a heavy track. At this stage, regarding the lack of data from the future freight traffic (especially tonnage), we are unable to estimate what will be the specific structure of the track. The calculation will be done during the feasibility study. The estimated line will be near the Thim Chhu River from Thimphu to Chuzom with an interchange at the junction to Paro and Phuentsholing. A technical visit and a survey on the field were done along the valley from Thimphu to Paro city and allowed us to see particular points such as the river crossing, and zone where tunnels are needed.

From Thimphu to Chuzom, the estimated possibility for the line was done from the visit on the field and from Google Earth data. For this part of the line the distance estimated is about 17 kilometres with a possible gradient which is 0.7%. The river and the mountain need to be on each side of the line with 2 or 3 pass overs and regarding bottlenecks, tunnels are needed as shown below in Figure. 22.
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

With the schematic of the line, pictures taken during the field visit show some possibilities and constraints.

![Thimphu-Paro line schematic](image)

**Figure 23**: Shematic of Thimphu - Paro line

**Zone A**
On this area, there is the possibility to have the line on the right side of the river heading towards Chuzom.

![Figure 24: Potential Route for Rail Near Thimphu](image)

### Zone B

In this area, the line must pass over the river to move to the other side of the valley however there is existing buildings and civil infrastructure that would need to be removed in order to make way for the new rail line.

There are two possibilities:

- First one (yellow) is to pass over the river quickly to be on the left side of the valley
- Second one is to continue on the right side to pass over the river a bit further
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

Figure 25: 3 8 km from Thimphu, changing of side of the valley (first solution)

Zone C
On this part of the valley, due to the profile of the mountain, the line needs to be on the left side of the river.

A tunnel is needed to avoid a high number of curves.
Figure 27: Zone D

Zone E
The junction point between heavy rail from Phuentsholing and light rail from Paro will be in this area. A tunnel is needed from Paro.

**Figure 28: Zone E**

**Zone 3: Chuzom to Paro**

On this part of the line, there will be only light trains running. The structure of the track will be determined during the feasibility study. The proposal for the line could be as shown below (from Google Earth):

**Figure 29: Line Paro - Thimphu**
The estimated line will begin in Paro city centre, then after serving the airport, will carry on along Paro River before joining the heavy line in Chuzom area. From Paro to the junction with the line coming from Phuentsholing, the estimated possibility for the line was done from the visit on the field and from Google Earth data. For this part of the line, the distance estimated is about 23 km, including 12 km of viaducts and tunnels, with a light gradient.

The visit on the field allows to know that the first part of the line did not present any difficulty except to cross Paro River. There are several constraints and bottlenecks, as shown in the picture below, and a lot of curves in the final part which need a tunnel before connecting the two lines.

From Paro to south of Thimphu, the estimated railway distance is 40 km. With the estimated distance and 90 km/h as speed limit for passenger trains, the estimated travel time is about 30 min including a margin due to the uncertainty of the profile. Regarding the time needed to serve Paro Airport, the travel time could be increased. The trains used for this travel continue their trip inside Thimphu. They will be integrated within Thimphu railway operations. From Thimphu to Paro, 2 loops are needed; one will be at the junction station and the second one will be in Paro Airport.
Zone 4: Chuzom to Phuentsholing

From the junction to Phuentsholing, the line could be within the valley from the North to the South with a tunnel for the last section. The visit on the field was not done, and the estimation was done only from Google Earth. It is difficult to precisely know what are the main constraints and the main difficulties. At this stage, we are unable to determine where the viaducts and the tunnels will be. This part of the study needs to be done during the feasibility study. However, it is possible to show a first proposal for the line as below:

Figure 31:6 Line from junction to Phuentsholing
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

From the junction to Phuentsholing, the estimated distance is 80 km; so the total estimated distance from Thimphu to Phuentsholing is less than 100 kilometres. With the estimated distance and 120 km/h as speed limit for conventional passenger trains, the estimated travel time is 60 min including a margin due to the unknown part of the profile. For freight trains, assuming an average speed of about 60 km/h, the estimated travel time between Thimphu and Phuentsholing is about 2 hours.
Proposed Passenger Service in Thimphu City

This proposal of service will have to be analysed with the results of traffic forecast. These first assumptions were done from the first traffic analysis and from discussion with the ministry of transportation. The proposed services are summarized below:

<table>
<thead>
<tr>
<th>Service</th>
<th>Quantity of trains (for each direction)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LRT within Thimphu</td>
<td>1 train every 10 minutes (on each line if two lines)</td>
</tr>
<tr>
<td>Tram-train Paro ⇔ Thimphu north</td>
<td>1 train every 30 minutes</td>
</tr>
<tr>
<td>Train (passengers) Phuentsholing ⇔ Thimphu south (Railway main station)</td>
<td>1 train every 4 hours depending on the traffic forecast (maybe more)</td>
</tr>
</tbody>
</table>

In this part of the report, the subject is the possible services inside Thimphu city. The schematic below does not show the tracks (single or double) but just the services of the trains.

**Option 1: One line within Thimphu**

In this solution, operations are easy, even with single track. Train meets will occur in Urban main stations, in Buddha station and in Golf course station. Another loop is needed between Urban main station and Golf course. There is a train every 10 min within the central zone of the network and trains coming from and going to Paro will be integrated in the service. This hypothesis is the hypothesis taken in account for all economic forecasts.

**Option 2: Two lines within Thimphu**

There are two lines inside the main part of Thimphu Network:

- The red one is the main line from Railway main station to North station;
- The blue one is operated between Golf Course and Urban station with two meet points in those stations.
For each line, there is one train every ten minutes and some trains are prolonged till Paro and/or North station.

There are two lines inside the main part of Thimphu Network and the blue one between Golf Course and Urban station is a circular line with two meet points in those stations where trains could turn back but could also be integrated within the main service.

**Consideration of Types of Rolling Stock (Train Carriages)**

**Definition of Rolling Stock**

We need to distinguish two main systems:

1) A train of cars hauled by a locomotive: In this system, there is one or more locomotives and multiple cars. With this system, capacity of train can be easily changed, and it is also possible to change the locomotive (for example for border crossing) without the passengers changing cars ("direct wagon"). Operations are more complex at the “end” of the line, to allow the train to go back in the other direction;

- Freight transportation always uses this type of system, often with more than one locomotive.
2) A **powered rail car train**: In this system, the capacity of train is not easily changed (even if it is possible to do “multiple” trains). With this type of train, it is easier to change its direction.

Urban transportation is almost always done with powered rail car trains.

Figure 34: Example of a powered double deck rail car train. This train can go in both directions without turning around (France)

**Recommended Rolling Stock for Initial Zones**

**Zone 1: Thimpu City - Light Rail Rolling Stock (Tramways)**

A lot of examples exist in the world. Typically, it is tramway:
**Figure 35:** Example of a tramway (Dijon, France). This train can go in both directions without having to turn around.

**Zone 2: Thimphu to Chuzom – Heavy Rail Passenger and Freight Rolling Stock**

See Zone 4.

**Zone 3: Chuzom to Paro – Light Rail Rolling Stock**

This rolling stock will look like an urban tramway, with a greater number of seats.

**Zone 4: Chuzom to Phuentsholing – Heavy Rail Passenger and Freight Rolling Stock**

For this service, the passenger rolling stock could be composed of locomotives and passenger wagons. In this study, we will assume the cost for Indian locomotive WAP7. Its maximal speed is 140 km/h. Powered locomotive 25kV/50Hz. Cost is estimated (2014) at 130 million Indian rupees, around US$2m/ per locomotive.
Figure 36: Example of In-Use Passenger locomotive (India)

Below is a picture of the interior of a passenger car from one Indian train, cost is around US$200,000 per carriage.

Figure 37: Example of passenger configuration (India)

Considering the rolling stock for freight trains a combination of locomotives and freight rolling stock would be used. This locomotive is one of the most used and most powerful freight locomotive of Indian railways. Powered by 25kV/50Hz, its power is around 4,500 kW. Its continuous tractive effort is 32,500 daN and maximum speed of 120 km/h.
Figure 38: WAG9 locomotive (IR)

Once the locomotive is selected there are numerous options for freight wagons as pictured below, including wagons that allow trucks to be loaded as previously presented.

Figure 39: Example of freight wagon (1/3) from IR
Figure 40: Example of freight wagon (tank wagon) (2/3) from IR

Figure 41: Example of container wagon (tank wagon) (3/3) from IR

Figure 42: An image of the ‘Roll-on Roll-off’ train in India
**Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan**

**Consideration of Appropriate Track Gauge**

The gauge is the distance between the inner face of the two rails as shown in Figure 43. This distance is not the same for each country and network. It is recommended that either the Standard Gauge of 1435 mm is selected or the Broad gauge of 1676 mm, which is used in India, Pakistan, and Bangladesh.

![Figure 43: Examples of different categories of railway gauges](image)

For the future railway network of Bhutan, the logical choice is between the Broad gauge used in India, which is 1676 mm, and the standard gauge used typically for light rail, which is 1475 mm. Considering these two gauges there are three potential options for the rail network in Bhutan:

1. **Broad Gauge Option**: All tracks are built using the Broad Gauge of 1676mm to allow seamless connection with the Indian rail network. However should this be the solution for all rail in Bhutan it may be at a greater expense to have light rail rolling stock manufactured to run on Broad Gauge as this is not the preference.

2. **Standard Gauge Option**: All tracks are built with standard gauge. The main problem is to change the gauge of the rolling stock at the border in order to connect to the Indian rail network. Again this may come at a greater expensive to either manufacture rolling stock that can change the gauge, see below, or change rolling stock at the interchange.
The Talgo system is mostly used for passenger trains than freight trains. With the Talgo system there is no possibility to have second-hand Indian material. Another possibility is to change the bogies of each wagons (passenger and/or freight wagons) as described below.

**Figure 44**: Talgo (change of gauge) process.

In such a system (used for both passengers and freight trains), each car can be changed in around 5 – 10 minutes.

**Figure 45**: Bogie change station (Chop, Ukraine, between Russian gauge and standard gauge)
3. **Hybrid Gauge Option:** Given the limitations of the first two options it is proposed to implement a hybrid gauge option across the initial rail network that is capable of running both Broad and Standard Gauge rolling stock. As part of this option the follow track configuration would be adopted:

   a. **Zone 1 – Thimphu City:** Tracks inside Thimphu would be Standard Gauge for light rail rolling stock.

   b. **Zone 2 - Thimphu to Chuzom:** Track from Thimphu to Chuzom would be both Standard and Broad Gauge.

   c. **Zone 3 – Chuzom to Paro:** The track from Chuzom to Paro would be Standard Gauge for light rail (no freight or heavy passenger rolling stock)

   d. **Zone 4 - Chuzom to Phuentsholing:** Track from Chuzom to Phuentsholing would be Broad Gauge.

Considering the Zone between Thimphu and Chuzom the rail configuration can be constructed to allow both gauges, as shown below.

![Two-gauge railway](image)

**Figure 46:** Two-gauge railway (metric gauge and standard) in Jindřichův Hradec (Czech Republic)
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

Considering Rail Gauge Connections

Between Thimphu Railway main station and the junction to Paro and Phuentsholing, there will be two connections for standard gauge and Indian gauge.

