

CONCEPT PAPERS FOR NONLENDING PRODUCTS

This appendix contains the concept papers for the following lending products.

- (i) Table A3.1: Integrated Rural Development
- (ii) Table A3.2: Capacity Building to Implement Environmental Assessment Procedures
- (iii) Table A3.3: Energy Efficiency Management
- (iv) Table A3.4: Implementing the Labor Law

**Table A3.1: Integrated Rural Development
Concept Paper**

Date: 01 June 2004

<p>1. Type/modality of assistance</p> <p><input checked="" type="checkbox"/> Lending</p> <p><input checked="" 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>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture and Natural Resources Subsector: Agriculture sector development</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"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p>3. Coverage</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>4. Responsible division/department: Agriculture, Environment and Natural Resources Division/ South Asia Department</p>								
<p>5. Responsible ADB officer: Marzia Mongiorgi</p>								
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy: In setting the maximization of “gross national happiness” as its overall national objective, the Government of Bhutan identified four major areas to be addressed in its 9FYP. These are (i) economic growth and development, (ii) preservation and promotion of the cultural heritage, (iii) preservation and sustainable use of the environment, and (iv) good governance. Because much of the rural countryside is physically isolated from any meaningful form of market economy, subsistence agricultural practices prevail, and a recent survey showed that at least 20% of the rural population is impoverished. The Government has made considerable efforts to improve health and educational services in rural areas—but this has increased, considerably, the movement of educated youth, searching for gratifying employment, to the main cities of Thimpu and Phuentsholing. The Government expects that unless there is intervention to stimulate the economy of the rural areas, at least 70,000 jobseekers will stream into the cities in the next 5 years. The 9FYP lists physical isolation as a main cause of rural poverty. Inadequate road infrastructure and lack of mechanisms for exchanging goods and knowledge have been identified as the most critical constraints preventing farmers from increasing and diversifying crop production, and from venturing into alternative livelihoods. The Government considers the development of communication infrastructures as top</p>								

priority for establishing an enabling environment for the development of rural small and medium-size enterprises (SMEs), and micro-industry enterprises. Such infrastructure could help retain educated youth in the countryside, and help generate income and reduce poverty.

b. Goal and purpose: The project's long-term objectives are to achieve balanced economic growth, and to contribute to "national happiness." Its purpose is to establish an enabling environment for economic development in rural areas, capitalizing on Bhutan's comparative advantages of a distinct cultural identity, agroclimatic diversity, and a relatively pristine environment. The project's geographic scope will be determined during project preparatory technical assistance.

c. Components and outputs: Project components are the development of (i) farm-to-market roads, suspension bridges, and marketing centers; (ii) agriculture-based and export-oriented SMEs, microenterprises, and cottage industries; and (iii) marketing channels.

d. Expected results and deliverables: Expected project results include (i) increased access to remote and isolated communities; (ii) a shift from subsistence farming to farm-based activities that generate income; (iii) development of SMEs and microenterprises that will add value and quality to raw materials such as farm outputs and nontimber forest products, (iv) increased employment for educated youth; and (v) reduced poverty.

e. Social or environmental issues or concerns: A precondition for achieving the project results is electrification of the target areas in projects funded by ADB and, to a lesser extent, by other funding agencies. Availability of electric power will limit the use of firewood for processing purposes, enable the development of nonresource-based enterprises, and reduce "lean periods" caused by climatic constraints.

f. Plans for disseminating results/deliverables: The project will share results and lessons learned with stakeholders and development partners through appropriate media. At the grassroots level, lessons learned will be disseminated mainly through exchange visit and publications.

7. Proposed executing/implementing agencies: Because of the project's integrated nature, the following implementing agencies will be involved: (i) the Ministry of Agriculture, for the development of farm-to-market roads; (ii) the Department of Roads, for the construction of suspension bridges; and (iii) the Ministry of Trade and Industry, for the development of SMEs and micro-industries. The executing agency has not yet been determined.

