



Grant Assistance Report

Project Number: 40172
December 2006

Proposed Grant Assistance Kingdom of Bhutan: Rural Skills Development Project (Financed by the Japan Fund for Poverty Reduction)

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 4 December 2006)

Currency Unit	–	ngultrum (Nu)
Nu1.00	=	\$0.02239
\$1.00	=	Nu44.66

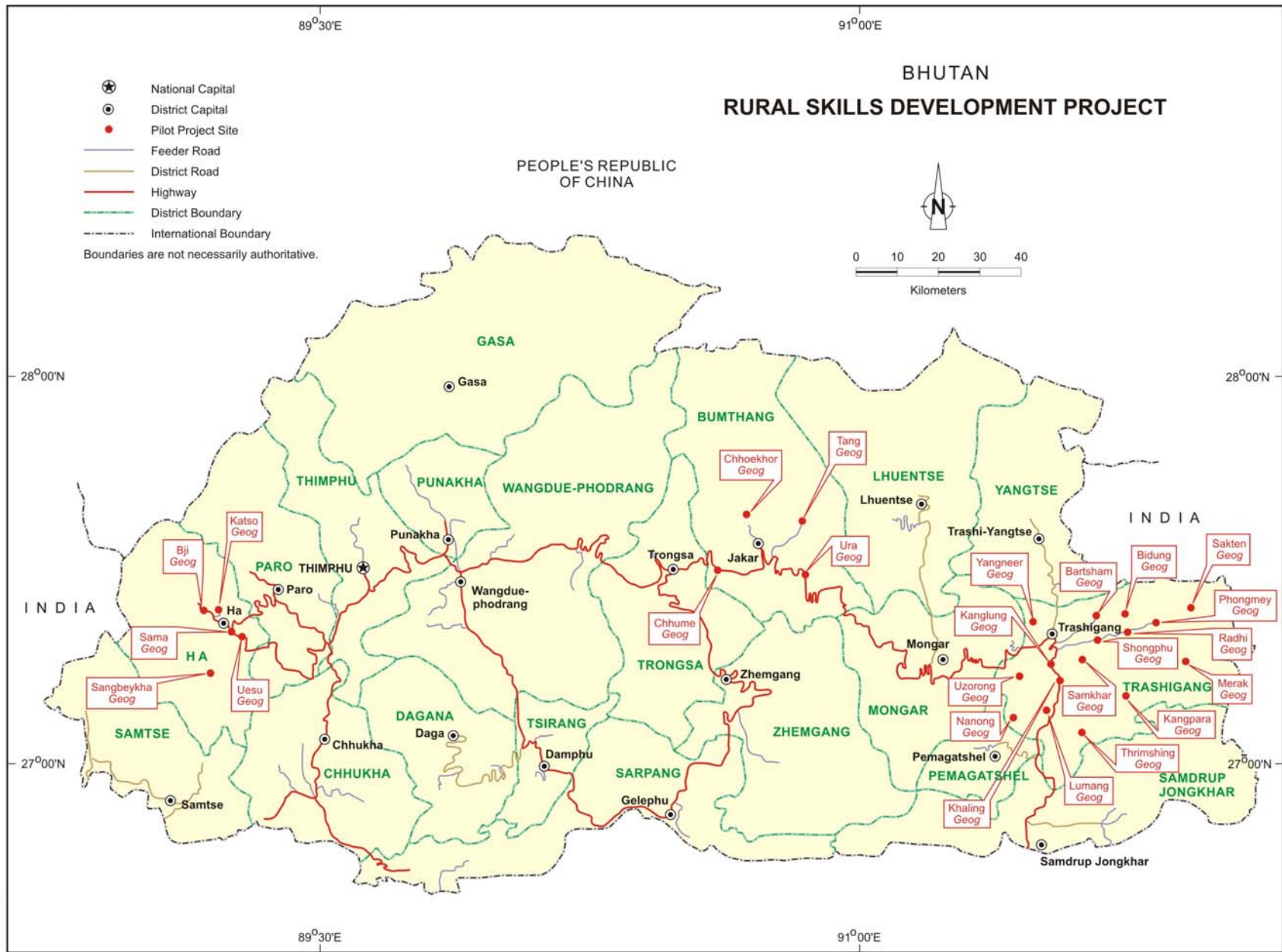
ABBREVIATIONS

ADB	–	Asian Development Bank
BSDP	–	Basic Skills Development Project
CSP	–	country strategy and program
DADM	–	Department of Aid and Debt Management
DBA	–	Department of Budget and Accounts
DHR	–	Department of Human Resources
EA	–	executing agency
GSDP	–	Geog Skills Development Program
GYT	–	<i>Geog Yargay Tshogchung</i>
JICA	–	Japan International Cooperation Agency
LGDP	–	Local Governance and Decentralization Project
MoHCA	–	Ministry of Home and Cultural Affairs
MoLHR	–	Ministry of Labor and Human Resources
OJT	–	on-the-job training
PMU	–	project management unit
RAA	–	Royal Audit Authority
RMA	–	Royal Monetary Authority
VSDP	–	Village Skills Development Program
VTI	–	vocational training institute

NOTES

- (i) The fiscal year of the Government and its agencies ends on 30 June.
- (ii) In this report, "\$" refers to US dollars.

Vice President	L. Jin, Operations Group 1
Director General	K. Senga, South Asia Department (SARD)
Director	H. Kim, Urban Development Division, SARD
Team leader	H. Ikemoto, Urban Economist, SARD



JAPAN FUND FOR POVERTY REDUCTION (JFPR)

JFPR GRANT PROPOSAL

I. Basic Data	
Name of Proposed Activity	Rural Skills Development Project
Country	Bhutan
Grant Amount Requested	\$1,990,000
Project Duration	4 years
Regional Grant	No
Grant Type	Capacity Building

II. Grant Development Objective(s) and Expected Key Performance Indicators

<p>Grant Development Objectives:</p> <p>The objective of the Rural Skills Development Project is to mitigate the degree of poverty among rural Bhutanese—one third of whom are in poverty and who depend solely on subsistence agriculture for their income and daily food—through diversification of income opportunities.</p> <p>The outcome of the Project will be increased net income among poor villagers in pilot <i>geogs</i>^a (groups of villages) through use of acquired basic modern construction skills. The skills will benefit the poor in two ways: (i) new earning opportunities during off-farm seasons in addition to agriculture, and (ii) savings in house repair expenditures, which the poor otherwise have to pay. One villager can receive/save, at least, Nu100 (\$2) per day when offering/applying acquired skills.</p> <p>The outputs will be (i) a new training program, <i>Geog Skills Development Program (GSDP)</i>, for rural areas focusing more on construction and some essential skills; (ii) trained trainers; (iii) provision of the GSDP in <i>geogs</i> during off-farm seasons; and (iv) a computerized graduates registration system. The training programs will be implemented on a pilot basis in 25 <i>geogs</i> in 3 <i>dzongkhags</i> (districts) during the Project, to establish a systematic approach to skills development in rural areas. The Government will replicate the approach in the remaining 175 <i>geogs</i> after the Project.</p> <p>The Project will complement the achievement of the Basic Skills Development Project (Loan 1830-BHU) and Local Governance and Decentralization Project (technical cooperation program of Japan International Cooperation Agency).</p>
<p>Expected Key Performance Indicators:</p> <p>(i) At least 375 poor villagers completed the GSDP.</p> <p>(ii) Average household income and net income of GSDP graduates increased.</p> <p>(iii) All names and acquired skills of GSDP graduates are registered in the database.</p> <p>(iv) At least 75 toilets are built by GSDP trainees in their <i>geogs</i>.</p> <p>(v) At least 5 schoolchildren's hostels or equivalent structures are built by GSDP trainees.</p>

^a Bhutan is divided into 20 *dzongkhags* (districts). Each district also is broken into smaller areas known as *geog*. Each *geog* comprises a number of villages.