One is located at Station junction and the connection could be as below:

**Figure 47**: Example of connection between standard gauge and Indian gauge at Station junction (each track is presented with the two rails)

The other one is located at the Southern entrance of Thimphu railway main station:

**Figure 48**: Example of connection between standard gauge and Indian gauge at Thimphu main station (each track is presented with the two rails)
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

Consideration of Configuration of Railway Stations

Thimphu Railway Main Station

Within Thimphu railway main stations there will be six zones:

1) Two tracks and one platform for tram-trains coming from (and going to) Paro and Phuentsholing via Chuzom

2) Tracks for stabling and maintenance for tram-trains

3) Area for stabling and maintenance for passenger wagons with a track for shunting

4) Area for freight trains (unloading, loading and shunting)

5) Zone for depot for the locomotives (maintenance).

An example of the possible configuration is shown below:

![Figure 49: Example of configuration for Thimphu Railway Main Station](image)

Thimphu Urban Main Station

This station needs to allow trains to meet and pass. If there is a second LRT line within Thimphu network, the second track will be used for this optional line.
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

**Figure 50:** Example of configuration for Thimphu Urban Station (on this schematic, the track is presented with the two rails)

The different movements for LRT main service could be on the same track:

In case of circular line, trains coming from (or going to) Golf course will turn back as shown below:

**Thimphu Golf Course Station**

This station needs to allow trains to meet and pass. If there is a second LRT line within Thimphu network, the second track will be used for this optional line.

**Figure 51:** Example of configuration for Thimphu Golf Course Station

In case of circular line, trains coming from (or going to) Urban station will turn back as shown below:
North Station

For this station, it needs to have two tracks to allow trains to meet and pass.

The shunting track could be used to liberate the line along the platforms (especially in case of disruption).

![Diagram of North Station]

**Figure 52:** Example of configuration for the North Station

Standard Stop within the City of Thimphu

![Diagram of Standard Stop]

**Figure 53:** Type of station for standard stopping point

This type of station could be connected for multimodal transportation such as Cable Car, Electrical Buses, Taxi...

Station for the Chuzom Junction

This station needs to have two tracks to allow tram-trains and heavy trains to meet and pass.
Figure 54: Example of configuration for station at the junction to Paro and Phuentsholing

Paro City Station

This station needs to allow trains to meet and pass.

The shunting track could be used to liberate the line along the platforms (especially in case of disruption) or to be used for maintenance.

Figure 55: Example of configuration for Paro station

In-line Stations

This type of station could be created for Paro Airport and for other standard station (if any).

Figure 56: Example of configuration for standard station on line

If other stations are needed on the line for meets between Thimphu and Phuentsholing, the configuration could be as below:

Figure 57: Example of configuration for meets on the line
Phuentsholing Station

This station needs to allow passenger trains to meet and pass. As a station located at the end of a line, facilities are required to perform light maintenance of the locomotives. The station needs also to have tracks for freight.

Figure 58: Example of configuration for Phuentsholing Station
Consideration of Approach to Organisation of Rail Network

This part is about the final organisation of the railway system in Bhutan. We discuss about the organisation in case of public financing. Some specifications will be added in case of PPP.

Railway in Bhutan should be structured with one public company, which will have responsibility of:

- Maintenance of the infrastructure;
- Exploitation of the trains;
- Stations management, selling of the tickets, and so on.

The head of the company should be represented by a director which will be responsible of railway system and which will be under authority of ministry of transportation. We assume the roles of:

- Director of maintenance of infrastructure and stations
- Director of maintenance of the rolling stock
- Director of exploitation
- General resources department

We assume the organizational chart below:
About geographical distribution, we assume:

- Personal in central office of Thimphu which will centralize:
  - Director of maintenance of infrastructure and stations
  - Director of maintenance of the rolling stock
  - Director of exploitation
  - General resources department

- 4 control stations: Thimphu (in Thimphu main railway), Paro, Phuentsholing, Junction with director of each control station, and team of control station

- Personal in stations, including for 4 main stations (Paro, Junction, Thimphu, Chhuka, Phuentsholing) the personal of maintenance

Need of personal is expressed below:

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drivers</td>
<td>50</td>
</tr>
<tr>
<td>Other personal on board</td>
<td>40</td>
</tr>
<tr>
<td>Personal on control centre (Thimphu)</td>
<td>5</td>
</tr>
<tr>
<td>Personal on main stations (Thimphu, Junction, Phuentsholing, Paro)</td>
<td>30</td>
</tr>
<tr>
<td>Personal for other stations (except previous one)</td>
<td>20</td>
</tr>
<tr>
<td>Personal in the workshop (rolling stock maintenance)</td>
<td>20</td>
</tr>
<tr>
<td>Personal in central office</td>
<td>20</td>
</tr>
<tr>
<td>Personal in districts (infrastructure maintenance)</td>
<td>50</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>Around 200 – 250 ppl</strong></td>
</tr>
</tbody>
</table>
Preliminary Assessment of Economic Considerations

Note: This section has been written by Julien Gaudremeau and Frederic Tardif from Rail Concepts.

Overview of Findings

As part of the preliminary assessment of the economic considerations of providing a rail backbone for Bhutan a review of other rail project infrastructure costs was carried out and presented in Table 6 below. Throughout this part it is assumed that the cost of tunnelling is 10 times more expensive than surface rail given normal topography and it is assumed that the average cost of track in easy topography is $2m – $4m per kilometre.¹

Table 6: Summary of Construction Costs for Rail Projects for Comparison to Bhutan

<table>
<thead>
<tr>
<th>LINE</th>
<th>Description</th>
<th>PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benin – Niger railway</td>
<td>Construction of new line (metric gauge / single track) between Parakou and Niamey for freight and passengers (and rehabilitation of line between Cotonou and Parakou). Very easy topography</td>
<td>200 million Euro for section from Cotonou – Parakou (upgrade) for 425 km 1 billion Euro for section from Parakou to Niamey for 670 km Price of new line: US$1.5m/km</td>
</tr>
<tr>
<td>Qing – Zang line (China) for section between Golmud and Lhasa</td>
<td>Single track with standard gauge. Very difficult topography. Highest railway of the world with 7% of line in tunnels or bridges.</td>
<td>36,000 million Yuan for 1142 km (around US$6 billion) Price of new line: $5m/km</td>
</tr>
<tr>
<td>India (general source from ministry)</td>
<td>Description of one kilometre of normal railway compared to high speed railway (which is said 10 – 14 times higher)</td>
<td>Price of 10 Crore / km =&gt; $1.4m/km</td>
</tr>
<tr>
<td>Cambodia – proposed line Poipet - Sisophon</td>
<td>Line in flat part (50km) for meter gauge</td>
<td>$1.7m/km</td>
</tr>
<tr>
<td>Cambodia – proposed line bat Doeng - Kratie</td>
<td>Line in mainly flat part (258km) for meter gauge</td>
<td>$2.7m/km</td>
</tr>
</tbody>
</table>

¹ All the economic figures will be expressed in constant Ngultrum (BTN) of 2016. This means that the inflation is not taken into account. Values will sometimes be expressed in USD of 2016 (written $). The exchange value is 65 BTN for 1 USD.
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

| Lao – proposed line Boten - Vientiane | Very mountainous (417km) for standard gauge | $17m/km |
| Vietnam – Dong Ha -Lao Bao | Some mountainous (82km) | $7m/km |

Using the findings in Table 7 as a comparison a preliminary economic assessment was undertaken of the proposed option for the first stage of Bhutan’s rail network, incorporating findings from a site visit in collaboration with the UNCRD and the Royal Government of Bhutan, as shown in Table 7 and 8.

**Table 7:** Findings of Economic Assessment of Proposed Option for First stage of Bhutan’s Rail Network - Line outside of Thimphu

<table>
<thead>
<tr>
<th>Section</th>
<th>Distance (km)</th>
<th>Cost (million USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thimphu Rail Station – Chuzom</td>
<td>17 km of single track (including an estimated 9km of engineered structures)</td>
<td>200 - 400</td>
</tr>
<tr>
<td>Chuzom – Paro</td>
<td>23km of single track (12km of tunnel)</td>
<td>250 – 500</td>
</tr>
<tr>
<td>Chuzom – Phuentsholing</td>
<td>80km of single tracks (50km of tunnel)</td>
<td>1,100 – 2,100</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>1,550 – 3,000</strong></td>
</tr>
</tbody>
</table>

**Table 8:** Findings of Economic Assessment of Proposed Option for First stage of Bhutan’s Rail Network - Line inside

<table>
<thead>
<tr>
<th>Section</th>
<th>Distance (km)</th>
<th>Cost (million USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rail station – Urban station</td>
<td>5.3 (including 500m of viaduct)</td>
<td>20 – 40</td>
</tr>
<tr>
<td>Urban station – Golf Station (Branch 1)</td>
<td>2.0 (including 150m of viaduct)</td>
<td>7 – 14</td>
</tr>
<tr>
<td>Urban station – Golf Station (Branch 2)</td>
<td>2.0</td>
<td>7 – 14</td>
</tr>
<tr>
<td>Golf station – North station</td>
<td>1.25 (including 150m of viaduct)</td>
<td>5 - 10</td>
</tr>
<tr>
<td>Stations</td>
<td></td>
<td>10 – 20</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>50 - 100</strong></td>
</tr>
</tbody>
</table>

The cost of tracks and buildings inside Thimphu is more complex to estimate. If we take intermediate cost, we assess around $50m - $100m for the project within Thimphu.