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: The project's conceptualization was based on the 9FYP, and was agreed upon by the Ministry of Agriculture, Ministry of Communication, and Ministry of Trade and Industry during the Country Programming Mission in March 2003. Beneficiaries are expected to be involved in the detailed design during the project proposal technical assistance.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: CSPU 2003
- b. Expected date of submission for approval
 - Lending: 2006
 - Nonlending (project preparatory): 2005
 - Nonlending (other than project preparatory): Not applicable
- c. Period and duration of assistance
 - Lending: 5 years
 - Nonlending: To be determined

10. Financing Plan

- a. For lending
 - Ordinary capital resources: \$
 - Asian Development Fund: \$3.7 million
 - Other:

If cofinancing is required indicate amount and sources sought: \$ _____, from _____.
If known, provide cost estimates and financing arrangements.

Source	Amount (\$, million)
ADB Financing	3.7
Government Financing	tbd
Other Financing	tbd
Total Cost	3.7
Source: Staff estimate	

b. For nonlending

No resources required, other than ADB staff

ADB's administrative budget:

Grant TA funds: \$500,000 (TASF)

Other:

If cofinancing is required indicate amount and sources sought: \$____, from _____.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
Total Cost	
Source:	

ADB = Asian Development Bank, CSP = country strategy and program, 9FYP = Ninth Five-Year Plan, RCSP = regional cooperation strategy and program, SME = small and medium-size enterprises, TA = technical assistance.

**Table A3.2: Capacity Building to Implement Environmental Assessment Procedures
Concept Paper**

Date: 01 June 2004

<p>1. Type/modality of assistance</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>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture and Natural Resources Subsector: Environment</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"/> Sustainable economic growth</td> <td><input checked="" type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input type="checkbox"/> Sustainable economic growth	<input checked="" type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input type="checkbox"/> Sustainable economic growth	<input checked="" type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p>3. Coverage</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>4. Responsible division/department: Agriculture, Environment and Natural Resources Division/ South Asia Department</p>								
<p>5. Responsible ADB officer: Sannath Ranawana</p>								
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy: In 1990 the Royal Government of Bhutan adopted the Paro Resolution, committing itself to balancing economic development with environmental protection and sustainable use of natural resources. In 1992 the National Environment Commission (NEC) was established as a high-level policy-making and regulatory agency. An Act to legitimize environmental assessment procedures (the Environmental Assessment Act) was passed in 2000 and corresponding regulations (<i>Regulations for Environmental Clearance of Projects and Regulations for Strategic Environmental Assessment</i>) were adopted in 2002.</p> <p>Initially ADB supported efforts to institutionalize the environmental assessment (EA) process by developing environmental standards, environmental assessment procedures and sectoral guidelines (TA 2531-BHU: Strengthening Environmental Impact Assessment Capabilities and Preparation of Environmental Guidelines in Bhutan, approved on 13 February 1996 for \$350,000). These activities were accomplished in 1999. However subsequent development of the EA Act in 2000 and corresponding regulations in 2002 rendered certain aspects of the sectoral guidelines cumbersome and outdated. Consequently ADB provided assistance (TA 4120-BHU: Strengthening Environmental Sector Capacity, approved in May 2003 for \$150,000) to revise the existing</p>								

sectoral EA guidelines, develop new guidelines for two additional sectors, update environmental standards applicable in Bhutan, formulate Codes of Practice for selected sectors, and disseminate outputs and promote their adoption. These activities were successfully completed in April 2004, ahead of schedule.

With the guidelines in place the onus of implementation rests largely with sector agencies designated as competent authorities under the Act. While most agencies received general exposure to the EA requirements under the TA 4120, they require further in-depth training to implement the procedures. At the same time, EA practitioners, who would assist project proponents in completing the environmental clearance procedures, need to be trained as well. In line with the Government's policy on decentralization, NEC aims to delegate EA responsibility to line agencies and retain a policy development and monitoring role. In this context, a system to monitor EA activities and assess ways to improve efficiency of the process is needed. Finally, the general public needs to be made aware of the EA requirements now being enforced by the Government. These issues will be addressed under the proposed TA.

