

## CONCEPT PAPERS FOR NONLENDING PRODUCTS AND SERVICES

This appendix contains the concept papers for projected nonlending products.

- (i) Table A3.1: Private Sector Participation in Hydropower Development
- (ii) Table A3.2: Strengthening the Debt Management Capacity of DADM
- (iii) Table A3.3: Development of Payment System
- (iv) Table A3.4: Building a Poverty Monitoring System
- (v) Table A3.5: Energy Efficiency Management
- (vi) Table A3.6: Cluster Technical Assistance for Financial Sector including  
Development of Nonbank Financial Institutions
- (vii) Table A3.7: Renewable Energy and Rural Electrification
- (viii) Table A3.8: Public Sector Financial Management System
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**Table A3.1: Private Sector Participation in Hydropower Development  
Concept Paper**

**Date:** 31 July 2003

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input checked="" type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input checked="" type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Energy Subsector: Electric Power</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Energy Division/South Asia Department</p>										
<p><b>5. Responsible ADB officer:</b> Samuel Tumiwa</p>										
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> ADB's strategy is to support the development of an efficient, self-sustaining, and competitive energy sector to provide sufficient and high-quality power for Bhutan's economic and social development. Given the country's high hydro potential and India's insufficiency of power, hydropower development not only helps meet growing domestic energy demand, it also boosts Government revenue through the export of power. Because hydropower projects require intensive capital investment, the promotion of private sector participation in hydropower development is a high development priority.</p> <p><b>b. Goal and purpose:</b> The goal is to meet growing domestic demand for power, and increase power export to neighboring countries. The purposes are to (i) invite private sector participation in the hydropower sector and (ii) establish and integrate a new company into the power system as an independent power generation company.</p> <p><b>c. Components and outputs:</b> The components are (i) a corporatized entity that owns and maintains the hydropower station, and (ii) a contract between the Druk Hydropower Corporation and the independent power generation company.</p>										

**d. Expected results and deliverables:** The expected results are (i) a "white paper" outlining the Government's policy on hydropower development and investment, (ii) draft bid documents for soliciting bids for development of hydropower project by the private sector, and (iii) other guidelines necessary to promote hydropower industry.

**e. Social or environmental issues or concerns:** Social and environmental issues, if any, should be addressed in the requests for quote and proposals to ensure that the Project conforms with ADB's guidelines.

**f. Plans for disseminating results/deliverables:** A final workshop, based on the draft final report, followed by a tripartite meeting, will be held before termination of the consulting assignment. The final report will include feedback from the workshop and the tripartite meeting.

**7. Proposed executing/implementing agencies:** Druk Hydropower Corporation

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** The TA has been discussed with the Ministry of Trade and Industry, Department of Energy, and other development partners.

**9. Timetable for assistance design, processing, and implementation**

a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CAP 1999

b. Expected date of submission for approval  
 Lending: Not applicable  
 Nonlending (project preparatory): Not applicable  
 Nonlending (other than project preparatory): October 2004

c. Period and duration of assistance  
 Lending: Not applicable  
 Nonlending: 18 months

**10. Financing Plan**

a. For lending  
 Ordinary capital resources: \$  
 Asian Development Fund: \$  
 Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

b. For nonlending  
 No resources required, other than ADB staff  
 ADB's administrative budget: \$  
 Grant TA funds: \$300,000 (TASF)  
 Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