Total estimated cost for infrastructure is around USD$1.6 – 3.1 billion.
Assumptions Related to Fares and Travel Times

When considering passengers the follow fares are proposed:

<table>
<thead>
<tr>
<th>Service</th>
<th>BUS FARE (One direction)</th>
<th>taxi FARE (One direction)</th>
<th>Proposed train fare (One direction)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within Thimphu</td>
<td></td>
<td></td>
<td>20 BTN / any distance Monthly price of 600 BTN</td>
</tr>
<tr>
<td>Paro – Thimphu (any station)</td>
<td>55</td>
<td>200</td>
<td>140 (3 BTN / km)</td>
</tr>
<tr>
<td>Phuentsholing - Thimphu</td>
<td>240</td>
<td>680</td>
<td>400 (4 BTN / km)</td>
</tr>
</tbody>
</table>

Travel times are summarized below:

<table>
<thead>
<tr>
<th>Service</th>
<th>BUS TIME</th>
<th>TAXI TIME</th>
<th>TRAIN TIME</th>
</tr>
</thead>
<tbody>
<tr>
<td>LRT (North to South)</td>
<td>1h00</td>
<td>0h30</td>
<td>0h30</td>
</tr>
<tr>
<td>Tram-train Paro South – Thimphu</td>
<td>2 hours</td>
<td>1h00</td>
<td>0h30</td>
</tr>
<tr>
<td>Tram-train Paro North Thimphu</td>
<td>3 hours</td>
<td>1h30</td>
<td>1h00</td>
</tr>
<tr>
<td>Train (passengers) Phuentsholing - Thimphu</td>
<td>8 hours</td>
<td>5 hours</td>
<td>1h00</td>
</tr>
</tbody>
</table>

When considering freight the follow fares are proposed. Travel time from the border to Thimphu is 8 – 10 hours by truck, which carries up to 20 tons. We don’t have an estimation of the freight transport price for companies or individuals, but we can assume that the minimum price is the cost of salary, the cost of diesel, the cost of capital of trucks. If we suppose that one truck carries 20 tons each day from Phuentsholing to Thimphu or Thimphu to Phuentsholing, this truck carries 250 * 20 = 5000 tons each year. The cost is:

- Cost of driver: $3 billion /year (yearly salary of $2,000)
- Cost of diesel: $10,000/year (assumption of $0.9/litre and $30/litre/100 km)
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

- Cost of truck (capital, maintenance, etc.): $4,000/year

We assume a total cost of around $20,000/year for 5000 tons. Cost for one ton from Phuentsholing to Thimphu will be around $4/ton. For railway, we shorten the distance and travel time. Fare by rail could be the same than fare by truck. Because the distance is 100km, we put a price of $0.03/ton.km (25% lower than bus), so 2 BTN / ton.km

Assumptions around Traffic Volumes

During Commissioning

No traffic forecast is done in the pre-feasibility study. Computations below are done with assumptions of the number of passengers / train, and are compared to actual traffic:

Table 9: Traffic forecast at the beginning of the project

<table>
<thead>
<tr>
<th>Service</th>
<th>All figures are for both directions</th>
<th>Thimphu North - Paro</th>
<th>Thimphu South - Phuentsholing (freight)</th>
<th>LRT Thimphu</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traffic length (km)</td>
<td></td>
<td>48</td>
<td>97</td>
<td>2</td>
<td>8,5</td>
</tr>
<tr>
<td>Travel time (hour)</td>
<td></td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>0,5</td>
</tr>
<tr>
<td>Service</td>
<td></td>
<td>2 train/hour/direction during peak hour</td>
<td>1 train/4 hours /direction</td>
<td>6 - 10 trains / day</td>
<td>6 trains / hour / direction</td>
</tr>
<tr>
<td>Trains / day</td>
<td></td>
<td>40</td>
<td>6</td>
<td>6</td>
<td>190</td>
</tr>
<tr>
<td>Days / year</td>
<td></td>
<td>310</td>
<td>365</td>
<td>260</td>
<td>310</td>
</tr>
<tr>
<td>Millions trains.km / year</td>
<td></td>
<td>0,6</td>
<td>0,2</td>
<td>0,2</td>
<td>0,5</td>
</tr>
<tr>
<td>Thousands of trains.h / year</td>
<td></td>
<td>11,4</td>
<td>2,2</td>
<td>3,1</td>
<td>29,5</td>
</tr>
<tr>
<td>Commercial speed (km/h)</td>
<td></td>
<td>48</td>
<td>97</td>
<td>49</td>
<td>17</td>
</tr>
<tr>
<td>Passengers / train</td>
<td></td>
<td>75</td>
<td>200</td>
<td>500</td>
<td>100</td>
</tr>
<tr>
<td>Thousands of passengers / train</td>
<td></td>
<td>3,000</td>
<td>1,200</td>
<td>2,000</td>
<td>3,500</td>
</tr>
<tr>
<td>Millions of passengers / train / year</td>
<td></td>
<td>0,9</td>
<td>0,1</td>
<td>0,8</td>
<td>5,9</td>
</tr>
<tr>
<td>Millions passengers.km (or ton.km) / year</td>
<td></td>
<td>45</td>
<td>42</td>
<td>75</td>
<td>25</td>
</tr>
<tr>
<td>Price - km (BTN)</td>
<td></td>
<td>3</td>
<td>4</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Revenues / year (millions of BTN)</td>
<td></td>
<td>133,9</td>
<td>169,9</td>
<td>151,3</td>
<td>125,2</td>
</tr>
<tr>
<td>Revenues / year (millions of USD)</td>
<td></td>
<td>2,2</td>
<td>2,8</td>
<td>2,5</td>
<td>9,7</td>
</tr>
</tbody>
</table>

For the Thimphu – Paro line, we forecast around 3000 passengers / day. It is around 50% of actual traffic (estimated to 2000 cars, so around 6000 passengers). The decrease of travel time and the attractive price will easily create such traffic.

For the Thimphu – Phuentsholing line, we don’t have actual figures of travel demand. But, we saw the high quantity of bus each day, and also some cars on the road. Moreover, we think that development of direct line to India will increase quantity of traffic. For the freight on Thimphu – Phuentsholing, we have around 2000 tons / day by road. We suppose that all the traffic will go to rail, especially because of cheaper price, and dramatic decrease of travel time. For the LRT inside Thimphu, it is interesting to compare this figure of 20,000 passengers / day with population of Thimphu (around 100 000, meaning that just 10% of people will use two times the tramway each
day). If we compare with traffic forecast of tramways in Europe, this figure is conservative, and real traffic will be higher.

To summarize, we forecast, for the first year of the project, around 7 million of passengers (including 5.9 millions of passengers on LRT) in future rail system in Bhutan, and around 1 million of tons of freight. It will be around 110 million of passengers.km each year, and around 75 million of ton.km each year on the future network. Revenues from traffic will be around 10M$/ year, with more than 50% coming from Phuentsholing – Thimphu line.

**During the Life of the Project**

These traffic will increase over the years. Growth of traffic is correlated with growth of GDP. If we look the growth of GDP of Bhutan since 1980 (see diagram below), a growth of 4% can be forecasted for the next 50 years.

![Diagram of GDP growth](image)

**Figure 59:** GDP of Bhutan (in US$ of 2000). M = million, Mrd = billion
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

If economic growth of 4% is forecast, the traffic will be multiplied by 7 in 50 years. If growth of 2% is forecast, the traffic will be multiplied by 2.7 in 50 years.

**Table 10: Growth of traffic, 50 years after beginning of project**

<table>
<thead>
<tr>
<th></th>
<th>hypothesis of 4% of growth</th>
<th>hypothesis of 2% of growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traffic at the beginning of the project (travellers.km + tons.km)</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>Revenues from traffic at the beginning of the project (M$ 2016)</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Traffic 50 years after the beginning of the project (travellers.km + tons.km)</td>
<td>1300</td>
<td>500</td>
</tr>
<tr>
<td>Revenues from traffic 50 years after the beginning of the project (M$ 2016)</td>
<td>70</td>
<td>25</td>
</tr>
</tbody>
</table>

Growth of traffic is also summarized in the graphic below:

![Traffic revenues (constants M$)](image)

**Figure 60: Projected growth of revenues**
Assumptions around Quantity of Trains

The technical pre-feasibility study provides a number of trains necessary to perform the services. This calculation is just a first approach. The rolling stock needed will be determine in the feasibility study.

- Zone 1 - Thimphu City: The calculation of the number of rolling stock needed for Thimphu city is done with the hypothesis of service listed below. With headway (spacing between two trains) of 10 min, 10 trains are needed including the reserve for maintenance.

- Zones 2 and 4 – Thimphu to Phuentsholing: The calculation of the number of rolling stock needed for Thimphu to Phuentsholing (and reverse) is done with a hypothesis of a passenger train every 4 hours and 60 min of travel time and 30 min for turning back in each station at the end of the line, 2 trains are needed including a reserve for maintenance. About freight trains, we consider 2 locomotives and 100 wagons.

- Zone 2 and 3 – Chuzom to Paro: The calculation of the number of rolling stock needed for Thimphu to Paro (and reverse) is done with a passenger train every hour and 30 min of travel time on line and 30 min more for the travel through Thimphu city and 30 min more for turning back in each station at the end of the line, 4 trains are needed including a reserve for maintenance.

Assumptions around Rolling Stock Investment

Compared to infrastructure cost, rolling stock cost is more difficult to estimate. Some figures are given below, but cost of rolling stock is difficult to compare because price mainly depends of the quantity ordered.

<table>
<thead>
<tr>
<th>Country</th>
<th>ROLLING STOCK (and price)</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>Train of 50 – 100 seats (X73500, smallest passenger trains): 5M$</td>
</tr>
<tr>
<td></td>
<td>Freight locomotive: $3m</td>
</tr>
<tr>
<td></td>
<td>Wagon for freight: $100,000 - $200,000</td>
</tr>
<tr>
<td>India</td>
<td>Freight locomotive: $2m</td>
</tr>
<tr>
<td></td>
<td>Wagon for freight: $50,000 – $100,000</td>
</tr>
<tr>
<td>Germany</td>
<td>Siemens LRT (S200) : $3-4m/unit</td>
</tr>
</tbody>
</table>
Regarding the costs listed in the paragraphs before, the investment cost for rolling stock is assessed to 3M$ for each unit of LRT and 5 M$ for each unit of passenger trains and freight trains.

<table>
<thead>
<tr>
<th>Service</th>
<th>QUANTITY OF TRAINS</th>
<th>UNIT PRICE (M$)</th>
<th>TOTAL (M$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LRT</td>
<td>10</td>
<td>3</td>
<td>30</td>
</tr>
<tr>
<td>Tram – train Paro Thimphu</td>
<td>4</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>Train (passengers) Phuentsholing - Thimphu</td>
<td>2</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Train (freight) Phuentsholing - Thimphu</td>
<td>2</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>TOTAL</td>
<td>18</td>
<td></td>
<td>50 - 75</td>
</tr>
</tbody>
</table>

Estimation for rolling stock investment is around $50 – 75 million USD.

Assumptions around Operating Cost

Operating cost for rail companies are

- Staff costs:
  - Drivers
  - Other staff in the trains
  - Staff in the stations

- Energy cost (electricity)

- Rolling stock costs:
  - Capital cost
  - Maintenance cost

Operating cost for infrastructure managers are:

- Staff costs:
  - Staff for operation of train
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

- Staff for railway maintenance

Rail components

The following costs related to the operation of the rail network.

**Staff cost**

We assume monthly net salary of $250 (15 000 Ngultrum) for all member of staff. We suppose that the cost will be 1.5 times the monthly net salary.

