

## Chair's Summary of Meeting of the Board Directors

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30 September 2005

### **BHUTAN: COUNTRY STRATEGY AND PROGRAM (2006-2010):**

1. Directors endorsed the Bhutan Country Strategy and Program (CSP) for 2006-2010. Directors noted that the CSP was well prepared, carefully reasoned and well justified. Directors appreciated that the CSP had a selective focus, was in harmony with the Government's development priorities and prepared in coordination with other development partners of Bhutan, and demonstrates that it is possible for ADB to have a selective and well defined focus even in its smaller DMCs. Directors appreciated the inclusion of Table 3 in the main text of the CSP showing the main focus areas of other development partners.

2. Directors appreciated the Results Framework and noted that it provided good quantitative indicators for monitoring the results and impacts. One Director suggested that quantification of a few more indicators would have been desirable, and highlighted the need for ADB to support the Government's proposed national monitoring and evaluation plan. Directors indicated that while the CSP contained a well prepared analysis on Gender and Development, more of it should have been reflected in the main text as opposed to being in an appendix. Some Directors also inquired about the likely impact on Bhutan's MDGs as a result of ADB's planned exit from the health sector. One Director expressed concern that with ADB's exit from the Vocational and Technical Education (VTE) subsector, only one major donor would be left in the subsector. Directors appreciated the capacity building thrust of the CSP, but felt that more emphasis could have been given to this aspect, particularly in the non-lending program. Some Directors requested elaboration of the assistance strategy for private sector development and the CAPE recommendation of establishing a resident mission in Bhutan. Several Directors highlighted the importance of regional cooperation and questioned whether ADB should be doing more in this respect.

3. Staff appreciated Directors' support, and in their response noted: that (i) the issue of the resident mission has to be viewed in the context of ADB's Resident Mission Policy Paper, as well as keeping in view the effectiveness and efficiency of a proposed resident mission; (ii) Bhutan is an active member of SAARC and the ADB-supported SASEC initiatives, and a more detailed discussion of regional cooperation initiatives would be available in the forthcoming RCSP for South Asia, and (iii) an assessment of MDGs, which is included in the CSP, shows no adverse impact on Bhutan's ability to achieve the non-income MDGs as a result of ADB's planned exit from the health and education sectors.

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4. Staff also indicated that (i) the Results Matrix would be continually updated and indicators would be further strengthened when the results of the 2005 Census becomes available; (ii) capacity building assistance has been included in the program for supporting the Government's monitoring and evaluation system; (iii) on finalization of the Government's National Human Resources Strategy and revision of the VTE curriculum, if requested by the Government, ADB would consider possible reengagement in the VTE subsector. Regarding Private Sector Development, staff indicated that it is linked with the development of the financial sector in Bhutan, and given the limited options for further expansion of the public sector, ADB will assist the Government in developing an appropriate policy, institutional and business services framework for the development of micro- and small-scale enterprises.