**Table A3.2: Strengthening the Debt Management Capacity of DADM  
Concept Paper**

**Date:** 31 July 2003

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input checked="" type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input checked="" type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Governance, Finance and Trade Division/South Asia Department</p>										
<p><b>5. Responsible ADB officer:</b> V. V. Subramanian</p>										
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> ADB provided a technical assistance grant (TA 3893-BHU) to strengthen the capacity and efficiency of Bhutan's Department of Aid and Debt Management (DADM). The TA commenced during the second week of January 2003 and was completed on 23 February 2003. The consultants assessed debt management needs, which led to the identification of Bhutan's medium and long-term needs. The areas covered were the:</p> <ul style="list-style-type: none"> <li>• Institutional framework for public sector borrowing,</li> <li>• Management information system required for debt management,</li> <li>• Legislative and regulatory framework for borrowing, on-lending, and the issue of guarantees,</li> <li>• Debt and Risk Analyses,</li> <li>• Borrowing Policy and Strategy,</li> <li>• Staffing and Training, and</li> <li>• The Need for Public Debt Management.</li> </ul> <p>Given the short duration of this TA, it is felt that additional consultancy and training support will be required to maintain the momentum and build capacity within DADM to the required standard. Assistance will be required to</p>										

implement the on-lending guidelines and the issue of guarantees that have been proposed, as well as for the preparation of a manual on loan regulations and procedures. Work on debt analysis should be placed on a firm footing in the DADM. The consultants will be required to work with the staff to prepare periodic status reports on debt for distribution to both national and international agencies.

**b. Goal and purpose:** The goal is to build on the outputs of the earlier TA 3893, and further help in improving the debt management capacity within DADM.

**c. Components and outputs:** The components and outputs are to: (i) help establish guidelines for on-lending and the issue of proposed guarantees, and for the preparation of a manual on loan regulations and procedures; (ii) work on debt analysis and help prepare periodic status reports on debt for distribution to both national and international agencies; (iii) develop a long-term strategic development framework for debt management systems based on DADM's requirement and timetable; (iv) review all of the data capture arrangements, the design and implementation arrangements required in the existing spreadsheet base system for debt management, the design linkages with aid management, and the production of periodic reports and tables; and (v) train the staff to maintain accurate databases, and address other systems-related issues.

**d. Expected results and deliverables:** The expected results are help in the development of manuals on regulations and procedures, debt analysis, and reporting systems to meet international standards; help in the development of debt management systems; and training of staff to maintain required databases.

**e. Social or environmental issues or concerns:** None

**f. Plans for disseminating results/deliverables:** Workshops and dissemination through website

**7. Proposed executing/implementing agencies:** Ministry of Finance/Department of Aid Debt Management

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** Continued coordination and participation of DADM and other related agencies.

**9. Timetable for assistance design, processing, and implementation**

a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSPU 2003

b. Expected date of submission for approval  
 Lending: Not applicable  
 Nonlending (project preparatory): Not applicable  
 Nonlending (other than project preparatory): October 2004

c. Period and duration of assistance  
 Lending: Not applicable  
 Nonlending: To be determined

**10. Financing Plan**

a. For lending  
 Ordinary capital resources: \$  
 Asian Development Fund: \$  
 Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

b. For nonlending  
 No resources required, other than ADB staff  
 ADB's administrative budget: \$  
 Grant TA funds: \$300,000 (TASF)  
 Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

**Table A3.3: Development of Payment System  
Concept Paper**

**Date:** 31 July 2003

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input checked="" type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input checked="" type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Finance Subsector: Payment system</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Governance, Finance and Trade Division/South Asia Department</p>										
<p><b>5. Responsible ADB officer:</b> V. V. Subramanian</p>										
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Bhutan has a manual system of payments, clearing, and settlement for clearing checks between banks. The system started in Thimphu for clearing checks between the two commercial banks, then another clearing and settlement system was set up in Phuentsholing. Transfer takes place by courier. The main weaknesses of the system are that it does not cover the entire country, and is slow. The Negotiable Instruments Act is the legal support, and provides the house rules and regulations, for the payment system. But the Negotiable Instruments Act has not been implemented in terms of a regulatory framework or for resolving disputes between private parties in clearing and settlement. Well-developed and efficient payment, clearing, and settlement systems are an essential ingredient for strengthening the infrastructure of financial institutions. Such systems increase efficiency and minimize potential systemic risks. The Project will contribute to financial deepening, private sector development, pro-poor growth, and eventually, poverty reduction.</p> <p><b>b. Goal and purpose:</b> The TA will help the Royal Monetary Authority establish a national payment system to promote financial market and private sector development.</p>										