<table>
<thead>
<tr>
<th>Type</th>
<th>quantity of ppl</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drivers</td>
<td>50</td>
</tr>
<tr>
<td>Other staff in the trains</td>
<td>30</td>
</tr>
<tr>
<td>Staff in the stations</td>
<td>30</td>
</tr>
</tbody>
</table>

**Energy cost**

After basics computations, we assume energy use of 5 kWh per train.km for passengers and freight trains. We suppose a cost of energy of $0.05/kWh

**Rolling stock cost**

We assume that the expected lifetime of the rolling stock is 40 years. We assume that rai company will borrow capital with interest of 5%. It means that for a rolling stock of $50m, yearly cost will be around $3m

**Rolling stock maintenance**

We assume a rolling stock maintenance cost of $1/train.km

The following costs related to the management of the rail network infrastructure:

We assume a cost of $2/train.km
Financial Balance of Rail System

During Commissioning

**Table 11:** P&L without capital cost of rolling stock

<table>
<thead>
<tr>
<th></th>
<th>Thimphu North - Paro</th>
<th>Thimphu South - Phuentsholing (passengers)</th>
<th>Thimphu - Phuentsholing (freight)</th>
<th>LRT Thimphu</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Length of line (km)</td>
<td>42</td>
<td>97</td>
<td>97</td>
<td>85</td>
<td>243</td>
</tr>
<tr>
<td>Travel time (hour)</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>0.5</td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td>2 trains/hour/direction during peak hour</td>
<td>1 train/4 hours/direction</td>
<td>6 - 10 trains/day</td>
<td>6 trains/hour /direction</td>
<td></td>
</tr>
<tr>
<td>Trains / day</td>
<td>40</td>
<td>6</td>
<td>6</td>
<td>190</td>
<td>243</td>
</tr>
<tr>
<td>Days / year</td>
<td>310</td>
<td>365</td>
<td>260</td>
<td>310</td>
<td></td>
</tr>
<tr>
<td>Millions trains.km / year</td>
<td>0.6</td>
<td>0.2</td>
<td>0.2</td>
<td>0.5</td>
<td>1.5</td>
</tr>
<tr>
<td>Thousands of trains h / year</td>
<td>13,4</td>
<td>2.2</td>
<td>5.1</td>
<td>29.5</td>
<td>47.2</td>
</tr>
<tr>
<td>Commercial speed (km/h)</td>
<td>48</td>
<td>97</td>
<td>49</td>
<td>17</td>
<td>211</td>
</tr>
<tr>
<td>Passengers (or tons) / train</td>
<td>75</td>
<td>200</td>
<td>500</td>
<td>100</td>
<td>260</td>
</tr>
<tr>
<td>Passengers (or tons) / day</td>
<td>3,600</td>
<td>1,200</td>
<td>3,000</td>
<td>36,000</td>
<td>260</td>
</tr>
<tr>
<td>Millions of passengers (or tons) / year</td>
<td>0.3</td>
<td>0.4</td>
<td>0.8</td>
<td>5.9</td>
<td></td>
</tr>
<tr>
<td>Millions passengers.km (or ton.km) / year</td>
<td>43</td>
<td>42</td>
<td>76</td>
<td>29</td>
<td>118</td>
</tr>
<tr>
<td>Price, km.(BNT)</td>
<td>1</td>
<td>4</td>
<td>2</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Revenues / year (millions of BNT)</td>
<td>133.9</td>
<td>169.9</td>
<td>151.3</td>
<td>125.2</td>
<td>564.5</td>
</tr>
<tr>
<td>Revenues / year (millions of USD)</td>
<td>2.2</td>
<td>2.8</td>
<td>2.5</td>
<td>2.1</td>
<td>9.7</td>
</tr>
<tr>
<td>Drivers</td>
<td>10</td>
<td>4</td>
<td>8</td>
<td>30</td>
<td>51</td>
</tr>
<tr>
<td>Other personal in the trains</td>
<td>20</td>
<td>8</td>
<td>10</td>
<td>0</td>
<td>33</td>
</tr>
<tr>
<td>Cost for 1 member of staff (USD / year)</td>
<td>3000</td>
<td>3000</td>
<td>3000</td>
<td>3000</td>
<td></td>
</tr>
<tr>
<td>Cost of personal / year (millions of USD)</td>
<td>0.1</td>
<td>0.8</td>
<td>0.3</td>
<td>0.1</td>
<td>0.3</td>
</tr>
<tr>
<td>Quantity of energy / year (millions of kWh)</td>
<td>3.0</td>
<td>1.1</td>
<td>1.5</td>
<td>2.5</td>
<td>8.5</td>
</tr>
<tr>
<td>Price kWh ($)</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Cost of energy / year (millions of USD)</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Maintenance cost / year (millions USD)</td>
<td>0.6</td>
<td>0.2</td>
<td>0.2</td>
<td>0.5</td>
<td>1.5</td>
</tr>
<tr>
<td>Staff in the stations x ticketing system (millions of USD)</td>
<td>0.2</td>
<td>0.2</td>
<td>0.2</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Overhead costs (millions of USD)</td>
<td>0.2</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.5</td>
</tr>
<tr>
<td>Total cost / year (millions of USD)</td>
<td>1.3</td>
<td>0.6</td>
<td>0.3</td>
<td>0.9</td>
<td>3.1</td>
</tr>
<tr>
<td>Operational Margin without track cost &amp; Capital costs</td>
<td>1.0</td>
<td>2.2</td>
<td>2.2</td>
<td>1.2</td>
<td>6.6</td>
</tr>
<tr>
<td>Operational Margin without track cost &amp; Capital costs</td>
<td>43%</td>
<td>78%</td>
<td>87%</td>
<td>58%</td>
<td>68%</td>
</tr>
<tr>
<td>Total &quot;track&quot; cost / year (millions of USD)</td>
<td>1.2</td>
<td>0.4</td>
<td>0.3</td>
<td>1.0</td>
<td>2.9</td>
</tr>
<tr>
<td>Operational Margin without Capital costs / year</td>
<td>-0.2</td>
<td>1.8</td>
<td>1.9</td>
<td>0.2</td>
<td>3.6</td>
</tr>
</tbody>
</table>

The P&L presented before is without any investment. It is considered that the rail operator has to give back the money used for rolling stock investment. Note that if it is supposed $50m of rolling stock cost, yearly cost is around $3m. With benefit of around $3.6m each year, profit including capital cost of rolling stock is around $0.6m for around $10m of turnover (6-7% of margin).
Table 12: P&L with capital cost of rolling stock

<table>
<thead>
<tr>
<th>All figures are for both directions</th>
<th>Thimphu North - Paro</th>
<th>Thimphu South - Phuentsholing (passengers)</th>
<th>Thimphu - Phuentsholing (freight)</th>
<th>LRT Thimphu</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Length of line (km)</td>
<td>48</td>
<td>97</td>
<td>97</td>
<td>8.5</td>
<td></td>
</tr>
<tr>
<td>Travel time (hour)</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>0.5</td>
<td></td>
</tr>
<tr>
<td>Service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trains / day</td>
<td>40</td>
<td>6</td>
<td>6</td>
<td>190</td>
<td>242</td>
</tr>
<tr>
<td>Days / year</td>
<td>310</td>
<td>285</td>
<td>250</td>
<td>220</td>
<td></td>
</tr>
<tr>
<td>Millions trains.km / year</td>
<td>0.6</td>
<td>0.2</td>
<td>0.2</td>
<td>0.5</td>
<td>1.5</td>
</tr>
<tr>
<td>Thousands of trucks / year</td>
<td>12.4</td>
<td>2.2</td>
<td>3.1</td>
<td>25.5</td>
<td>47.2</td>
</tr>
<tr>
<td>Commercial speed (km/h)</td>
<td>48</td>
<td>97</td>
<td>49</td>
<td>17</td>
<td>111</td>
</tr>
<tr>
<td>Passengers (or tons) / train</td>
<td>75</td>
<td>200</td>
<td>500</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Passengers (or tons) / day</td>
<td>3000</td>
<td>1200</td>
<td>3000</td>
<td>19000</td>
<td>26100</td>
</tr>
<tr>
<td>Actual passengers (or tons) / day</td>
<td>6000 (2000 cars)</td>
<td>Unknown</td>
<td>2000 tons (100 trucks)</td>
<td>36000 by (tconvibus)</td>
<td></td>
</tr>
<tr>
<td>Millions of passengers (or ton) / year</td>
<td>0.9</td>
<td>0.4</td>
<td>0.8</td>
<td>5.9</td>
<td>8</td>
</tr>
<tr>
<td>Millions passengers.km (or ton.km) / year</td>
<td>45</td>
<td>42</td>
<td>75</td>
<td>25</td>
<td>118</td>
</tr>
<tr>
<td>Price - km (BTN)</td>
<td>3</td>
<td>4</td>
<td>2</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Revenues / year (millions of BTN)</td>
<td>133.9</td>
<td>169.9</td>
<td>151.3</td>
<td>125.2</td>
<td>569.1</td>
</tr>
<tr>
<td>Revenues / year (millions of USD)</td>
<td>2.2</td>
<td>2.8</td>
<td>2.5</td>
<td>2.1</td>
<td>5.7</td>
</tr>
<tr>
<td>Drivers</td>
<td>10</td>
<td>4</td>
<td>8</td>
<td>30</td>
<td>59</td>
</tr>
<tr>
<td>Other personal in the trains</td>
<td>20</td>
<td>8</td>
<td>10</td>
<td>0</td>
<td>31</td>
</tr>
<tr>
<td>Cost for 1 member of staff (USD / year)</td>
<td>3000</td>
<td>3000</td>
<td>3000</td>
<td>3000</td>
<td></td>
</tr>
<tr>
<td>Cost of personnel / year (millions of USD)</td>
<td>0.1</td>
<td>0.9</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Quantity of energy / year (millions of kWh)</td>
<td>3.0</td>
<td>1.1</td>
<td>1.5</td>
<td>2.5</td>
<td>8.1</td>
</tr>
<tr>
<td>Pric kWh ($)</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td></td>
</tr>
<tr>
<td>Cost of energy / year (millions of USD)</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.4</td>
</tr>
<tr>
<td>Maintenance cost / year (millions of USD)</td>
<td>0.6</td>
<td>0.2</td>
<td>0.2</td>
<td>0.5</td>
<td>1.5</td>
</tr>
<tr>
<td>Staff in the stations + ticketing system (millions of USD)</td>
<td>0.2</td>
<td>0.2</td>
<td>0.0</td>
<td>0.5</td>
<td></td>
</tr>
<tr>
<td>Overhead costs (millions of USD)</td>
<td>0.2</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.5</td>
</tr>
<tr>
<td>Total cost / year (millions of USD)</td>
<td>1.8</td>
<td>0.6</td>
<td>0.3</td>
<td>0.9</td>
<td>3.1</td>
</tr>
<tr>
<td>Operational Margin without track cost &amp; Capital costs</td>
<td>1.0</td>
<td>2.2</td>
<td>2.2</td>
<td>1.2</td>
<td>6.6</td>
</tr>
<tr>
<td>Operational Margin without track cost &amp; Capital costs</td>
<td>43%</td>
<td>78%</td>
<td>87%</td>
<td>50%</td>
<td>68%</td>
</tr>
<tr>
<td>Total &quot;track&quot; cost / year (millions of USD)</td>
<td>1.2</td>
<td>0.4</td>
<td>0.3</td>
<td>1.0</td>
<td>2.9</td>
</tr>
<tr>
<td>Operational Margin without Capital costs / year</td>
<td>-0.2</td>
<td>1.8</td>
<td>1.9</td>
<td>0.2</td>
<td>9.6</td>
</tr>
<tr>
<td>Rolling stock capital Cost / year</td>
<td>0.7</td>
<td>0.3</td>
<td>0.3</td>
<td>1.7</td>
<td>3.0</td>
</tr>
<tr>
<td>Operational Margin / year (%)</td>
<td>40%</td>
<td>51%</td>
<td>62%</td>
<td>-69%</td>
<td>7%</td>
</tr>
</tbody>
</table>
During the Life of the Project

About growth of cost, one assessment is done about the efficiency of the operator: it will increase and trains will be more loaded. 50 years after commissioning, it is supposed that load will be two times higher.