III. Grant Categories of Expenditure, Amounts, and Percentage of Expenditures

Category	Amount of Grant Allocated in \$	Percentage of Expenditures
1. Civil Works	84,000	4.2
2. Equipment, Materials and Supplies	409,000	20.6
3. Training, Workshops, Public Campaigns	520,000	26.1
4. Consulting Services	771,000	38.7
5. Grant Management	76,000	3.8
6. Contingencies	130,000	6.5
TOTAL	1,990,000	100.0
Incremental Cost	0	0.0

JAPAN FUND FOR POVERTY REDUCTION

**JFPR Grant Proposal
Background Information**

A. Other Data	
Date of Submission of Application	1 September 2006
Project Officer	Hiroyuki Ikemoto, Economist
Project Officer's Division, E-mail, Phone	Urban Development Division hikemoto@adb.org , (632) 632 6855
Other Staff Who Will Need Access to Edit/Review the Report	Tatiana Gallego-Lizon, Urban Development Specialist Susanne Wendt, Social Development Specialist Leah Gutierrez, Senior Social Sectors Specialist
Sector	Education
Subsectors	Technical education, vocational training, and skills development
Theme	Inclusive social development, sustainable economic growth
Subtheme	Rural development
Targeting Classification	Targeted intervention-H
Was JFPR Seed Money used to prepare this grant proposal?	Yes
Have SRC comments been reflected in the proposal?	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Name of Associated ADB Financed Operation(s)	Loan 1830-BHU: Basic Skills Development Project
Executing Agency	Department of Human Resources, Ministry of Labor and Human Resources, Royal Government of Bhutan
Grant Implementing Agency(ies)	Department of Human Resources, Ministry of Labor and Human Resources, Royal Government of Bhutan Project Management Unit Tel:+975-2-324844 Fax:+975-2-324-846 dhr@druknet.bt , ttobgay@druknet.bt , and ugyenhrd@druknet.bt

B. Details of the Proposed Grant**1. Description of the Components, Monitorable Deliverables/Outcomes, and Implementation Timetable**

Component A	
Component Name	Geog ¹ Skills Development Program (GSDP)
Cost (\$)	1,089,000
Component Description	This component will develop basic modern construction skills adequate for house maintenance and small-scale construction. The skills are those needed for carpentry, electrical house wiring, plumbing and masonry work in the 25 pilot <i>geogs</i> (groups of villages) in <i>dzongkhags</i> (districts) of Bumthang, Haa, and Trashigang. The component will first train 30 GSDP trainers, and then conduct the GSDP for 375 villagers by sending the 30 trainers to the pilot <i>geogs</i> .

¹ Bhutan is divided into 20 districts or *dzongkhags*, each headed by a district officer (*dzongda*) who must be elected. Each district also is broken into smaller areas known as *geog*, led by a locally elected leader called *gup*. Each *geog* comprises a number of villages.

	<p>Skills Assessment. The project management unit (PMU) and instructors of vocational training institutes² (VTIs) will visit each pilot <i>geog</i> to identify (i) the needed level of construction skill, and (ii) appropriate seasons for training. Each pilot <i>geog</i> will nominate at least 15 poor villagers who are interested in skills development through the GSDP (at least 5 trainees in carpentry, 5 in masonry, 2 in electrical house wiring, 2 in plumbing, and 1 in construction planning), based on a consultative process in each <i>geog</i> in line with <i>2004 Manual³ for the Implementation of Geog Yargay Tshogchhung</i> (GYT,⁴ Geog Development Committee) <i>Charthrim</i> (Act). The PMU will facilitate participation of women⁵ in each pilot <i>geog</i> to achieve equal gender proportion in admission. Further, the PMU will facilitate the establishment of a participatory monitoring mechanism in each pilot <i>geog</i> to monitor day-to-day field activities and impacts of the Project.</p> <p>Curriculum, Manuals, and Textbooks Design. The PMU and the instructors of the VTIs will design a training curriculum for the GSDP in line with Bhutan Vocational Qualification, which will enable the nominated villagers to learn construction skills in 3 months. The training curriculum will have three stages: (i) knowledge acquisition on safety, tools, materials, and methods; (ii) practical demonstrations in villages; and (iii) on-the-job training (OJT) in other places. The practical demonstration includes construction of about three toilets⁶ adjacent to public facilities in each pilot <i>geog</i>. Further, trained villagers in each pilot <i>geog</i> will receive an additional 4–6 months OJT in other places during the off-farm season in the following year. Based on the curriculum, training manuals for trainers will be designed and printed.</p> <p>The PMU will also develop a detailed implementation plan, training safety measures, and architectural designs. The PMU will make sure that the techniques and methods included in the curriculum will result in better durability of structures and designs that are gender-friendly and barrier-free.</p> <p>Recruitment and Training of Trainers. The PMU will recruit 30 trainers (10 trainers for carpentry, 10 for masonry, 4 for electrical house wiring, 4 for plumbing, and 2 for construction planning) for delivery of the GSDP for 3.5 years.⁷ The 30 trainers must have skill certificates obtained under Bhutan Vocational Qualification. The PMU will encourage application of women.</p>
--	--

² ADB. 2001. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Kingdom of Bhutan for the Basic Skills Development Project*. Manila (Loan 1830-BHU, approved on 21 June) financed development and expansion of five vocational training institutes (VTIs) and one institute of *Zorig Chusum* (traditional arts and crafts).

³ Royal Government of Bhutan. 2004. *2004 Manual for the Implementation of GYT Charthrim*. Thimphu. Defines the roles and responsibilities of GYTs and provides a set of rules for their activities.

⁴ A GYT is an administrative body of a *geog*. It formulates *geog* development plans within the policy and framework set by national development policy and program guidelines.

⁵ Works are regarded as a gender-neutral activity in Bhutan. The enrollment record for the VTI Chumey (specializing in construction training) in 2003/2004 indicated that out of the 136 students, 54 (40%) were female. Therefore, no discrimination against the female population is envisaged.