<p><b>c. Components and outputs:</b> The outputs are: (i) strengthening the clearinghouse, (ii) establishing payments and settlement systems in cities other than Thimphu and Puentsholing, (iii) establishing rules and regulations for the payment clearing and settlement systems, and (iv) training of staff for implementation of the proposed system.</p> <p><b>d. Expected results and deliverables:</b> The expected results are: (i) strengthening of market infrastructure, facilitation of quick transfer of funds, and support for the growth of e-commerce and e-business; (ii) enhancement of staff knowledge of international practices for clearing and settlement; and (iii) a regulatory framework and risk reduction measures.</p> <p><b>e. Social or environmental issues or concerns:</b> Not applicable</p> <p><b>f. Plans for disseminating results/deliverables:</b> Workshops will be held, and relevant staff will be provided study opportunities in Asian countries.</p>
<p><b>7. Proposed executing/implementing agencies:</b> Royal Monetary Authority</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b> Ministry of Finance, Royal Monetary Authority, financial institutions, and private sector.</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSPU 2002</p> <p>b. Expected date of submission for approval  Lending: Not applicable  Nonlending (project preparatory): Not applicable  Nonlending (other than project preparatory): 2004</p> <p>c. Period and duration of assistance  Lending: Not applicable  Nonlending: 2004-2005</p>
<p><b>10. Financing Plan</b></p> <p>a. For lending  <input type="checkbox"/> Ordinary capital resources: \$  <input type="checkbox"/> Asian Development Fund: \$  <input type="checkbox"/> Other:</p> <p>If cofinancing is required indicate sources, and amount sought:  If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending  <input type="checkbox"/> No resources required, other than ADB staff  <input type="checkbox"/> ADB's administrative budget: \$  <input checked="" type="checkbox"/> Grant TA funds: \$200,000 (To be determined)  <input type="checkbox"/> Other:</p> <p>If cofinancing is required indicate sources, and amount sought:  If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

**Table A3.4: Building a Poverty Monitoring System  
Concept Paper**

**Date:** 31 July 2003

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p>    <input type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p>    <input type="checkbox"/> Project preparatory</p> <p>    <input checked="" type="checkbox"/> Other than project preparatory</p> <p>        <input type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input checked="" type="checkbox"/> Institutional development</p> <p>    <input type="checkbox"/> Other:</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Others Subsector: Poverty monitoring</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input checked="" type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development									
<input checked="" type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Development Indicators and Policy Research Division</p>										
<p><b>5. Responsible ADB officer:</b> Olivier Dupriez</p>										
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> In October 2001, ADB signed a poverty reduction partnership with the Government of Bhutan. The agreement states: "It is important for the Planning Commission and the Department of Aid and Debt Management to play a central role both in coordinating the timing and distribution of ministerial and donor initiatives, and in periodically assessing—say, at yearly intervals—the overall results achieved. Over the next few years, and until statistical capabilities have been strengthened, monitoring the impact of poverty reduction programs may have to be mainly qualitative rather than quantitative. Once the statistical capabilities of the Planning Commission (mainly Central Statistical Organization) have been strengthened, it is envisaged that a comprehensive household survey of living standards will be undertaken and subsequently updated at regular intervals." The ongoing TA 3669-BHU (Strengthening the Statistical System) supports the implementation of the comprehensive survey, which will provide a detailed poverty profile and baseline information for subsequent monitoring. Further assistance will be required to develop specific capacities to regularly monitor and measure the impact of poverty reduction policies.</p> <p><b>b. Goal and purpose:</b> The goal is to develop national capacity to monitor poverty and social development at the sub-national level regularly and cost-effectively. The purpose is to generate regular flow of information to better target, design, and assess poverty reduction policies.</p>										