**Table 13:** P&L at commissioning and 50 years after

<table>
<thead>
<tr>
<th></th>
<th>Yearly GDP Growth of 2%</th>
<th>Yearly GDP Growth of 4%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Millions trains.km / year</td>
<td>1,5</td>
<td></td>
</tr>
<tr>
<td>Millions passengers.km (or ton.km) / year</td>
<td>137,8</td>
<td></td>
</tr>
<tr>
<td>Revenues / year (millions of USD)</td>
<td>9,7</td>
<td></td>
</tr>
<tr>
<td>Total operation cost / year (millions of USD)</td>
<td>3,1</td>
<td></td>
</tr>
<tr>
<td>Track costs / year</td>
<td>2,9</td>
<td></td>
</tr>
<tr>
<td>Capital cost for rolling stock / year</td>
<td>3,0</td>
<td></td>
</tr>
<tr>
<td>Operational Margin / year (%)</td>
<td>0,7</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Millions trains.km / year</td>
<td>2,7</td>
<td></td>
</tr>
<tr>
<td>Millions passengers.km (or ton.km) / year</td>
<td>505,5</td>
<td>1334,8</td>
</tr>
<tr>
<td>Revenues / year (millions of USD)</td>
<td>26,0</td>
<td>68,7</td>
</tr>
<tr>
<td>Total operation cost / year (millions of USD)</td>
<td>5,7</td>
<td>12,6</td>
</tr>
<tr>
<td>Track costs / year</td>
<td>5,4</td>
<td>11,8</td>
</tr>
<tr>
<td>Capital cost for rolling stock / year</td>
<td>5,5</td>
<td>12,0</td>
</tr>
<tr>
<td>Operational Margin / year (%)</td>
<td>9,4</td>
<td>32,3</td>
</tr>
</tbody>
</table>

The growth of benefit is illustrated below:

**Figure 61:** Projected growth of the benefit
Assumptions around Socio-Economic Considerations

A complete socio-economic study will be done in the feasibility study. In this pre-feasibility study, we give some elements about socio-economic benefits of the project. We expose what is a socio-economic study in the paragraphs below.

Without specific norm, we will suppose:

- Socio-economic value of life. The socio-economic value of life is correlated to GDP. Regarding GDP and European value of life, we obtain a value of life of 500 000$ (and 200 000$ for injured people)

- Time Savings. Regarding GDP and European values of time, we obtain value of time of 2 $ / hour.

Public transport market share is 25% in Thimphu and along the corridors. We will summarize the most important socio-economics benefits for the first year of operation:

1. Safety: In 2015, statistics give figures of 99 died people and 373 injured people (source Road Safety and Transport Authority / Ministry of Information and Communication). If we suppose market share of 25% with public transport, we obtain a reduction of 25 died people and around 90 injured people. Thus, regarding safety, we estimate savings of 35 M$ / year. Detail of the computation is done below:

<table>
<thead>
<tr>
<th></th>
<th>Safety</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of People</td>
</tr>
<tr>
<td>No. Deceased</td>
<td>25</td>
</tr>
<tr>
<td>No. Injured</td>
<td>90</td>
</tr>
<tr>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>

2. Pollution: We estimate the number of people died due to air pollution each a year. If we consider European statistics, we see that number of people who died by road fatalities are the same that people who died by pollution of the road. So, we can consider that it could be same for Bhutan.

We obtain a reduction of 25 died people and around 90 injured people, so around 35 M$ / year.
3. Time savings: We suppose that passengers of Thimphu will gain 10 min, passengers on Paro – Thimphu will gain 30 minutes and passengers on Phuentsholing – Thimphu will gain 4 hours. Time savings will be around 3 million hours. We obtain around $7m/year. Explanation of the computation is below:

<table>
<thead>
<tr>
<th></th>
<th>Time saving per trip</th>
<th>Millions of Travelers</th>
<th>Millions of hours</th>
<th>Millions of $</th>
</tr>
</thead>
<tbody>
<tr>
<td>LRT</td>
<td>0.2</td>
<td>5.9</td>
<td>1.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Line to Paro</td>
<td>0.5</td>
<td>0.9</td>
<td>0.5</td>
<td>0.9</td>
</tr>
<tr>
<td>Main line</td>
<td>4.0</td>
<td>0.4</td>
<td>1.8</td>
<td>3.5</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>7.3</td>
<td>3.2</td>
<td>6.4</td>
</tr>
</tbody>
</table>

The minimum socio-economic benefits are around $80 million/year for the first year of operation.
Considering a 50 year timeframe the socio-economics benefits will grow like traffic. Growth of socio-economics benefits is illustrated below:

**Figure 62**: Complete socio-economic results
Appendix A: Understanding a Rail Based Transport System in Bhutan

Note: This section has been written by Julien Gaudremeau and Frederic Tardif from Rail Concept.

Overview

The current transportation system in Bhutan is not sustainable:

- With almost 99 people deceased and 373 injured in 2015 (source: Road Safety and Transport Authority), the road is very dangerous. With road traffic intensifying, car fatalities will increase;

- Given the large number of trucks and cars on the two main roads (Phuentsholing – Thimphu and Paro – Thimphu), pollution is increasing and deteriorates the quality of life in Bhutan. Pollution is also fatal, and a publication of International Energy Agency reports than in China and India, pollution (created by cars and industry) do more than 100 deaths each year per 100 000 people.

- Because of the mountainous landscape, travel times are long and journeys are unsafe. From the border town of Phuentsholing to the capital City of Thimphu, travel time is almost 6 hours for 171 kilometres of roads.

Bhutan has the capacity to dramatically improve the quality and safety of its transportation system with the construction of a railway. Indeed, rail systems offer:

- Safety: Railways are 30 times safer than roads;

- Low pollution: Trains consume 10 times less energy than road vehicles. Especially electric trains will not use fossil energy.

- Faster travel time: For example, travel time from Phuentsholing to Thimphu can be reduced from 6/8 hours to around 1 hour and half.

A rail system will also:

- Increase the employment opportunity and quality of local labour. Bus drivers will for example be able to become train drivers, job with more qualification than bus driver. Travel distances and times for trucks drivers would be shortened, as a part of the freight transport can be done by rail. New jobs will be created in rail system: train drivers, train conductors, person in the
stations, personal in the workshops, personal in the office of the rail company. Just for personal
on the trains, we estimate creation of around 100 jobs.

- Decrease the cost of transportation for goods, because freight train will be able to carry higher
quantity of goods than trucks, and for lower price. Manufactured goods from India will be less
costly to import and price will decrease. Therefore, the purchasing power of Bhutanese people
will increase.

The solution that we propose is a complete system where each part complements the others:
Figure 63: Proposed railway system in Bhutan (first phase)
The railway network for Bhutan would broadly compose of three components:

1. A railway from the border town of Phuentsholing (with possible connection to the Indian Rail Network) to Thimphu. This is the main line of around 100 kilometers

2. A railway from Thimphu serving Paro Airport and Paro town via the junction at Chuzom and connecting with the main line. This junction line from Chuzom and to Paro will be around 20 kilometers. The complete distance from Thimph south to Paro will be around 40 kilometers.

3. A light rail serving Thimphu. This is the urban line of around 10 kilometers

The backbone of this system is the railway from the bordering town of Phuentsholing to Thimphu. It will allow freight and passengers trains. It will allow other lines to connect to it. It will earn the highest revenues for the network.

Such systems allow three main services:

1. Freight trains and passenger trains from the bordering town of Phuentsholing to Thimphu South station

2. Trains from Paro (serving Paro Airport) to Thimphu North, through all the city of Thimphu.

3. Light Rail Transit (LRT) system inside the city of Thimphu. Two lines are planned, with trains every ten minutes. This line will serve the entire city of Thimphu from the South to the North. Fares will be lower than taxi, and the same as urban buses. Travel times will be shorter.

This railway network should be seen like the first step of a complete network inside Bhutan. This network will be able to extend further to the other parts of the country, especially to North (Punakha) and East of country (Trashigang, Samdrup Jongkhar) in the future. That is why it is necessary to think this transportation system like a network and not like separate corridors.
Within Thimphu, the proposed alignment is described below:

**Figure 64**: Proposed alignment in Thimphu
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

The first idea about the configuration of Thimphu urban network is from south to north:

- **A railway main station located in the Southern part of the city**, with heavy railway tracks for freight trains terminating and with tracks continuing to the city center for passengers coming from (or going to) Paro and Phuentsholing;

- A light railway line between the railway main station and the urban main station;

- An urban main station located close to the stadium and the current bus station. This station will be multimodal station with bus station, taxi station, and so on;

- A light railway line inside the city center (along the current main avenue or along the river) from the urban main station to the station close to the golf course;

- An urban station close to the golf course, with the possibility of connection with a second line to go to the urban main station (and reverse). This second line could be along the main avenue or along the river, depending of the choice for the first one.

- An extended line to the northern part of the city to the National Assembly.

This urban network will be completed by **different stopping points, with a headway of about 1 min 30s to 2 min**. At this stage, the calculation of the distance (from Google earth) inside Thimphu gives the results below:

- From railway main station to urban main station = about 5300 meters including 500 m of viaduct to cross the river and the road;

- From urban main station to the golf course station by using the current main avenue = 2000 m including a 150 m viaduct to pass over Thim Chhu river;

- From golf course station to National Assembly station = 1250 m including a 120-m viaduct to pass over Thim Chhu.

**The total distance inside Thimphu city is 8500 meter including 770 m of overpass buildings.**

Different altitudes and elevations taken within Thimphu allow to calculate the difference in elevation between the South and the North, and the height difference is 1.1% which allows to have a great performance for the rolling stock.
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

Except the necessary crossings of Thim Chhu river and the road, there is no technical difficulty to create a new railway light inside Thimphu. However, this will have to be confirmed and validated from the feasibility study. Within Thimphu city centre, regarding the urbanization, the building and the location, we suggest to use the current main avenue. We can also think to put the line near the river, but this will be less central inside the city, and the traffic should be less important. Like majority of tramways in the world, the rail will use the existing road.

Investment is around 1600 – 3200 M$ for infrastructure, around 50M$ for rolling stock. From technical point of view, the line should be a single line, with Indian gauge for the main line (but with third rail from junction to Paro), and international gauge to junction to Paro and within Thimphu. Traffic forecast for the first year of the project is around 7 million of travels (including 5.9 million of travels on LRT within Thimphu) in future rail system in Bhutan, and around 1 million tons of freight. It will be around 110 million passengers.km each year, and around 75 million ton.km each year on the future network. These traffic will increase over the years.