⁶ Separate toilets for women and men will be designed and constructed.

⁷ The VTI Chumey, developed under the Basic Skills Development Project, specialized in construction training and has courses on training of trainers.

	<p>Provision of GSDP. The trainers will implement the GSDP in at least 5 to 10 pilot <i>geogs</i> per year during off-farm seasons. A group of trainers will stay in the respective pilot <i>geogs</i> and conduct registration and training in line with the curriculum. The PMU will provide construction uniform, safety goods, equipment, supplies, and materials. Training will be held in <i>geog</i> centers, <i>geog</i> community halls, and/or nearby schools. Before the training starts, pilot <i>geogs</i> will make necessary logistical arrangements for training and accommodation. Through a consultative process in line with the 2004 Manual for the Implementation of GYT Charthrim, they will identify which parts of government land in the respective pilot <i>geogs</i> will be used for practical demonstration. Day-to-day activities and impacts of the Project in each <i>geog</i> will be monitored through a participatory monitoring mechanism.</p> <p>The most successful and competent graduates in the first batch will be recruited as training assistants to facilitate training of the following batches.</p> <p>Followed by training at <i>geogs</i>, the trained villagers will receive about 4–6 months OJT during the off-farm seasons in the following year. As part of the training, the trained villagers will construct a larger structure, such as hostels for poor schoolchildren from remote areas who are staying at ad hoc camps/sheds near schools in extremely impoverished conditions. A long list of poor schoolchildren’s hostels is being prepared by the Ministry of Education. Other structures may be considered if they benefit the poor or vulnerable groups, subject to approval by the Asian Development Bank (ADB). The PMU will provide construction equipment, supplies, and materials, and recruit unskilled workers from nearby villages to assist in construction.</p> <p>The Ministry of Labor and Human Resources (MoLHR), through the Department of Human Resources (DHR), will issue a certificate to the graduates in consultation with the Department of Occupational Standards of MoLHR.</p> <p>The Executing Agency (EA) is currently processing applications for short- and long-term Japan International Cooperation Agency (JICA) senior volunteers for site engineers/supervisors to assign at each training site.</p> <p>Additional Training on Essential Skills. Upon the request of the pilot <i>geogs</i>, the PMU will provide additional training in other fields, such as traditional arts and crafts, and maintenance of office equipment. Each pilot <i>geog</i> will nominate poor villagers who will benefit most from the additional training, based on a consultative process in each <i>geog</i> in line with the 2004 Manual for the Implementation of GYT <i>Charthrim</i>.</p> <p>The EA will recruit JICA short-term senior volunteers as trainers to complement local resource persons.</p>
--	---

	<p>Registration of Graduates. The PMU will develop a procedure for registering the GSDP graduates. To facilitate registration, a web-based database programmer will be recruited to establish a database system. The system will identify graduates who can impart required skills to nearby <i>geogs</i>, or work for private sector projects near their residences. The database will complement the existing database systems for labor and employment management⁸ in MoLHR, and will be designed in such a way that graduates of other vocational training programs can be registered.</p> <p>If DHR volunteers its own engineering staff/programmers in MoLHR to establish the database and confirms their skills, the grant allocated to the work will be reallocated to support database development by its own staff, subject to ADB approval.</p>
Monitorable Deliverables/Outputs	<ul style="list-style-type: none"> (i) GSDP curriculum, training manuals, and textbooks developed and delivered to each pilot <i>geog</i>; (ii) 30 trainers recruited and trained; (iii) GSDP attended by at least 375 villagers; (iv) 25 <i>geog</i> centers in the pilot <i>geogs</i> utilized for the GSDP; (v) registration database developed; (vi) all names and acquired skills registered in the database; (vii) at least 75 toilets built by GSDP trainees in their <i>geogs</i>; and (viii) at least 5 schoolchildren's hostels or equivalent structures built by GSDP trainees.
Implementation of Major Activities: Number of months for grant activities	48 months

Component B	
Component Name	Project Management and Monitoring
Cost (\$)	901,000
Component Description	<p>This component will support PMU activities to facilitate provision of appropriate types of training at appropriate off-farm months for the villagers at reasonable cost, in compliance with ADB's safeguard policies.</p> <p>Project Management Assistance. An architect/project management specialist⁹ and a training management specialist will be recruited for the duration of the project implementation period to support the PMU in the following activities:</p> <ul style="list-style-type: none"> (i) Overall project coordination particularly with JICA, architectural design, supervision, training management, and reporting to ADB. (ii) Preparation of a procurement plan, work plans, a grant implementation manual, and procurement documents for ADB's approval. (iii) Periodic review of the per-capita cost structure of the GSDP to make it more cost-effective.

⁸ Existing web-based databases including Job portal, labor market information system and labor net were developed with the assistance of Basic Skills Development Project, jointly financed by ADB and the Government of Germany.

⁹ The Executing Agency will explore the possibility of obtaining from JICA a long-term senior volunteer, who has expertise in architecture and project management. If the application is successful, the grant saving will be reallocated to increase training activities, subject to ADB's approval.

	<p>(iv) Preparation of (a) an occupational health and safety plan, and (b) posters outlining safe use of tools and machinery, including use of protective measures and safe disposal of waste resulting from construction training activities.</p> <p>(v) Preparation of quarterly progress reports, and a poverty impact assessment report based on the series of project impact survey reports.</p> <p>Project Baseline and Impact Surveys. A household survey specialist will be recruited to conduct (i) a baseline survey in each of the 25 pilot <i>geogs</i>, (ii) project progress surveys during implementation, and (iii) poverty impact assessments. The expert will recruit researchers for field survey, if necessary, and will be responsible for supervising the researchers and the output quality. The expert will visit each pilot <i>geog</i> every 6 months during project implementation to monitor the impact of the Project on household incomes and expenditures.</p> <p>If DHR volunteers its own staff in MoLHR to conduct the surveys and confirms their skills, the grant allocated to this work will be reallocated to support the survey by its own staff, subject to ADB's approval.</p> <p>Rapid Environmental Assessment. An environment specialist will be recruited to develop and prepare rapid environmental assessment checklists, based on ADB's Environment Policy (2002), to make sure no or minimum environmental impact, and assist each pilot <i>geog</i> in preparing for environment clearances by agencies concerned in accordance with relevant laws and regulations in Bhutan.</p>
Monitorable Deliverables/Outputs	<p>(i) grant implementation manual,</p> <p>(ii) procurement plan and documents for ADB's approval,</p> <p>(iii) baseline survey reports,</p> <p>(iv) semiannual progress report,</p> <p>(v) poverty impact assessment report, and</p> <p>(vi) reports on rapid environmental assessment checklists</p>
Implementation of Major Activities: Number of months for grant activities	48 months

ADB = Asian Development Bank, *Charthrim* = Act, DHR = Department of Human Resources, *dzongkhag* = district, EA = executing agency, *geog* = villages, GSDP = *Geog* Skills Development Program, GYT = *Geog Yargay Tshogchung* (*geog* development committee), JICA = Japan International Cooperation Agency, MoLHR = Ministry of Labor and Human Resources, OJT = on-the-job training, PMU = project management unit, VTI = vocational training institute.