**c. Components and outputs:** Comprehensive living standards survey are too time consuming and costly to be implemented on an annual basis. A monitoring system based on light household and community surveys and collection of administrative data will thus be developed. The components of this system will be (i) development of a master sample frame, (ii) development of survey methodology adapted to the specific needs and technical and financial capacities of Bhutan, (iii) development of a decentralized database system, to be maintained by the statisticians posted in each district, and (iv) additional training of Central Statistical Organization staff in poverty analysis (including impact assessment). The outputs will be (i) annual report on poverty and socioeconomic development, (ii) regular update of socioeconomic indicators, and (iii) availability of a regional database of socioeconomic indicators.

**d. Expected results and deliverables:** Refer to (c).

**e. Social or environmental issues or concerns:** None

**f. Plans for disseminating results/deliverables:** Publication of the annual report on poverty and socioeconomic development is planned. It will be disseminated in hard copy, and on the web sites of Bhutan's Planning Commission and ADB.

**7. Proposed executing/implementing agencies:** Central Statistical Organization (CSO), Planning Commission

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** This TA is the continuation of that provided by ADB to the statistical system (TA-3669). CSO and the Planning Commission have shown a strong commitment and interest in developing their capacities to generate poverty-related information, and specifically requested ADB's help to generate such information at sub-national levels (as a consequence of the decentralization process). CSO has already initiated the generation of regional reports, and has requested ADB assistance for developing a sustainable data dissemination system.

**9. Timetable for assistance design, processing, and implementation**

a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CAP 2000

b. Expected date of submission for approval  
 Lending: Not applicable  
 Nonlending (project preparatory): Not applicable  
 Nonlending (other than project preparatory): 2004

c. Period and duration of assistance  
 Lending: Not applicable  
 Nonlending: 36 months

**10. Financing Plan**

a. For lending  
 Ordinary capital resources: \$  
 Asian Development Fund: \$  
 Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

b. For nonlending  
 No resources required, other than ADB staff  
 ADB's administrative budget: \$  
 Grant TA funds: \$350,000 (TASF)  
 Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

**Table A3.5: Energy Efficiency Management  
Concept Paper**

**Date:** 31 July 2003

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input checked="" type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input checked="" type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Energy Subsector: Electric Power</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Energy Division/South Asia Department</p>										
<p><b>5. Responsible ADB officer:</b> Samuel Tumiwa</p>										
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Power export is Bhutan's largest source of earnings and accounts for about 45% of Government revenues. The sector accounts for some 11% of the gross domestic product (GDP). Domestic energy consumption thus represents opportunity cost to increased earnings. Improving energy efficiency, especially by large consumers of energy, will, therefore, free up more power for export. Improved efficiency by industry will also lower per-unit cost of production and allow Bhutan's products to better compete in an increasingly global marketplace. ADB's strategy is to strengthen the Government's capacity to use the country's power resources efficiently, and to strengthen regional cooperation in the power sector. This TA will address both objectives.</p> <p><b>b. Goal and purpose:</b> The goal is to strengthen the institutional capacity and technical capabilities of the Government to develop policies, regulations, and market-based incentives that promote energy efficiency. The purpose is to develop a policy agenda, with a mix of regulatory and market-based instruments and a sequenced action plan, to promote energy efficiency.</p> <p><b>c. Components and outputs:</b> Components are: (i) the review of policies, regulations, and incentives to promote energy efficiency, and identification of their strengths and constraints; and (ii) the development of a</p>										

comprehensive policy framework to strengthen these policies, regulations, and incentives, and recommendation of a strategy to implement them.

**d. Expected results and deliverables:** The results will be a comprehensive policy framework for energy efficiency, and a sequenced action plan for its implementation.

**e. Social or environmental issues or concerns:** No adverse social or environmental issues are expected.

**f. Plans for disseminating results/deliverables:** The Government and ADB will work with industry groups and other development partners to review the recommended policy framework and action plan.