ADB's Country Strategy and Program 2004 includes provision to support the Government's efforts to promote good governance through (among others) improving environmental enforcement capabilities. A small-scale TA for capacity building to implement environmental guidelines is included as a standby 2004 and firm 2005 project.

b. Goal and purpose: The overall goal is to contribute toward achievement of the millennium development goals in line with the Paro Declaration and five year plans of the country. The immediate objectives are to develop the capacity to implement the Environmental Assessment Act and regulations, improve efficiency of the EA process and improve awareness of the EA requirements.

c. Components and outputs: The expected outputs of the TA are (i) strengthened capacity of competent authorities to implement EA guidelines; (ii) information system to monitor EA process established; (iii) in-country EA training capacity improved; (iv) improved capacity of EA practitioners; and (v) improved awareness of EA requirements.

d. Expected results and deliverables: (i) training modules developed, (ii) EA trainers trained, (iii) information system on EA process established, (iv) EA guidelines translated, (v) EA practitioners and competent authority personnel trained, (vi) information programs developed and disseminated.

e. Social or environmental issues or concerns: Positive environmental impact from improved awareness and implementation capacity.

f. Plans for disseminating results/deliverables: Public awareness programs through various media; training modules through workshops, seminars, and publications.

7. Proposed executing/implementing agencies: NEC Secretariat, competent authorities (i.e., line agencies designated to enforce EA regulations)

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: Discussions with the NEC Secretariat, Ministry of Finance, Department of Aid and Debt Management.

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: CSPU 2004
- b. Expected date of submission for approval
 - Lending: Not applicable
 - Nonlending (project preparatory): Not applicable
 - Nonlending (other than project preparatory): January 2005
- c. Period and duration of assistance
 - Lending: Not Applicable
 - Nonlending: March-December 2005

10. Financing Plan

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

If cofinancing is required indicate amount and sources sought: \$_____, from _____.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
Total Cost	
Source:	

b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget: \$
- Grant TA funds: \$150,000 (TASF)
- Other:

If cofinancing is required indicate amount and sources sought: \$____, from _____.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$ '000)
ADB Financing	150
Government Financing	tbd
Other Financing	tbd
Total Cost	150
Source: Staff estimate.	

ADB = Asian Development Bank, CSP = country strategy and program, EA = environment assessment, NEC = National Environmental Commission, RCSP = regional cooperation strategy and program, TA = technical assistance.

**Table A3.3: Energy Efficiency Management
Concept Paper**

Date: 01 June 2004

<p>1. Type/modality of assistance</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>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Energy Subsector: Energy sector development and reforms</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"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p>3. Coverage</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>4. Responsible division/department: Energy Division/South Asia Department</p>								
<p>5. Responsible ADB officer: Samuel Tumiwa</p>								
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy: 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. Goal and purpose: 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>c. Components and outputs: 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 comprehensive policy framework to strengthen these policies, regulations, and incentives, and recommendation of a strategy to implement them.</p>								

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, RCSP, RCSP 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 amount and sources sought: \$____, from _____.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
Total Cost	

Source:

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 amount and sources sought: \$____, from _____.

If known, provide cost estimates and financing arrangements.

Source	Amount (\$ '000)
ADB Financing	400
Government Financing	tbd
Other Financing	tbd
Total Cost	400

Source: Staff estimate.