2. Financing Plan for Proposed Grant to be Supported by JFPR

Funding Source	Amount (\$)
JFPR	1,990,000
Government	305,000
JICA ^a	600,000
Community (in-kind)	35,000
Total	2,930,000

JFPR = Japan Fund for Poverty Reduction, JICA = Japan International Cooperation Agency.

^a JICA has not made any commitments to finance. Its commitment will be made annually after appraising applications from the EA each year. The EA is currently processing applications for both short- and long-term senior volunteers for the first year. The total cost of the Project is estimated at \$600,000.

3. Background

1. **Economy of Bhutan.** In spite of remarkable economic development in the past 40 years, wealth has not been equally distributed in Bhutan. The majority of the Bhutanese still live in rural areas and derive their livelihood from agriculture. The export of hydropower (45% of national revenues), not agriculture and manufacturing, is the major driving force of the economy. Therefore, the current growth of the country's economy has not significantly benefited the rural population per se and largely bypassed other sectors. Inequality is high, with the top quintile consuming eight times more than the lowest.

2. **Rural Poverty and Constraints.** Bhutan remains a poor country with a national poverty rate of 31.7%. Poverty¹⁰ is predominantly a rural phenomenon. The poor make up only 4.2% of the urban population, but 38.3% of the rural population. Subsistence agriculture is the primary means of getting their income and daily food. The amount they produce is hardly enough for them to consume more than 2,124 kilocalories (poverty line value) per day. There is little surplus for commercial purposes in their cultivation. Most rural people do not have a semiannual cash crop that will allow them to farm throughout the year. The reason is that cash crops, such as oranges, cardamom, and potato, are adapted for cultivation mostly in the southern region. Also, farmers generally do not have other sources of income during off-farm seasons. They hardly have productive activities unless they have a crafts production tradition. During off-farm seasons, they stay in their villages and survive on their previous harvest. Thus, rural people are most financially vulnerable in off-farm periods, and lack of income opportunities outside of subsistence agriculture, especially during off-farm periods, is one of the causes of rural poverty.

3. **ADB Support on Skills Development.** The Ninth Plan (2002 Planning Commission, Royal Government of Bhutan) aims to reduce poverty through comprehensive rural development programs supported by adequate social and physical infrastructure, private sector-led income, employment generation, and good governance. To equip the youth with employable skills, ADB provided financial support to the Basic Skills Development Project (BSDP) in 2001, which is expected to be completed in March 2007. The BSDP expanded vocational education and training for new school graduates, unemployed youth, domestic laborers, women, and people living in rural areas.

4. **Skills Development in Rural Areas.** The Government had its own initiative for skills development in rural areas. The Village Skills Development Program (VSDP), a demand-driven vocational training in villages, was originally initiated by the Government in three pilot villages.

¹⁰ The food poverty line was defined at Nu404 (\$105) per month, and the poverty line at Nu740 (\$193) per month.

The VSDP focused mainly on traditional crafts making at the village level to (i) enhance the income-earning potential of local communities, and (ii) encourage community entrepreneurship. The BSDP supported the Government initiative by expanding VSDP coverage to approximately 40 villages in 12 districts. The Government is still offering the VSDP in other villages, although on a smaller scale, with its own budget.

5. **Evaluation of the VSDP.** An evaluation study of the pilot VSDP was conducted jointly by the Government, United Nations Educational, Scientific and Cultural Organization (UNESCO), and Bhutan-German Project at the end of 2003. They concluded that an integrated basic education with skills training was appropriate and effective, and responded to learners' demand. In other words, the VSDP was a successful initiative that opened a way to income opportunities during off-farm seasons among villagers. Nevertheless, it was noted that the VSDP still face challenges in sustainability derived from inadequate (i) human resources for both administration and training, and (ii) voices reaching the Government to express the villages' need for skills. Also, the impact on income generation was limited, mainly because the VSDP mainly focused on traditional crafts making when the villages (i) faced difficulties in access to markets, and (ii) lacked product demand survey. The Executing Agency (EA) and ADB's loan review missions felt the need for a systematic approach to skills development in areas other than crafts making.

6. **New Approach to Rural Skills Development.** Through its interactions with villagers, the EA has identified the need for training on modern construction skills, as villagers hardly know how to properly use modern materials and equipment. That was also the observation of JICA representatives assisting in implementing the Local Governance and Decentralization Project (LGDP).¹¹ This led the EA and ADB missions to develop the GSDP incorporating (i) an improved approach to skills development at *geog*¹² level during off-farm seasons, focusing on modern work skills, and (ii) a mechanism to expand the training and for the beneficiaries themselves to continue offering it. The Rural Skills Development Project was proposed for Japan Fund for Poverty Reduction (JFPR) financing to implement the GSDP on a pilot basis.

7. The most recent country strategy and program 2006–2010 for Bhutan (ADB, September 2005) identified dearth of employment opportunities outside of subsistence agriculture, especially during the off-farm period, as still one of the key causes of rural poverty. Poverty reduction is the main theme of the next 5-year plan of the Government, namely the Tenth Plan. The Project fully addresses the key causes of rural poverty and supports the forthcoming Tenth Plan.

4. Innovation

8. The Project has the following innovative features:

- (i) Skills development programs are provided to groups of villages, known as *geogs*, rather than to individual villages.
- (ii) Poverty reduction is approached in two ways simultaneously, that is, increase income opportunities and reduce expenditure.
- (iii) The training curriculum will focus more on hand-holding skills transfer from trainers to trainees through practical demonstration and OJT.

¹¹ The LGDP aims to develop administrative capacities of GYTs to support the decentralization process in Bhutan. The LGDP supported the construction of administrative offices for GYTs, known as *geog* centers. The EA is the Department of Local Governance, Ministry of Home and Cultural Affairs. The details of the Project are available at <http://project.jica.go.jp/bhutan/0485025E0/01/index.html>.

¹² Bhutan is divided into 20 districts or *dzongkhags*. Each district is broken into smaller areas known as *geog*, each of which comprises a number of villages.

- (iv) OJT is related to activities that also benefit other sections of the poor.
- (v) Redesigned implementation arrangements will require GSDP graduates to make themselves available (a) for maintenance of nearby public/communal facilities, such as *geog* centers, and (b) as training assistants during off-farm seasons.
- (vi) The graduate registration system will allow the private sector to locate trained workforce with specific skills in the rural areas.