**7. Proposed executing/implementing agencies:** Ministry of Trade and Industry, Department of Energy

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** The project has been discussed with the Ministry of Trade and Industry, Department of Energy, and also with other development partners in Bhutan.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSPU 2003
- b. Expected date of submission for approval
  - Lending: Not applicable
  - Nonlending (project preparatory): Not applicable
  - Nonlending (other than project preparatory): 2005
- c. Period and duration of assistance
  - Lending: Not applicable
  - Nonlending: 18 months

**10. Financing Plan**

- a. For lending
  - Ordinary capital resources: \$
  - Asian Development Fund: \$
  - Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
  - No resources required, other than ADB staff
  - ADB's administrative budget: \$
  - Grant TA funds: \$400,000 (TASF)
  - Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

**Table A3.6: Cluster Technical Assistance for the Financial Sector including  
Development of Nonbank Financial Institutions  
Concept Paper**

**Date:** 31 July 2003

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p>    <input type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p>    <input checked="" type="checkbox"/> Project preparatory</p> <p>    <input type="checkbox"/> Other than project preparatory</p> <p>        <input type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input type="checkbox"/> Institutional development</p> <p>        <input type="checkbox"/> Other:</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Finance Subsector: Nonbank financial institution</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Governance, Finance and Trade Division/South Asia Department</p>										
<p><b>5. Responsible ADB officer:</b> V. V. Subramanian</p>										
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> The financial sector plays a crucial role in private sector development and economic growth. Four main lessons have emerged from international experience in building institutions: (i) design institutions to complement what exists; (ii) identify institutions that work (and those that do not); (iii) connect communities of market players through open information flows and trade; and (iv) promote competition among jurisdictions, firms, institutions, and individuals. ADB has contributed to the development of the financial sector, particularly the Royal Monetary Authority, commercial banks, the Bhutan Development Finance Corporation, insurance, the pension sector, and capital markets. Promotion of sound market infrastructure is critical to deepen the financial system and build a more resilient financial regime that meets Bhutan's financing requirements. The development of nonbank financial institutions is important for private sector development and economic growth because they complement the banking system and foster competition in the financial sector. Measures need to be taken to further strengthen the regulatory environment by establishing rules and regulations for enforcement of the various Acts that have implications for the financial sector. Development of a more sophisticated credit information bureau, as well as development of the money market, are other immediate measures that will help develop the sector.</p>										

**b. Goal and purpose:** Goals are to: (i) develop a modern, competitive, and diversified nonbank financial sector to improve viability and foster competition; (ii) develop a separate regulatory framework for nonbank financial institutions, and to increase the capacity of market participants; (iii) help develop the money market, (iv) help establish a more sophisticated credit information bureau; and (v) help establish rules and regulations for enforcement of various financial sector related Acts.

**c. Components and outputs:** The TA will include insurance, leasing, housing, and possibly, venture capital. The TA will focus on (i) strengthening the Royal Monetary Authority as a supervisor; (ii) helping establish nonbank financial institutions (such as housing societies, leasing companies, and venture capital); (iii) helping introduce and implement prudential standards and market regulations for the nonbank sector; (iv) evaluating existing nonbank financial institutions' operational and financial viability and the status of their compliance with prudential regulations; and (v) developing a strategy for the nonbank financial sector. The TA will help establish a more sophisticated credit information bureau that incorporates "international best practices," and that meets the specific needs of Bhutan's financial sector in both the short and long terms. This will assist the Financial institutions with their risk assessment and, eventually, help private sector development. Development of the money market will help develop the short-term yield curve and provide benchmarks. Establishing rules and regulations for enforcement of the various Acts will help reduce the risk to the financial system, (which can also include the drafting of the pensions act).