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

**Table A3.4: Implementing the Labor Law
Concept Paper**

Date: 01 June 2004

<p>1. Type/modality of assistance</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>2. Assistance Focus</p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Law and Public Sector Management Subsector: National Government Administration</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"/> Sustainable economic growth</td> <td><input type="checkbox"/> Environmental sustainability</td> </tr> <tr> <td><input type="checkbox"/> Inclusive social development</td> <td><input type="checkbox"/> Regional cooperation</td> </tr> <tr> <td><input type="checkbox"/> Governance</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability	<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Gender and development	
<input checked="" type="checkbox"/> Sustainable economic growth	<input type="checkbox"/> Environmental sustainability							
<input type="checkbox"/> Inclusive social development	<input type="checkbox"/> Regional cooperation							
<input type="checkbox"/> Governance	<input checked="" type="checkbox"/> Private sector development							
<input type="checkbox"/> Gender and development								
<p>3. Coverage</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>4. Responsible division/department: Office of the General Counsel</p>								
<p>5. Responsible ADB officer: Caroline Vandenabeele</p>								
<p>6. Description of assistance</p> <p>a. Background/linkage to country/regional strategy: In the second half of the 1990s, the Government of Bhutan started to pay increasing attention to the development of the private sector as the main engine of future income growth and employment generation. Private sector growth and employment generation form one of the main strategic areas of Bhutan's Ninth Five-Year Plan 2002–2007. It is recognized that they will require an effective labor administration system and legal framework emphasizing a suitable balance between the system's role in labor protection and equity, on the one hand, and national development and growth, on the other. The ADB-funded TA 3790-BHU: Institutional Development of the Department of Employment and Labor provided the basis for this by (i) developing a labor administration (LA) policy and master plan for the Ministry of Labor and Human Resources (MLHR), (ii) organizing the first job fair in Bhutan, (iii) providing some on-the-job-training for senior staff of the then Department, and (iv) drafting the Labor and Employment Act. The TA resulted in the creation of MLHR. The LA Policy is to be submitted for endorsement by the Council of Cabinet Ministers before the end of 2004, and the draft Act will be submitted to the National Assembly for passage as Act in its June 2005 session. The MLHR, with financial assistance of the Sustainable Development Secretariat and in furtherance of the work funded under TA 3790-BHU, intends to develop a wage policy and structure, a post-retirement and unemployment benefits scheme as well as a labor inspection manual by December 2005.</p>								

b. Goal and purpose: The goal of the TA is to promote employment of the Bhutanese workforce. The purpose of the TA is to further the work that has been done so far in the area of labor administration and legislation.

c. Components and outputs: The components are (i) tripartite consultation on and drafting of regulations under the Labor and Employment Act. Priority areas identified so far are in occupational safety and health and in legislation related to employment on construction sites. These priority areas are justified in view of ADB support for the construction and operation of the Industrial Estate and Dry Port; (ii) train labor inspectors in labor legislation and in inspection methods and skills; and (iii) develop a clear policy on foreign workers.

d. Expected results and deliverables: The expected results are (i) labor regulations, (ii) 10-15 well-trained labor inspectors, and (iii) a policy document on foreign workers.

e. Social or environmental issues or concerns: Not applicable

f. Plans for disseminating results/deliverables: Distribution of labor regulations through tripartite channels. Distribution of policy document through workshops

7. Proposed executing/implementing agencies: Ministry of Labor and Human Resources

8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance: The TA was identified at the request of the Government. Initial consultations were held with MLHR.

9. Timetable for assistance design, processing, and implementation

a. Year included in CSP, CSP update, RCSP, RCSP update, or interregional work plan: CSPU 2004

b. Expected date of submission for approval
 Lending: Not applicable
 Nonlending (project preparatory): Not applicable
 Nonlending (other than project preparatory): February 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 amount and sources sought: \$ _____, from _____.
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$)
ADB Financing	
Government Financing	
Other Financing	
Total Cost	
Source:	

- b. For nonlending
 No resources required, other than ADB staff
 ADB's administrative budget: \$
 Grant TA funds: \$200,000 (TASF)
 Other:

If cofinancing is required indicate amount and sources sought: \$ _____, from _____.
 If known, provide cost estimates and financing arrangements.

Source	Amount (\$ '000)
ADB Financing	200
Government Financing	tbd
Other Financing	tbd
Total Cost	200
Source: Staff estimate.	

ADB = Asian Development Bank, CSP = country strategy and program, LA = labor administration, MLHR = Ministry of Labor and Human Resources, RCSP = regional cooperation strategy and program, TA = technical assistance.