5. Sustainability

9. **Sustainability of Acquired Skills.** The Project will develop basic skills adequate for working at house maintenance and small-scale construction involving carpentry, electrical house wiring, plumbing, and masonry skills. When villagers enroll in the GSDP, they will be required to make themselves available for maintenance of communal facilities in their respective *geogs*, and to serve as volunteer trainers during off-farm seasons. In other words, all graduates will (i) have sufficient opportunity to maintain their acquired skills through maintenance works in their respective *geogs*; and (ii) contribute to transferring acquired skills from one generation to another in their respective *geogs*. Such arrangements are culturally feasible, since in the Bhutanese culture, a member of the household passes his/her useful skills on to his/her children, and shares his/her skills with the members of his/her village.

10. **Demand for GSDP Graduates.** The National Assembly of Bhutan passed a resolution in the 85th Session in June 2006, which prohibits the use of foreign workers in rural areas. Previously, villagers depended on foreign workers for modern construction. However, as a result of the resolution, villagers will have to find Bhutanese workers. According to data from MoLHR, there were approximately 32,000 foreign workers in 2004, and 37,000 workers in 2005 in Bhutan. MoLHR put a ceiling on the quota for foreign workers at 30,000 in 2006. Considering that the need for workers with modern construction skills increases every year, there will be shortage of at least 7,000 workers per year. This is a great income opportunity for GSDP graduates.

11. Villagers reported to the EA and ADB mission that they are more willing to pay members of their communities rather than foreign workers and outsiders. There are wealthier villagers who can afford to renovate and improve their houses. Also, some *dzongkhag* administrations are putting efforts in improving sanitation by encouraging conversion of traditional toilets into modern toilets in each household. Installation of a modern toilet in a traditional house will take about 3 months and require four types of skills, costing approximately \$200 for labor charges. One work order will benefit a trained villager by \$50 on average as additional income. The result will be wealth redistribution from the rich to the poor within a *geog*.

12. **Demand for the GSDP.** A continuous demand for training on modern construction skills represents a clear monetary benefit for both the communities and villagers. From interviews with villagers during the ADB Mission, it is estimated that a household is likely to save labor charges of around \$2.5 equivalent per day for construction, and around \$70 per house for electrical house wiring. Considering such benefits, the villagers are interested in training under the Project.

13. **Continuation of the GSDP.** After completion of the Project, and with its sufficient experience in administrative and logistical arrangements, the EA will replicate the GSDP with its own budget. The EA has committed to implement at least one GSDP in a *geog* each year for the next 10 years.

6. Participatory Approach

14. **Decision Making in Geogs.** Decision making in communities in Bhutan is generally participatory, and this is spelled out in the 2004 Manual for the Implementation of *Geog Yargay*

Tshogchhung (GYT, Development Committee) Charthrim (Act). Each *geog* has a GYT. A GYT is an administrative body in a *geog*, which formulates *geog* development plans within the policy and framework. The GYT is composed of a *gup* (an elected head of a *geog*), a *mangmi* (an elected representative of a *geog*), and *tshogpas* (elected representatives of villages in a *geog*). A *tshogpas* is responsible for all affairs of its constituency and liaises between GYT and its constituency. Due to the relatively small population in a *geog*, the members of the GYT are familiar with each villager in their *geog*. GYT meetings must be convened at least quarterly and participation of the GYT members is obligatory.

15. When making decisions, consensus by all GYT members is recommended, but if consensus is not reached, a simple majority vote suffices. *Geogs* in rural areas are more participatory in that *gups* are likely to hold meetings with representatives of all households in all villages in their respective *geogs*, including women and juveniles, the socially vulnerable in the villages. The Project will use the existing participatory decision-making procedure. GYT in each pilot *geog*, in extensive consultation with its constituency, will select (i) trainees, and (ii) types of additional training for a *geog*.

Primary Beneficiaries and Other Affected Groups and Relevant Description	Other Key Stakeholders and Brief Description
<p>The primary beneficiaries are at least 375 poor households in the 25 pilot <i>geogs</i>, whose main source of income is farming. The pilot <i>geogs</i> are located in areas which hardly harvest cash crops during winter. The major project benefit is increase in net income of poor households through a rise in household revenue and decrease in house maintenance expenditure.</p>	<ul style="list-style-type: none"> (i) GYTs will benefit from trained villagers capable of maintaining community facilities. (ii) DHR will expand the GSDP by recruiting graduates as assistants for further training programs in other <i>geogs</i>. (iii) The people in the pilot <i>geogs</i> will benefit from availability of skilled neighbors at reasonable cost. (iv) The executing agencies of rural electrification and rural road projects will benefit from availability of trained human resources in <i>geogs</i>. (v) The poor schoolchildren from remote villages, living in ad hoc camps/sheds near schools in extremely impoverished conditions, will benefit from new hostels constructed as part of training.

7. Coordination

16. **JICA-Assisted LGDP.** JICA has been assisting the LGDP under its technical cooperation programs since March 2004. The LGDP will help improve the delivery of public services to communities, which will enable the Government and the Bhutanese to come closer to achieving the national vision of Gross National Happiness, by enhancing the capacities for strengthening local governance and decentralization as enunciated in the national decentralization policies. Under one of the components of the LGDP, 25 pilot *geogs* in 3 *dzongkhags* received extensive support for (i) construction of administration offices called *geog* centers, and (ii) development of GYT representatives’ capacities for planning, budgeting, and implementing a small-scale project for their village. The LGDP was preparation for the new administrative and financial arrangement of the Government from 2008, under which each *geog* is envisaged to receive a block grant, and *gups* will have authority to accord financial sanctions for activities costing up to Nu50,000 (\$1,200 equivalent). In other words, as a result of the LGDP, the *geogs* can plan and spend for a small-scale public work, once they start to receive block grants from 2008.

17. **Synergy Effects of Coordination.** Despite the plans and budget for small-scale public works, the *geogs* are likely to face difficulties in implementing their public works in the future, because of a shortage of workers with modern construction skills. The Project will mitigate the difficulty through training on modern construction skills in the same 25 pilot *geogs* in 3 *dzongkhags*. By the end of the Project, each of the 25 pilot *geogs* can

- (i) plan small public works with the administrative skills acquired from the JICA-assisted LGDP,
- (ii) provide a budget for public works by using the block grants from the Government, and
- (iii) implement the public works with the people in the *geog* who were trained by the Project.

In other words, the Project will complement not only the BSDP but also the LGDP and bring about synergy effects on the decentralization process of the Government.

18. **Parallel Financing.** This grant proposal was prepared in extensive consultation with a JICA expert assigned to the LGDP as project coordinator, and a JICA project formulation advisor in the Thimphu office. The EA is currently preparing applications for both short- and long-term JICA senior volunteers such as site engineers and construction supervisor to assist the GSDP and to complement the training activities as additional trainers at each training site. The total cost of the volunteers is estimated at \$600,000. JICA welcomed the applications but has not made any commitments for the short- and long-term senior volunteers. Its commitment will be made annually after appraising applications from the EA each year during implementation.