**d. Expected results and deliverables:** Expected results are: (i) expansion of the nonbank financial sector, (ii) systems and procedures for monitoring markets and surveillance of the nonbank financial sector, (iii) reporting requirements and systems to help track market participants' compliance with rules and regulations, (iv) enforcement and prosecution mechanisms to ensure effectivity of regulations, (v) reduction of the risk to the financial system through enforceable rules and regulations for the related Acts (also, to help draft a pensions act), (vi) development of a sound market infrastructure through development of the credit information bureau, and (vii) development of the short end of the market through development of the money market.

**e. Social or environmental issues or concerns:** Not applicable

**f. Plans for disseminating results/deliverables:** Results will be disseminated through workshops and seminars.

**7. Proposed executing/implementing agencies:** Ministry of Finance/Royal Monetary Authority

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** Ministry of Finance, Royal Monetary Authority, nonbank financial institutions

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSPU 2002
- b. Expected date of submission for approval  
 Lending: Not applicable  
 Nonlending (project preparatory): 2005  
 Nonlending (other than project preparatory): Not applicable
- c. Period and duration of assistance  
 Lending: Not applicable  
 Nonlending: 6 months

**10. Financing Plan**

- a. For lending
- Ordinary capital resources: \$
  - Asian Development Fund: \$
  - Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
- No resources required, other than ADB staff
  - ADB's administrative budget: \$
  - Grant TA funds: \$500,000 (To be determined)
  - Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

**Table A3.7: Renewable Energy and Rural Electrification  
Concept Paper**

**Date:** 31 July 2003

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input checked="" type="checkbox"/> Project preparatory</p> <p><input type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Energy Subsector: Rural Electrification</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input checked="" type="checkbox"/> Environmental protection</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input checked="" type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input checked="" type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Energy Division/South Asia Department</p>										
<p><b>5. Responsible ADB officers:</b> Samuel Tumiwa</p>										
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Bhutan has reached a critical juncture in its efforts for rural electrification (RE). RE began in earnest through the Sixth Five Year Plan (1987–1992). ADB has provided assistance for RE through the seventh (1993–1997), eighth (1998–2002), and ninth (2003–2006) five year plans. Each of these have been project loans. The Executing Agency is expected to have enough experience to carry out a sector loan, as this one is envisioned.</p> <p><b>b. Goal and purpose:</b> The goal of the TA is to contribute to poverty reduction by providing access to electrification to rural households, thereby providing an important input to increasing their economic productivity. The primary objective of the TA is to assist in preparing the Bhutan Power Corporation (BPC) to implement a sector loan.</p> <p><b>c. Components and outputs:</b> The TA will prepare a loan with two components: (i) expansion of the current grid network for rural electrification on a techno-economic basis to extend service delivery, and (ii) identification of specific areas that will not be electrified by grid extension and design electrification through micro hydro schemes with small grids or through community or “rooftop” solar photo voltaic systems.</p>										

**d. Expected results and deliverables:** The Government has not yet drafted the 10<sup>th</sup> five year plan, which this loan is envisaged to support. But this loan is expected to assist in electrifying a little more than half of the households that will be targeted for rural electrification through the 10<sup>th</sup> plan.

**e. Social or environmental issues or concerns:** The TA will prepare a poverty intervention project that will target the rural poor. If the loan will impact indigenous people, an indigenous peoples' action plan will be prepared to mitigate any negative impacts. The loan is not expected to cause any involuntary resettlement. Any need for land compensation, if necessary, will be addressed before loan approval. Because of Bhutan's terrain, trees will have to be cleared for the right-of-way of the power lines. But the impact is expected to be minimal, because the distribution lines will be only 33Kv, 11Kv, and LV. A framework Environment Impact Assessment will be prepared for the loan.

**f. Plans for disseminating results/deliverables:** ADB and the Royal Government of Bhutan will include other donors in the dialogue to develop this loan, as parallel cofinancing will be sought. The design of the loan will also include dialogue with district and block, or *gewog* leaders, as well as the beneficiaries, to ensure its appropriateness, especially concerning the renewable energy component.