About economy of project, and **if we suppose that operator will invest for rolling stock but not for infrastructure** (around 1600 – 3200 M$), the rail operator will generate a profit of 5 – 10% each year. We summarize the yearly P & L below (for complete detail of the calculation, see part 8)

<table>
<thead>
<tr>
<th>Revenues from traffic (freight &amp; passengers)</th>
<th>9.7 M$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cost (personal, energy, maintenance of rolling stock, overhead cost)</td>
<td>3.1 M$</td>
</tr>
<tr>
<td>Track cost (maintenance of infrastructure)</td>
<td>2.9 M$</td>
</tr>
<tr>
<td>Capital cost for rolling stock</td>
<td>3.0 M$</td>
</tr>
<tr>
<td><strong>Total costs</strong></td>
<td><strong>9.1 M$</strong></td>
</tr>
<tr>
<td><strong>Benefit</strong></td>
<td><strong>0.6 M$</strong></td>
</tr>
</tbody>
</table>

Socio-economic benefits are very high because of the value of safety, as well as from the reduction of pollution and congestion. We summarize the cost and benefits analysis below:

<table>
<thead>
<tr>
<th>Investment for infrastructure</th>
<th>2400M$ (middle point between min and max of investment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the first year of operation</td>
<td>Benefits for the railway company</td>
</tr>
</tbody>
</table>
# Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

<table>
<thead>
<tr>
<th>Benefits about safety</th>
<th>35 M$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit about pollution</td>
<td>35 M$</td>
</tr>
<tr>
<td>Benefits about time</td>
<td>7 M$</td>
</tr>
<tr>
<td><strong>Total benefits</strong></td>
<td><strong>76 M$</strong></td>
</tr>
</tbody>
</table>

For 50 years, with grow up of 4% / year and actualisation of 4%

<table>
<thead>
<tr>
<th>Benefits for the railway company</th>
<th>50M$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits about safety</td>
<td>1750M$</td>
</tr>
<tr>
<td>Benefit about pollution</td>
<td>1750M$</td>
</tr>
<tr>
<td>Benefits about time</td>
<td>350M$</td>
</tr>
<tr>
<td><strong>Total benefits</strong></td>
<td><strong>3800M$</strong></td>
</tr>
</tbody>
</table>

Over 50 years, benefits are around $3.8 billion (with actualisation of 4%, and hypothesis of grow up of 4%), for an investment of $2.4 billion. Project is beneficial for Bhutan with a socio-economic ITR of more than 6%.
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

Bhutan should continue the study with a complete feasibility study. This study should provide:

- Drawings and diagrams for the trace
- Note for operating program with impacts and effects
- Spreadsheet with costs for each installation
- Schedule of works and operations
- Multi criteria analysis method for each scenario to select the best one
- Note for synthesis with detailed cases

At the end of the feasibility study, it will be possible to know:

- What will be the trace (with each specific part);
- Where will be stations;
- What will be the proposed transport plan;
- What will be the cost.

Such study could be done in around one year for around 250 k$. Rail Concept will be able to provide this feasibility study. This study could begin in 2017.
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

General Considerations about Railway Systems

What is (and what is not) a railway system?

Rail transport is a means of conveyance of passengers and goods on wheeled vehicles running on rails, also known as tracks. In railway operations, everything begins with the wheel-rail interface.

1. Metal wheels on metal rails have a significant advantage of overcoming resistance compared to rubber tire wheels on any road surface: the necessary force to move a train at same speed and of same weight is ten times lower than for a truck. In other words, it uses considerably less energy to offer the same service.

2. Guided transportation allows higher speed and higher safety than roads.

This report will discuss all possibilities of a traditional railway system: metal wheel/metal rail. The report will not speak about untraditional railway systems like monorail or magnetic train which represent a tiny part of transportation and which don’t have the advantages of the traditional railway system.

About magnetic trains, they quite don’t exist in the world (only 4 lines in the world, for high speed train from one point to one other without intermediate stop).

Monorail is more frequent technology (even if the part is really tiny compared to classic rail system), which is possible for urban train. The main problem about monorail is that monorail system will be a different system from the classic one which will be used for long-distance services => it will not allow services like the proposed tram-train from Paro to the center of Thimphu. The classic system will be able to integrate all the services in one technology.

Other point which is important to notice is that the classicism of rail system give possibility to Bhutan to use second-hand rolling stock, to have better access to the universal knowledge about rail system.

The different possibilities for rail are:

- Heavy rail for passengers and freight; Heavy urban rail system;
- Light rail:
  - Light rolling stock
  - Light infrastructure
These systems total more than 99% of all the guided systems. They offer enough variety to answer to any situation.
Interesting Figures

Environmental emissions

Rail system is one the most efficient transportation for freight. US Statistics (2010) give the following figure for freight.

**Table 14**: Use of energy for different transportation modes (about freight)

<table>
<thead>
<tr>
<th>Mode</th>
<th>Use of energy (kJ per tonne kilometre)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rail</td>
<td>200</td>
</tr>
<tr>
<td>Trucks</td>
<td>2000</td>
</tr>
<tr>
<td>Air</td>
<td>7000</td>
</tr>
</tbody>
</table>

Rail system is one the most efficient modes of transportation for passengers. European Statistics (2010) give the following figure for passengers.

**Table 15**: Use of energy for different transportation modes (about passengers)

<table>
<thead>
<tr>
<th>Mode</th>
<th>Use of energy (kWh per 100 PASSENGER kilometre)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rail</td>
<td>5 - 10</td>
</tr>
<tr>
<td>Car</td>
<td>60</td>
</tr>
<tr>
<td>Air</td>
<td>50</td>
</tr>
</tbody>
</table>

We see that rail uses around ten times less energy than trucks for freight transportation. We have the same ratio about passenger’s transportation. Moreover, rail allows the use of electricity (without batteries which carries a lot of pollution) which can be produced without carbon (hydro-electricity for example).
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

Safety

Rail systems are very safe compared to road transportation. EU (2012) Statistics are the followings, expressed in fatalities per billion passenger-kilometres, which is the most used unity to express the safety.

Table 16: Risk fatalities per mode of transport in European Union (source: EU transport in figures, 2012, DG MOVE - European commission)

<table>
<thead>
<tr>
<th>Mode</th>
<th>Fatalities per billion passenger-kilometres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air</td>
<td>0.101</td>
</tr>
<tr>
<td>Rail</td>
<td>0.156</td>
</tr>
<tr>
<td>Bus</td>
<td>0.433</td>
</tr>
<tr>
<td>Car</td>
<td>4.450</td>
</tr>
<tr>
<td>Powered two-wheelers</td>
<td>52.593</td>
</tr>
</tbody>
</table>

Trains are around 3 times safer than buses, around 30 times safer than cars.

Cost for passengers and freight

For mountainous or land-locked countries (like Bhutan is), a main part of the cost of the goods come from the cost of transportation. Small trucks (around 15 – 20 tons / truck) which are used in Bhutan cost more to transport one ton than what will do a railway (700 – 1000 tons / train).

It is the same for passengers: the use of personal way of transport (like car, or taxi) or even the use of collective transportation of small capacity cost more to the traveller than train (around 400 travellers / train).

Therefore, the price of these goods will decrease, and the purchasing power of the people will increase.

Technical Points

What is a track?

Track is the structure consisting of the rail fasteners, railroad ties and ballast (slab track) and underlying subgrade. It enable trains to move by providing dependable surface for their wheels to roll.
Regardless of the railway system (heavy rail or light rail system), it is necessary to have a track with similar structure.

Classic track is made up of four main elements.

- The rails
- The sleepers and their fasteners
- The ballast

But the first part of the track is a planar structure which can be a concrete structure such as viaduct and/or tunnel or can be a compacted undercoat and levelled ground.

On the ground, the four parts of the track are installed:

**The ballast** is formed of stones on which the track rests. Its different roles are an indispensable element of the track.

The elements of the ballast form a firm but permeable base to absorb the static and dynamic forces transmitted by train movements and provide an anchorage for the track and allow to reduce noise, to absorb vibrations and to drain the rainwater.

**The sleepers** are laid in the ballast which fixes the track in position.

There are other types of support, especially for viaducts and tunnels, such as concrete slab track.

The sleepers are a fundamental part of the railway. They are placed at right angles to and under the rails and maintain the track alignment and profile.
There are several types of sleeper: Monobloc, twin block, concrete and wood.

Generally, there are 1666 sleepers per kilometre; so the distance between the axis of each sleeper is approximately 60 centimetres.

The sleepers also transfer the weight to the ballast. Concrete sleepers provide better anchorage to the ballast than traditional wooden sleepers.

**The fastening** of the rails on the sleepers is usually comprised of a steel plate placed under the rail on which the rail is fastened by bolts or clips. Rubber isolating pads are often placed between the rail and plate or between the plate and the sleeper, to absorb shocks and reduce noise.

**The rails** serve to support and guide moving trains. There are two main types of rail installation

- The lengths of rail are assembled with mechanical joints such as fishplates
- Continuously Welded Rails (CWR) which are used for modern track.

The advantages of welded rails are improvements to wear on the rolling stock, increase in comfort and reduction in noise. However, this technology has mechanical constraints due to temperature changes.

The rail can serve as transmission lines for systems to detect trains and for the transmission of signalling information. For that, the rails must be isolated from each other.

To allow trains moving from one line to another or to provide protection against incompatible or unsafe routing, there are points and crossing.

There are several types of points and crossings with switches, turnout. But the fundamental philosophy for points and crossings is: The switch, which is in contact with the stock rail, is referred to as the closed switch and the other switch as the open switch.
Heavy train vs Light train

To understand what is a “heavy train”, we have to note that this type of train is able to run on a normal track for long distance with a dedicated signalling system. As heavy trains it is possible to have passenger trains and freight trains.

For light trains, we have to specify that there are different kinds:

- Tram (or tramway in French language)
- Tram-train

A tramway is a public transport, mostly electrical, running on urban railway at ground level. Generally, tramways run on dedicated tracks except on road junctions.

Trams constitute an urban road transport. Traffic safety is dependent on the driver’s control of the vehicle, as buses. However, there is one significant difference: guiding.

The speed is limited and there is a light signalling system.

Tram-train is a modern type of train, which is able to run on normal track, between cities, as a heavy train, but it is able to run on tramway track, inside the city.

Connections between urban tram network and heavy railway lines offer customers rail travel service between outer suburban areas and city centres with no change of vehicle, at reduced investment and operating costs.

Tram-train rolling stock is designed for operation on two types of sites:
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

- On urban sites with dedicated ways or on ordinary road with road vehicles;
- On normal railway lines, with variations depending on the type of infrastructure.

For heavy trains and light trains running on the same part of the track, there is no difference; track, electrical power and signalling system under control of a single command and control centre are the same.

Light trains can run on the same track as heavy trains but the reverse situation is not possible! Heavy trains are not able to run on a light track.

Except the type of rolling stock, there are two advantages with light rail:

- Trains running on line but also within Thimphu network. Passengers will stay on the same train from Paro to centre of Thimphu.
- Less expensive

What about the powering of the rolling stock?

There are two ways of powering rolling stock. Vehicles may be self-contained carrying their own supply of fuel, or the line may be electrified.

**Autonomous self-contained traction**

When this type of traction is used, the fossil fuel is supplied at the railway depot.

The main advantage of this type is that the infrastructure is reduced to the necessary supply points to provide diesel fuel.

The inconveniences are that the available power is more limited and for sustainable development trains produce greater noise and exhaust fumes. Rolling stock maintenance costs for self-contained traction are also higher than for electrical power.