8. Detailed Cost Table

19. Appendix 2 gives the detailed cost estimates, and Appendix 3 the fund flow arrangement.

C. Linkage to ADB Strategy and ADB-Financed Operations

1. Linkage to ADB Strategy

20. The project objective is in line with ADB's country strategy and program (CSP) for Bhutan, which aims at poverty reduction through economic diversification as an overarching goal. The CSP puts emphasis on ADB's loan assistance in core sectors, which are (i) transport; (ii) power, including rural electrification; (iii) urban development; and (iv) financial and private sector development. The Project supports the core sectors by means of skills development in rural areas, which provides the rural population with opportunities to participate in the development and operation activities of the core sectors during the off-farm seasons.

Document	Document Number	Date of Last Discussion	Objective
Country Strategy and Program (2006–2010)	SEC.M66-05, Revision 1	2 Sep 2005	To reduce poverty through economic diversification as an overarching goal.

2. Linkage to Specific ADB-Financed Operation

Project Name	Basic Skills Development Project
Project Number	32300

Date of Board Approval	21 June 2001
Loan Amount (\$ million)	\$7.0 million

3. Development Objective of the Associated ADB-Financed Operation

21. The objective of the BSDP is to (i) improve the quality and relevance of vocational education and training (VET) in Bhutan by providing training in employable skills to new school graduates, unemployed youth, domestic laborers, women, and people living in rural areas; and (ii) expand the capacity of training providers to meet the private sector's increasing demand for skilled human resources. The BSDP will increase skilled human resources who will contribute to economic growth and improved quality of life as envisaged in the Eighth Plan.

22. To achieve this objective, the BSDP will (i) strengthen institutional capacity to ensure that the delivery of basic skills training is relevant to market needs and commensurate with the capacity of beneficiaries, (ii) increase access to basic skills training by expanding the VET system and rehabilitating existing facilities and establishing new ones, (iii) improve the quality of basic skills training by increasing links with the private sector, and (iv) promote effective use of basic skills by developing employment guidance and job placement services.

23. The Project was developed based on the experiences of outreach training programs to villagers, namely the VSDP, under BSDP's component on equitable access to basic skills training. Also, to train trainers, the Project will rely on the vocational training institutes (VTIs), which were established under the BSDP. In other words, the Project will make extensive use of the experiences and facilities of the BSDP, to further improve the approach to skills development in rural areas and test the approach, which would be expanded and continued by the beneficiaries themselves.

4. Main Components of the Associated ADB-Financed Operation

No.	Component Name	Brief Description
1.	Institutional Capacity Building	1.1 Formulate a set of national policies on vocational qualification, promotion of equitable access, cost sharing, and private sector partnership. 1.2 Establish an industry liaison unit. 1.3 Implement a management control system for accounting and budgeting.
2.	Equitable Access to Basic Skills Training	2.1 Expand vocational training institutes. 2.2 Develop and provide outreach training to villagers. 2.3 Promote female participation in training programs. 2.4 Establish a job placement office.
3.	Improving Quality of Basic Skills Training	3.1 Establish a national qualifications framework on competency-based skills standards, the skills testing and certification system. 3.2 Design training packages following competency-based skills standards. 3.1 Establish a labor market information system.

5. Rationale for Grant Funding versus ADB Lending

24. The Project requires flexibility in redesigning training contents, and implementation arrangements before its full-scale expansion. The proposed activities require the close involvement and coordination of the local communities in the *geogs*, *dzongkhags*, and training

institutions. It would not be possible to organize such interfaces under a regular loan without first establishing a viable implementation model. The Project will demonstrate the effectiveness and sustainability of the GSDP and provide the resources required to develop a training package to replicate the project impact on poverty reduction in the remaining 175 geogs.

D. Implementation of the Proposed Grant

1. Provide the Name of the Implementing Agency	Department of Human Resource, Ministry of Labor and Human Resources
---	---

25. All procurements under the JFPR grant will be conducted in accordance with ADB's *Procurement Guidelines* (April 2006, as amended from time to time). Long-term consultants will be recruited by ADB in accordance with ADB's *Guidelines on the Use of Consultants* (April 2006, as amended from time to time) to provide the services for implementation, management, and monitoring of the progress of the JFPR grant. Short-term national consultants will be contracted by the PMU in accordance with ADB's *Guidelines on the Use of Consultants*.

2. Risks Affecting Grant Implementation

Type of Risk	Brief Description	Measure to Mitigate the Risk
Governance	Nepotism of GYT members in finalizing the list of candidates for training	The code of practice in the 2004 Manual for the Implementation of GYT Charthrim prohibits bringing personal and pecuniary interests into the decision making, and prescribes penalties for violation.
Infrastructure	Difficulty in accessing geog centers in the pilot geogs due to landslides	The Project selected geogs that are comparatively well-connected by good roads. The PMU will hire a four-wheel drive vehicle for safe project monitoring and implementation.
Safety	Accidents during training due to improper use of equipment and techniques by inexperienced trainees	VTI instructors will first teach safety measures. The Project will provide safety equipment for training.

3. Incremental ADB Costs

Component	Incremental ADB Cost
Amount requested	\$0
Justification	Not applicable
Type of work to be rendered by ADB	Not applicable

4. Monitoring and Evaluation

Key Performance Indicator	Reporting Mechanism	Plan and Timetable for M&E
Training curriculum, manuals, and textbooks developed and delivered to each pilot geog	PMU's quarterly progress reports	Within 9 months of project implementation
30 trainers recruited and trained	PMU's quarterly progress reports	Within 9 months of project implementation

At least 25 GSDPs held in each pilot <i>geog</i>	PMU's quarterly progress reports	Quarterly until the end of the project period
At least 75 toilets successfully built through GSDPs at each pilot <i>geog</i>	PMU's quarterly progress reports	Quarterly until the end of the project period
Schoolchildren's hostels or equivalent structures built by trainees	PMU's quarterly progress reports	Quarterly until the end of the project period
Increase in the average income of GSDP graduates	Baseline and project impact survey reports	Annually until the end of the project period
Reduction in the average house maintenance expenditures of GSDP graduates	Baseline and project impact survey reports	Annually until the end of the project period
Increase in average net income of the graduates	Baseline and project impact survey reports	Annually until the end of the project period

5. Estimated Disbursement Schedule

Fiscal Year (FY)	Amount (\$)
FY 2007	356,000
FY 2008	710,000
FY 2009	707,000
FY 2010	217,000
Total Disbursements	1,990,000

Appendixes

1. Design and Monitoring Framework
2. Detailed Cost Estimates
3. Fund Flow Arrangement
4. Implementation Arrangements
5. Outline Terms of Reference for Consultants