**7. Proposed executing/implementing agencies:** Department of Energy (DOE) for renewable energy and Bhutan Power Corporation (BPC) for rural electrification

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** ADB has worked extensively with DOE and BPC on three loans and five TA projects. TA No. 3825-BHU: Rural Electrification and Network Extension has also provided assistance to DOE and BPC to implement a sector loan that was designed in a participatory manner to ensure focused targeting of beneficiaries.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSPU 2002
- b. Expected date of submission for approval
  - Lending: Not applicable
  - Nonlending (project preparatory): 2006
  - Nonlending (other than project preparatory): Not applicable
- c. Period and duration of assistance
  - Lending: Not applicable
  - Nonlending: 12 months

**10. Financing Plan**

- a. For lending
  - Ordinary capital resources: \$
  - Asian Development Fund: \$
  - Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
  - No resources required, other than ADB staff
  - ADB's administrative budget:
  - Grant TA funds: \$700,000 (TASF)
  - Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

### Table A3.8: Public Sector Financial Management System Concept Paper

**Date:** 31 July 2003

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Sector development program loan</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p style="margin-left: 20px;"><input type="checkbox"/> Project preparatory</p> <p style="margin-left: 20px;"><input checked="" type="checkbox"/> Other than project preparatory</p> <p style="margin-left: 40px;"><input type="checkbox"/> Economic, thematic, and sector work</p> <p style="margin-left: 40px;"><input checked="" type="checkbox"/> Institutional development</p> <p style="margin-left: 20px;"><input type="checkbox"/> Other:</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Finance Subsector: Public sector financial management</p> <p>b. For project preparatory and lending, classification</p> <p style="margin-left: 20px;"><input type="checkbox"/> Core poverty intervention</p> <p style="margin-left: 20px;"><input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic areas</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;"><input type="checkbox"/> Economic growth</td> <td style="width: 50%;"><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other: {specify}</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other: {specify}	
<input type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other: {specify}										
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Governance, Finance and Trade Division/South Asia Department</p>										
<p><b>5. Responsible ADB officer:</b> V. V. Subramanian</p>										
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> The Government proposes, during the Ninth Five Year Plan, to continue meeting recurrent expenditures with domestic revenues while seeking external assistance for capital investments. The ratio of fiscal surplus to gross domestic product has worsened, from 1% to 6.4% in 2001. The improvement of efficiency of public sector management, and of the fiscal position, is crucial for pro-poor growth. For this purpose there is a need to strengthen the capacity of the Ministry of Finance and Planning Commission in economic and financial management, and in the generation of timely and accurate economic and financial data for policy makers. Comprehensive training is needed to upgrade technology, and strengthen economic and financial management skills. Efficient audit systems and procedures are also needed.</p> <p><b>b. Goal and purpose:</b> Goals are to: (i) reduce the fiscal deficit by improving the system of revenue generation and expenditures; (ii) improve asset management; (iii) strengthen accountability; (iv) improve public disclosure of information; (v) strengthen capacity for planning and budgeting, budget execution, accounting, communication and information systems, data links, training, and human resources management; (vi) develop Government capacity to execute informed decision making and accountability, and (vii) encourage a responsive and efficient public sector.</p>										

**c. Components and outputs:** Components and outputs are to: (i) review the entire process of financial management within the Government, including systems, procedures, information technology, institutions, and capacity; (ii) support better processes for budgeting, accounting, treasury, and audit to make the system more strategic, transparent and accountable. That includes helping develop a medium-term fiscal framework, a public investment program, an inert-governmental finance and expenditure control; and training in budget preparation.

**d. Expected results and deliverables:** The expected results are: (i) strengthened capacity of the Ministry of Finance and Planning Commission in economic and financial management, project planning, budgeting and financial management; (ii) generation of timely and accurate economic and financial data for policy makers.