**Electric traction**

There are many systems with different types of voltage, power supplies and electrical frequencies.

For electric traction, power supply is taken from the national supply grid directly to the railway substations. Then, energy is supplied to the trains either by an overhead catenary or by a third rail system.
Amongst the advantages of electrical traction are that it allows a higher rated power supply to be provided to the rolling stock and local pollution and maintenance costs are reduced. Electric traction is not dependent on supplies of fossil fuel.

Today, the majority of new railway lines are electrified.

Continuing price rises in oil fuel and consideration of other factors such as sustainable development makes electrification project more attractive.

The following advantages are obtained with electrification:

- Operating speeds are higher;
- Optimization of the use of the rolling stock;
- Reduction in the risk of fire onboard the trains;
- Reduction of fumes within the tunnels;
- Reduction of noise and vibrations.
- Reduction of emission

Regarding the situation in Bhutan to reach a sustainable development and be the world’s first carbon negative country and due to the capacity to supply electrical hydropower (compared to the fuel imports), this study is done with the hypothesis of electrical traction.

**Railway operation**

The structure of a railway system is distinguished by its nodes, crossing points and junctions and by stations where passengers can board or disembark trains and for handling freight traffic. Between those nodes are lines which may be single lines or with multiple tracks such as double lines.
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

It is obvious that a single line is less expensive than a double line, but we will have to compare the two systems which are daily efficiently used all around the world.

From the first analysis, railway in Bhutan will be single line. Such system will provide enough capacity for the trains. Even if railway in India is double track, it will be no problem at the border.

**Single line**

On single lines there is a major risk of trains travelling in opposite directions on the same section. The functions of keeping trains separated and preventing possible head-on collisions are controlled by a signaller. It is also possible to have reversible lines where the functions are performed automatically by the signalling system.

To allow trains to pass each other safely and to allow quicker trains to overtake slower trains, loops are installed at regular intervals.

In France, there are two types of configuration:

- Left hand operating loop. Trains always circulate, in stations, on the left hand track. Speed is limited by the switch and the curve leaving the station.

![Figure 70: Left hand operating loop](image)

- Direct operation through the loop. Trains can operate at the maximum speed on the direct through line.

![Figure 71: Direct operation trough the loop](image)
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

On a single line, the capacity for the number of train is limited.

**Double line**

**On double lines**, trains circulate on the same line in the same direction at all times. The objective is to separate trains. With this kind of line, if necessary (especially in case of an incident), it is possible to circulate in both directions on one line only.

Connections are provided to allow trains to transfer from one track to another.

![Figure 728: Possibilities for train running on a double line](image)

**Signalling system**

Regardless of the final system selected, the Bhutan railway must be an efficient system with modern signalling technology, with two objectives: Safety and efficiency.

It should be noted that railway operations present five major issues:

- Protection of a train from another in the same direction
- Protection against a train from a converging route
- Protection against a train travelling in the opposite direction on the same track
- Derailment
- Road level crossing

Some examples are shown below:

![Figure 73: Risk of catching in the same direction](image)
On line, between Thimphu, Paro and Phuentsholing, the signalling system for a single line could be the same as the one used in the French Alps between France and Switzerland. The system uses radio and automatic control of the number of axles and light signalling. Trains must stop at each station where it is possible to have two tracks with access from each side on the left track to allow crossing and to avoid head to head (see figure above).

The command and the control of the line is done from a control centre which could be located within the main station. For trains passing through the station or before leaving a station, the driver of the train asks the command control centre which verifies, from panel control, if the line is free. Then he allows, by giving a code, the train to leave. The driver inserts the code within his computer and, if it is ok, the train can leave the station. This system does not need an operator at each station and can operate from the command control centre.

Within Thimphu, the signalling system could be an urban system as used for tramway with lights and signals to protect the switches but also the road crossing. For the final system, there will be an obvious coherence between the system for the line and the system within Thimphu urban network to allow to have a single command and control centre.

If we suppose trains from 5 am to 10 pm, it is necessary to have one operator from 5 am to 9 pm for 2 shifts inside the control centre and within each station such as Paro, Phuentsholing and the junction. Because of absence, illness, and so on, it will be necessary to have 3 operators in control center, and in each station of Paro, Phuentsholing and junction.
If we suppose trains all the day (24 hours), which can be necessary for freight train, it will be necessary to have 5 operators in control center, and in each station of Paro, Phuentsholing and junction.
Appendix B: Overview of Assumptions around Economic Considerations

Note: This section has been written by Julien Gaudremeau and Frederic Tardif from Rail Concept.

**Investment**

There is two main investments:

- The infrastructure
- The rolling stock

In this study, we suppose that rolling stock will be paid by the railway company (which can be public or private). Part 4.4.5 give explanations about financing of infrastructure.

**Railway economics**

Railway economics involve three main actors:

- The state (and all the public entities)
- The railway companies:
  - Railway operators
  - Rail Infrastructure Managers
- The travellers (for passenger trains) and the customers (for freight transportation)

From a socio-economical point of view, we add also the travellers from other modes of transportation, the companies of other modes of transportation, the “third parties” which include the non-travellers which will benefit from externalities (increase of safety, decrease of noise, decrease of pollution...)

Railway economics are based on the balance of the operators and the infrastructure manager (which can be the same company as the railway operator). In the following part, we will summarize the exchanges between the actors and explain the balance of the actors:

1. Everything begins from the passengers and the customers of freight transportation. They will provide the revenues of the rail operators. The quantity of passengers depends of two main factors:
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

a. The population and the wealth of the population. The more population there is and the wealthier the population, the more traffic there will be

b. The quality of transportation. The better the transportation system will be (time, price, comfort), more traffic there will be. The market share of transport will also depend on the relative quality of each mode of transportation

⇒ Traffic is a question of market

2. The first balance which is computed is the revenues and costs of the railway operator (RO). The railway operator is the owner of the rolling stock (but not of the infrastructure). His revenues come from traffic, his costs come from the quantity of trains he has to operate. The cost is split between operation costs (salary of drivers, price of energy, maintenance of trains, capital cost for train, ...) and track access that the rail operator has to pay to the infrastructure manager.

⇒ Operation costs are question of industrial efficiency

3. The second balance is the revenues and the costs of the railway infrastructure manager (RIM). RIM builds the railway (infrastructure) and is responsible of the maintenance. Both are costs. His revenues come from track access, paid by the railway operator.

4. Because of socio-economics (next page) advantages of railway, the State will compensate for the eventual losses the RO and RIM suffer

For the RO, it can be two compensations:

- About the price of ticket. For example, some social fares can be done. A family could pay only 50% of the full fare and the State would compensate the remaining;

- About the cost. For example, the state will compensate some loss of regional trains which are not profitable in order to develop one territory, or to offer possibility to travel to the population. Such trains are done to develop rural territory, or to develop one part of the country which can be poorer than one other, or more land-locked than one other one.

For RIM, there is also two compensations:

- About the construction of the railway infrastructure, the State could pay a part of the project;
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

- About maintenance cost, the State could pay some maintenance costs.

Why compensate? Because trains have advantages which cannot be expressed in monetary terms. They are socio-economic effects which are summarized in the figure below:

![Figure 76: Socio-economic benefits](image)

The socio-economics effects are for different actors:

1. For railway travellers:
   a. Trains are faster than cars: time savings are an important source of profit;
   b. Trains are more reliable than cars: this reliability is, like time savings, an important source of socio-economical profits
   c. Trains are safer than cars: this safety must also be taken into account in socio-economy
   d. Trains fare are significantly less compare to car and bus; it saves travel cost and freight cost

2. For citizens:
   - Trains are more environment-friendly
   - Trains remove cars and trucks from road => the road becomes safer
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

- Trains will provide employment during the construction phase, and will offer new and more qualified jobs (bus drivers will become train drivers)

- Trains will provide better work conditions in transportation (truck drivers will – for example - drive less further from home)

All these effects are called socio-economics because they are quantified in terms of money for analysis purposes. For example, (French official figures for socio-economics benefits):

- The price of each saved life is 1 million of euros;

- The price of each hour saved for one passenger is 20 euros;

- The price of each saved ton of CO\textsubscript{2} is around 30 euros

**Basics of transportation economics modelling**

**Traffic forecast**

Traffic forecast is the basis of economics transportation study. Traffic forecasts are now generally done by “traffic models”, which are mathematical formulations to forecast future traffic. Traffic forecasts follow the steps below:

1. **Data collection:** existing statistics, or inquiries to know actual traffic for passengers and freight for all modes of transportation

2. **The actual methodology** (from the 1960’s to nowadays) follow the sequential “four-step model”.

- The region to study is divided by zones and population, industries, employment, tourism are determined for each zone

- The four steps are:

  - **Trip generation** which determines the frequency of origins or destinations of trips in each zone by trip purpose, as a function of land use and household demographics, and other socio-economic factors

  - **Trip distribution** matches origins with destinations

  - **Mode choice** computes the proportion of trips between each origin and destination that use a particular transportation mode
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

- Route assignment allocates trips between an origin and destination to a route by a particular mode

Revenues and costs of the system

The balance of each actor is computed following the principles expressed above. This part is in the centre of the whole study, along with the technical study which provides infrastructure cost, and operation studies providing operation costs.

Socio-economics benefits

The main principle is the computation of the net present value (NPV) which is the balance between actual cost and investment and the future benefits. Time value of money dictates that time affects the value of cash flows. In other words, to receive $100 today is not the same as receiving $100 tomorrow (you always prefer the “safe” present). Computation of NPV is done by using the discount rate. For example, a discount rate of 4% means that $100 today will become around $96 in one year, and around $92 in two years. The future earnings will be converted into present values to summarize all the effects over the time.
Summary of Railway Economics Study Approach

The following charts explain the way to conduct a railway economics study:

Figure 77: Railway economic study
Project financing of infrastructure

How to finance a project? Two main ways:

1. Public financing

2. PPP (Public-Private Partnership). A PPP involves a contract between a public sector authority and a private party, in which the private party provides a public service or project and assumes substantial financial, technical and operational risk in the project.

3. Aid and Soft Loans

Part 10 gives the recommendations for financing project.
Appendix C: Notes on Project Financing

Note: This section has been written by Julien Gaudremeau and Frederic Tardif from Rail Concept.

In the previous parts, it is demonstrated that the future railway operator will be able to generate a benefit over the years, even if railway operator invests for rolling stock.

The main question concerns the investment for infrastructure (around 1600 – 3200 M$).

To improve the profitability of the project, it could be interesting to use the infrastructure created by railway to put a power line from Bhutan to India, which will be able for Bhutan to export electricity. Bhutan has a large hydropower potential assessed at around 30,000 MW. With 1480 MW capacity being created till date, just about 6% of this has been exploited. Bhutan has a ready market in India, which is in lack of electricity.

There are three main solutions for financing the project:

1. Public financing. It means that Government of Bhutan will finance the complete project. Regarding the amount of investment, this solution looks not sustainable;

2. PPP. This solution involves a contract between a public sector authority and a private party, in which the private party provides a public service or project and assumes substantial financial, technical and operational risk in the project. The main question about PPP is the question of profitability of the project. This project looks to not have enough internal profitability to be able to interest a private partner.