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>Impact Contribution to mitigating the degree of poverty in rural Bhutan through diversification of income opportunities, increased employment opportunities, and better housing standard</p>	<ul style="list-style-type: none"> • Poverty in the 25 pilot <i>geogs</i> reduced from 38% to less than 30% • Quality of housing in 25 pilot <i>geogs</i> (13% of all <i>geogs</i>) improved due to regular maintenance, and use of modern techniques and resources • Mechanism of income redistribution from the rich to the poor developed as a form of payments for works 	<ul style="list-style-type: none"> • Baseline and annual monitoring surveys • Employment and wage surveys of MoLHR 	<p>Assumption</p> <ul style="list-style-type: none"> • GSDP will be continued in other <i>geogs</i> by the Government after the Project. <p>Risks</p> <ul style="list-style-type: none"> • Other poor <i>geogs</i> are not accessible due to limited road networks. • Impact on reduction of income poverty at country level is slight due to small project size.
<p>Outcome Increased net income of trained villagers through cost saving and diversified income opportunities</p>	<ul style="list-style-type: none"> • Household expenditure of trained villagers saved by 10% through use of acquired skills by 2010 • Housing quality of 300 households improved using acquired modern construction skills by 2010 • Trained villagers engaged in public works in their respective <i>geogs</i> during off-farm seasons • Income of trained villagers increased by at least 50% as a result of additional income opportunities by 2010 • Improvement in community facilities and infrastructures in 25 <i>geogs</i> 	<ul style="list-style-type: none"> • Baseline and monitoring surveys • Employment and wage surveys of MoLHR • Construction and/or rehabilitation of rural roads and community facilities, such as storage, multipurpose halls 	<p>Assumptions</p> <ul style="list-style-type: none"> • Trained villagers maintain the record for household financial position. • Trained villagers are willing to contribute their skills to other members of communities. • Members of communities are willing to pay for services. <p>Risks</p> <ul style="list-style-type: none"> • Trained villagers will not receive cash/in-kind rewards. • Other household expenditure will increase more than household maintenance cost.
<p>Outputs 30 trainers recruited from the graduates of ADB-financed vocational training institutes</p>	<ul style="list-style-type: none"> • Trainer positions are advertised by 1st quarter. • Candidates are short listed and selected by the 2nd quarter of 2007. • Trainers are trained by the 3rd quarter of 2007. • Trainers are fielded to the 25 pilot <i>geogs</i>. 	<ul style="list-style-type: none"> • Grant progress report • JFPR review missions 	<p>Assumptions</p> <ul style="list-style-type: none"> • Training curriculum, instruction manuals will be designed as scheduled. • Salary level is sufficient to attract qualified candidates. • Master trainers for training of trainers are available on time. <p>Risk</p> <ul style="list-style-type: none"> • Trainer positions become unattractive due to other better job vacancies.

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
At least 10% of households in pilot <i>geogs</i> received GSDP.	<ul style="list-style-type: none"> • GSDP curriculum, training manuals, and textbooks developed • 375 trainees selected from the poor in the pilot <i>geog</i>. • 25 <i>geog</i> centers used for implementing GSDP • Registration database designed and become operational • 75 toilets constructed as part of training, and used by both men and women 	<ul style="list-style-type: none"> • Grant progress report • JFPR review missions • Interview with <i>Geog Yargay Tshogchung</i> (<i>geog</i> development committee) 	<p>Assumptions</p> <ul style="list-style-type: none"> • Curriculum, manuals, and textbooks will be designed as scheduled. • Villagers will be admitted to GSDP as scheduled. • Database programmer will be recruited as scheduled. • Timely procurement and delivery of equipments, materials and supplies • Timely construction of structures during training <p>Risks</p> <ul style="list-style-type: none"> • Funds will not be allocated on time. • Landslides will prevent access to the <i>geogs</i>. • Selection of trainees will be influenced by nepotism.
5 schoolchildren's hostels or equivalent structures constructed by on-the-job training program of GSDP.	<ul style="list-style-type: none"> • 5 schoolchildren's hostels or equivalent structures short-listed by 2nd quarter of 2008 • Logistics arrangement agreed upon by the schools and GSDP by 2nd quarter of 2008 • Trainer helpers selected from the previous batches of GSDP 	<ul style="list-style-type: none"> • Grant progress report • JFPR review missions 	<p>Assumptions</p> <ul style="list-style-type: none"> • Ministry of Education will collaborate with MoLHR in identifying school hostels. • Architectural design will be completed for school hostels as scheduled. • Villagers are willing to take on-the-job training. • Timely procurement and delivery of equipments, materials and supplies • Timely construction of structures during training <p>Risks</p> <ul style="list-style-type: none"> • Funds will not be allocated on time. • Landslides will prevent access to the <i>geogs</i>.
Majority of villagers in pilot <i>geogs</i> aware of availability of trained persons in their villages.	<ul style="list-style-type: none"> • At least, the training process and toilets seen by 20% of population in respective pilot <i>geog</i>. • At least one household requested the service of trained villagers. 	<ul style="list-style-type: none"> • Baseline and monitoring surveys • Random Interviews with villagers 	<p>Assumptions</p> <ul style="list-style-type: none"> • People are interested in construction activities. • People are well informed about implementation of GSDP. <p>Risk</p> <ul style="list-style-type: none"> • People never visit <i>geog</i> centers.
All graduates of GSDP have higher awareness of environmental consideration and occupational safety.	<ul style="list-style-type: none"> • Environmental assessment checklists and environment clearance prepared by trainees and approved by <i>dzongkhags</i> 	<ul style="list-style-type: none"> • Baseline and monitoring surveys • Random Interviews with trainees 	<p>Assumptions</p> <ul style="list-style-type: none"> • Some villagers are literate. • Consultants and trainers will assist in preparing documents.

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks										
	administrations <ul style="list-style-type: none"> • An occupational health and safety plan developed by consultants by the 2nd quarter of 2007 • Posters outlining safe use of tools and machinery seen and read by all trainees by 2010 		Risk <ul style="list-style-type: none"> • Persistent misuse of tools and equipment despite safety guidelines and training 										
Activities with Milestones Component A:GSDP <ul style="list-style-type: none"> (i) Develop GSDP curriculum, training manuals and textbooks between 2007and 2010. (ii) Recruit and train 30 trainers between 2007and 2008. (iii) Train at least 375 villagers between 2007 and 2010. (iv) Use 25 <i>geog</i> centers for training between 2007 and 2010. (v) Develop registration database in 2007. (vi) Register names and acquired skills in the database between 2007and 2010. (vii) Construct at least 75 toilets by trainees of GSDP in their <i>geogs</i> between 2007 and 2009. (viii) Construct schoolchildren's hostels or equivalent structures by trainees between 2008 and 2010. Component B: Project Management <ul style="list-style-type: none"> (i) Recruit consultants in the first quarter of 2007. (ii) Produce grant implementation manual in the first quarter of 2007. (iii) Prepare procurement plan and documents for ADB's approval in the first quarter of 2007. (iv) Produce baseline survey reports by the third quarter of 2007. (v) Submit semiannual progress reports between 2007 and 2010. (vi) Produce poverty impact assessment report in 2010. (vii) Produce rapid environmental assessment checklists reports between 2007 and 2010. 			Inputs <table border="0" style="width: 100%;"> <tr> <td style="width: 70%;">ADB</td> <td style="text-align: right;">1,990,000</td> </tr> <tr> <td>Government</td> <td style="text-align: right;">305,000</td> </tr> <tr> <td>JICA</td> <td style="text-align: right;">600,000</td> </tr> <tr> <td>Community</td> <td style="text-align: right;">35,000</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">2,930,000</td> </tr> </table> Assumptions <ul style="list-style-type: none"> • Counterpart fund allocation is available on timely basis. • Project activities can be implemented without undue delay Risk <ul style="list-style-type: none"> • Timely grant approval by GoJ and ADB • Timely approval of JICA volunteers by JICA 	ADB	1,990,000	Government	305,000	JICA	600,000	Community	35,000	Total	2,930,000
ADB	1,990,000												
Government	305,000												
JICA	600,000												
Community	35,000												
Total	2,930,000												