**e. Social or environmental issues or concerns:** None

**f. Plans for disseminating results/deliverables:** To be determined

**7. Proposed executing/implementing agencies:** Ministry of Finance

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**  
The Ministry of Finance will play a key role, but the other ministries will also be involved.

**9. Timetable for assistance design, processing, and implementation**

a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSPU 2002

b. Expected date of submission for approval  
Lending: Not applicable  
Nonlending (project preparatory): Not applicable  
Nonlending (other than project preparatory): October 2006

c. Period and duration of assistance  
Lending: Not applicable  
Nonlending: 12 months

**10. Financing Plan**

a. For lending  
 Ordinary capital resources: \$  
 Asian Development Fund: \$  
 Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

b. For nonlending  
 No resources required, other than ADB staff  
 ADB's administrative budget: \$  
 Grant TA funds: \$300,000 (TASF)  
 Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

**Table A3.9: Public Utilities Development Project  
Concept Paper**

**Date:** 31 July 2003

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p>    <input type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p>    <input type="checkbox"/> Project preparatory</p> <p>    <input checked="" type="checkbox"/> Other than project preparatory</p> <p>        <input type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input checked="" type="checkbox"/> Institutional development</p> <p>    <input type="checkbox"/> Other:</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Others Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic areas</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input checked="" type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input checked="" type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input checked="" type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input checked="" type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input checked="" type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input checked="" type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Social Sectors Division/South Asia Department</p>										
<p><b>5. Responsible ADB officer:</b> To be determined</p>										
<p><b>6. Description of assistance</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> The Government of Bhutan faces the increasing migration of its rural population to Thimphu and Phuentsholing. Social infrastructures and services are under increasing pressure. The Government wants to retain educated youth in other parts of the country, and to establish an enabling environment for balanced regional development. Thus, the Government has begun to develop social infrastructures and services in 10 towns, with assistance provided by the World Bank (Bhutan Urban Development Project, 1999–2004). Urban infrastructure and services in two cities (Thimphu and Phuentsholing) and one town are currently being upgraded or developed with assistance provided by Danish International Development Assistance (DANIDA). A total of 15 towns, including two regional headquarters, remain without basic utility services.</p> <p><b>b. Goal and purpose:</b> The long-term objective to which the project ensuing from the project preparatory technical assistance (PPTA) is meant to contribute is to assure the well-being of the population in a healthy environment. The purpose of the intervention is to assure that public utilities (solid waste management, water supply, and sanitation) are developed in selected towns. The intervention would complement similar ongoing activities in 11 other towns and thus, contribute to equitable and balanced development throughout Bhutan.</p>										

**c. Components and outputs:** The PPTA will (i) collate and generate all necessary data specific for the selected towns and their environs (ii) prepare town specific feasibility studies for the development of utilities including solid waste management, water supply and sanitation systems; (iii) conduct environmental analyses of the different project components; (vi) prepare human resource development training packages for town administrators and (vii) develop/strengthen utility fee collecting systems.

**d. Expected results and deliverables:** Feasibility studies including environmental assessments.

**e. Social or environmental issues or concerns:** To be determined

**f. Plans for disseminating results/deliverables:** To be determined

**7. Proposed executing/implementing agencies:** To be determined

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**  
To be developed.

**9. Timetable for assistance design, processing, and implementation**

a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSPU 2003

b. Expected date of submission for approval  
Lending: Not applicable  
Nonlending (project preparatory): Not applicable  
Nonlending (other than project preparatory): 2006

c. Period and duration of assistance  
Lending: Not applicable  
Nonlending: 6 months

**10. Financing Plan**

a. For lending  
 Ordinary capital resources:  
 Asian Development Fund:  
 Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

b. For nonlending  
 No resources required, other than ADB staff  
 ADB's administrative budget:  
 Grant TA funds: \$ 350,000 (TASF)  
 Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.