3. A soft loan. A soft loan is a loan with below-market rate of interest, or loans made by multinational development banks (such as the Asian Development fund), affiliates of the World Bank and government agencies to developing countries that would be unable to borrow at the market rate. This way of financing looks interesting for Bhutan.

For example, (source: Investopedia), Ethiopia received a soft loan from the Chinese government, in September 2012. The Chinese government announced a grant and soft loan package totaling US$23 million to support Ethiopian development activities. The loan is part of China's plan to support Ethiopia and to promote the development of trade between Ethiopia and China. In another example, the Chinese government extended a $2 billion soft loan to Angola in March 2004. The loan was made in exchange for its commitment to provide a continuous supply of crude oil to China. Another
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

eample is the interest free soft loan of Rs. 20 billion given by the Asian Development Bank (ADB) to the government of West Bengal (India) on the condition that it be used for health, education and developing infrastructure.

This project of soft loan should be studied in the feasibility study, with link with hydroelectric power and electricity exportation.
Appendix D: Overview of Feasibility Study Process

Note: This section has been written by Julien Gaudremeau and Frederic Tardif from Rail Concept.

Technical studies

What is the study?
Technical studies will include the following steps:

Evaluation of technical feasibility
This part of the study needs visits on the field, and needs also aerial views (from helicopter and topographic map) to have a better knowledge about the valley and other closed valley. The places to visit are from Phuentsholing to Thimphu, and the connexion to Paro.

Drawing of the trace
This part will allow to see on a topographic map what will be the future line from Thimphu to Phuentsholing, from Paro to Chuzom junction, and within Thimphu city.

Schedule of the proposed works and operations.
Allows to have an estimated planning from feasibility study to the commissioning
- Phasing of the various stages of works and operations.
- Evaluation of costs of the proposed installations
- Evaluation of signaling system for railway operations
- Precise calculation for travel time for each branch and each type of train

From the proposal line, modelling will be done to know the travel time. Modelling will be with Ingetime which is Rail Concept own software. The gradient, the curve and technical characteristics of the rolling stock will be taken into account.

Proposal for transport plan for freight and passengers train
Done from the travel time and the service wished from the Government of Bhutan

To determine the number of trains needed
Allows to calculate the rolling stock
- To propose freight installation close to Thimphu main station and Phuentsholing
- To propose location and cost for building the stations within Thimphu, Paro and Phuentsholing
To propose method to protect the railway from the mountain
For instance, steel safety net to avoid rock falling down.

*Determination of future needs for storage and maintenance of trains*
Rolling stock needs to have light and heavy maintenance (stabling tracks, workshops...)

*Multi criteria analysis*
Method to compare several scenarios (cost, travel time, technical constraints...)

**Deliverables**

Deliverables are:
- Drawings and diagrams for the trace
- Note for operating program with impacts and effects
- Spreadsheet with costs for each installation
- Schedule of works and operations
- Multi criteria analysis method for each scenario to select the best one
- Note for synthesis with detailed cases

During the study, each proposal will be shared with UNCRD technical team and the concerned Ministry in Bhutan coordinating this study. The evaluation of technical feasibility will allow to precisely know the location of the trace (line) and the civil works needed, the length of each part of the track including normal track, tunnel, bridge or overpass, protection from mountain...).

With this analysis it will be possible to calculate a precise cost of the operations.

At the end of the feasibility study, it will be possible to know:
- What will be the trace (with each specific part);
- Where will be stations;
- What will be the proposed transport plan;
- What will be the cost.
Economic studies

What is the study?
Concerning the economic studies, the main ideas are to:

1. Improve the knowledge about traffic forecast. Future traffic will have impact on:
   a. Technical assumptions (number of tracks, number of stations, rolling stock type)
   b. Economic balance and financing project
2. Propose financing project

It will follow the steps below:

Traffic forecast
Traffic forecast will be conducted with the following steps:

1. Data collection. All data concerning actual transportation will be collected, especially concerning number of cars/trucks on the road, main origin – destination, evolution of population, ...
2. Polls to improve data collection.
3. Development of traffic model. The traffic model will allow to forecast rail traffic for freights and passengers. It will be possible to test different scenarios.

Economic balance study
This part of the study will analyse the cost and revenues for railway operator and infrastructure manager (who can be two different entities)

Socio-economic balance study
This part of the study will analyse all cost and benefits of the project.

Financing study
This study will include analyses of the possibilities of financing the project using money from the market. It will provide an optimal plan of projects. The possibilities for the project to be financed by the railways or the government will be assessed at that stage.

Once the phasing has been designed, the Consultant will start in drawing a plan for financing. The first stage will consist in calculating the resulting cash flow derived from the implementation of the
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

Project at a stated date. From that stage, requirements for funding will be identified and presented on a yearly basis, showing a split by main items.

The final stage will encompass the identification of funding sources, both private and public, national and international. The documents produced will enable the respective government concerned to use the findings for further negotiations with international financing institutions in order to carry out feasibility evaluation.

**Deliverables**

Deliverables are:

- Report on the traffic forecast
- Traffic model (Excel model)
- Report on the economic study
- Report on the socio-economic study
- Report on financing project

During the study, each proposal will be shared with UNCRD technical team and Ministries of Bhutan representatives.

At the end of the feasibility study, it will possible to know:

- What will be the traffic for passengers and freight?
- What will be the P&L for rail operator and infrastructure manager?
- What will be the cost and benefits analysis?
- What will be ways to finance the project?
Planning and budget

Planning

The planning will be this one:

<table>
<thead>
<tr>
<th>Technical studies</th>
<th>M1</th>
<th>M2</th>
<th>M3</th>
<th>M4</th>
<th>M5</th>
<th>M6</th>
<th>M7</th>
<th>M8</th>
<th>M9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical visits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drawing of trace</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CAPEX assessments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transportation plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rolling stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Economical studies</th>
<th>M1</th>
<th>M2</th>
<th>M3</th>
<th>M4</th>
<th>M5</th>
<th>M6</th>
<th>M7</th>
<th>M8</th>
<th>M9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traffic forecast</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic studies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Socioeconomic studies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financing projects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Budget

Budget should be around 10 times the budget of the pre-feasibility study, circa $200,000 – 250,000, not including the investigation of environmental and social elements. This budget is to also include $100,000 for the complimentary study of environmental and social considerations along with the design and implementation support for the staging of efforts as outlined previously.
### List of participants in consultation meeting in June 2016

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Name</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lham Dorji</td>
<td>Director General, Road Safety &amp; Transport Authority (RATA)</td>
</tr>
<tr>
<td>2</td>
<td>Kinley Dorji</td>
<td>Mayor of Thimphu Thromde</td>
</tr>
<tr>
<td>3</td>
<td>Mewang Gyeltshen</td>
<td>Director General, Ministry of Economic Affairs (MoEA)</td>
</tr>
<tr>
<td>4</td>
<td>Karma Pemba</td>
<td>CTO Road Safety &amp; Transport Authority (RATA)</td>
</tr>
<tr>
<td>5</td>
<td>Prem P Adhikar</td>
<td>CRTO, Road Safety &amp; Transport Authority (RATA)</td>
</tr>
<tr>
<td>6</td>
<td>Meghraj Aadhikari</td>
<td>Ministry of Works and Human Settlement (MoWHS)</td>
</tr>
<tr>
<td>7</td>
<td>Dorji Wangchuck</td>
<td>PRO, City Bus Service</td>
</tr>
<tr>
<td>8</td>
<td>Sangay Dorji</td>
<td>Manager, City Bus Service</td>
</tr>
<tr>
<td>9</td>
<td>Geley Norbu</td>
<td>CUP, Ministry of Works and Human Settlement (MoWHS)</td>
</tr>
<tr>
<td>10</td>
<td>Sonam Dhendup</td>
<td>Offtg. CAO, Ministry of Information and Communications (MoIC)</td>
</tr>
<tr>
<td>11</td>
<td>Karma Thinley</td>
<td>DCPO, National Environment Commission (NEC)</td>
</tr>
<tr>
<td>12</td>
<td>Tashi Tenzin</td>
<td>EE, Department of Road (DoT)</td>
</tr>
<tr>
<td>13</td>
<td>Tshering Dorji</td>
<td>Sr. PO, PPD, Ministry of Works and Human Settlement (MoWHS)</td>
</tr>
<tr>
<td>14</td>
<td>Pema Tobgay</td>
<td>E&amp;D Ministry of Foreign Affairs (MoFA)</td>
</tr>
<tr>
<td>15</td>
<td>Dorji Wangmo</td>
<td>CPO, PPD Ministry of Works and Human Settlement (MoWHS)</td>
</tr>
<tr>
<td>16</td>
<td>Bhimlal Suberi</td>
<td>CPO, PPD Ministry of Information and Communications (MoIC)</td>
</tr>
<tr>
<td>17</td>
<td>Pema Lhamo</td>
<td>ATO Road Safety &amp; Transport Authority (RATA)</td>
</tr>
<tr>
<td>18</td>
<td>Pema Dema</td>
<td>ATO Road Safety &amp; Transport Authority (RATA)</td>
</tr>
<tr>
<td>19</td>
<td>Ugyen Norbu</td>
<td>TMD, RSTA, MoIC</td>
</tr>
<tr>
<td>20</td>
<td>Khandu Dorji</td>
<td>PPD, MoIC</td>
</tr>
<tr>
<td>21</td>
<td>Tshering Nidup</td>
<td>ICTO, RSTA, MoIC</td>
</tr>
<tr>
<td>22</td>
<td>Leki Choda</td>
<td>TDD, RSTA, MoIC</td>
</tr>
<tr>
<td>23</td>
<td>Sither Dorji</td>
<td>PPD, Ministry of Information and Communications (MoIC)</td>
</tr>
<tr>
<td>24</td>
<td>C.R.C Mohanty</td>
<td>UNCRD</td>
</tr>
<tr>
<td>25</td>
<td>Ganesh Raj Joshi</td>
<td>UNCRD</td>
</tr>
<tr>
<td>26</td>
<td>Charlie Hargroves</td>
<td>Director, Strategic Transitions Group, Australia</td>
</tr>
<tr>
<td>27</td>
<td>Julien Gaudremeau</td>
<td>Rail Concept, France</td>
</tr>
<tr>
<td></td>
<td>Frederic Tardif</td>
<td>Rail Concept, France</td>
</tr>
</tbody>
</table>
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan

References


9 KUENSEL (2015) Indo-Bhutan railway project to be reviewed, KUENSEL, October 6, 2015.


12 CCTV (2016) North China’s Taiyuan will be first in country with only electric taxis, CCTV America, March 3, 2016.

13 Autoblog (2014) BYD gets order for 3,000 all-electric taxis, buses from Hangzhou, China, AutoBlog, 12 May 2014.


15 The Better India (2016) How India’s First Electric Cab Service is Making Bangalore Less Polluted, The Better India, 14 June 2016
Pre-Feasibility Study to Identify Suitable Mass Transit Option in Bhutan


28 Bhutan transport 2040 Integrated strategic Vision