ADB = Asian Development Bank, GSDP = *geog* skills development program, GOJ = Government of Japan, JICA = Japan International Cooperation Agency, JFPR = Japan Fund for Poverty Reduction, MoLHR = Ministry of Labor and Human Resources.

DETAILED COST ESTIMATES

Table A2.1: Summary Cost Table
(\$)

Grant Components Input/Expenditure Category	Component A GSDP	Component B Project Management and Monitoring	Total (input)	Percent (in total)
Civil Works	84,000	0	84,000	4.2
Equipment and Supplies	399,000	10,000	409,000	20.6
Training, Workshops, and Public Campaigns	520,000	0	520,000	26.1
Consulting Services	7,000	764,000	771,000	38.7
Grant Management	0	76,000	76,000	3.8
Contingencies	79,000	51,000	130,000	6.5
Subtotal JFPR Grant-Financed	1,089,000	901,000	1,990,000	100.0
Government Contribution	223,000	82,000	305,000	
JICA ^a (under application)	600,000	0	600,000	
Community's Contributions (in kind)	35,000	0	35,000	
Total Estimated Costs^b	1,947,000	983,000	2,930,000	
Incremental Costs	0	0	0	0

GSDP = Geog skills development program, JICA = Japan International Cooperation Agency.

^a The Japan International Cooperation Agency (JICA) has not made any commitments to finance the amount. Its commitment will be made annually after it has appraised applications from the Executing Agency (EA). The EA is currently processing applications for both short- and long-term senior volunteers for the first year. The total cost during the Project is estimated at \$600,000.

^b The figures in total include contingencies. The totals exclusive of contingencies are \$1,867,000 for component A and \$932,000 for component B.

Source: Asian Development Bank estimates.

**Table A2.2: Detailed Cost Estimates
(\$)**

Code	Supplies and Services Rendered	Cost				Contributions				
		Unit	Quantity Units	Cost Per Unit	Total \$	JFPR		RGB	JICA ^b	Communities
						Amount	MOP	Amount	Amount	Amount
Component A: Geog Skills Development Program^a				Subtotal	1,867,000	1,010,000		223,000	600,000	35,000
1.1	Civil Works									
1.1.1	Unskilled local helpers	person-month	1,200	70	84,000	84,000	NL	0	0	0
1.2	Equipment and Supplies									
1.2.1	GSDP training equipment	lump sum	25	3,000	75,000	75,000	SH/NCB	0	0	0
		per training								
1.2.2	Materials for toilet construction (25 packages)	per unit	75	1,000	75,000	75,000	SH/NCB	0	0	0
1.2.3	Solar panel for nonelectrified geogs	per unit	6	1,500	9,000	9,000	NCB	0	0	0
1.2.4	Training equipment for additional training	lump sum	30	1,000	30,000	30,000	SH	0	0	0
		per training								
1.2.5	Materials for practical construction training for year 1	lump sum	5	14,000	70,000	70,000	SH/NCB	0	0	0
		per training								
1.2.6	Materials for practical construction training for year 2	lump sum	5	14,000	70,000	70,000	SH/NCB	0	0	0
		per training								
1.2.7	Materials for practical construction training for year 3	lump sum	5	14,000	70,000	70,000	SH/NCB	0	0	0
		per training								
1.3	Trainings, Workshops, and Seminars									
1.3.1	Instruction manual development and printing	unit	40	10	400	400	SH	0	0	0
1.3.2	Advocacy and presentation materials	unit	750	10	7,500	7,500	SH	0	0	0
1.3.3	Training of trainers by VTI instructors (3 months)	per person	30	1,000	30,000	0		30,000	0	0

Code	Supplies and Services Rendered	Cost				Contributions				
		Unit	Quantity Units	Cost Per Unit	Total \$	JFPR		RGB	JICA ^b	Communities
						Amount	MOP	Amount	Amount	Amount
1.3.4	Remuneration for trainers									
	Masonry trainers (n=10)	person-month	195	200	39,000	39,000		0	0	0
	Carpentry trainers (n=10)	person-month	195	200	39,000	39,000		0	0	0
	Electrical wiring trainers (n=4)	person-month	78	200	15,600	15,600		0	0	0
	Plumbing trainers(n=4)	person-month	78	200	15,600	15,600		0	0	0
	Construction planning trainers (n=2)	person-month	39	200	7,800	7,800		0	0	0
1.3.5	Per diem for GSDP trainers	person-month	270	200	54,000	54,000		0	0	0
1.3.6	GSDP trainer's transportation	per person	90	100	9,000	9,000		0	0	0
1.3.7	Remuneration for training assistants									
	Masonry training assistants (n=10)	person-month	120	80	9,600	9,600		0	0	0
	Carpentry training assistants (n=10)	person-month	120	80	9,600	9,600		0	0	0
	Electrical training assistants (n=4)	person-month	60	80	4,800	4,800		0	0	0
	Plumbing training assistants (n=4)	person-month	60	80	4,800	4,800		0	0	0
	Construction planning training assistants (n=2)	person-month	24	80	1,920	1,920		0	0	0
1.3.8	Per diem for GSDP trainer's assistants	person-month	180	80	14,400	14,400		0	0	0
1.3.9	GSDP training assistants transportation	per person	60	100	6,000	6,000		0	0	0
1.3.10	VTI site engineers (n=2)									
	Salary	per year	6	3,000	18,000	0		18,000	0	0
	Per diem	person-month	9	300	2,700	2,700		0	0	0

Code	Supplies and Services Rendered	Unit	Cost			Contributions				
			Quantity Units	Cost Per Unit	Total \$	JFPR		RGB	JICA ^b	Communities
						Amount	MOP	Amount	Amount	Amount
1.3.11	JICA short-term volunteers ^b (n=10 for 3 months)	per volunteer	30	20,000	600,000	0		0	600,000	0
1.3.12	Subsistence for trainees									
	Masonry trainee (n=10 per <i>geog</i> for 3 months)	person-month	750	70	52,500	52,500		0	0	0
	Carpentry trainee (n=10 per <i>geog</i> for 3 months)	person-month	750	70	52,500	52,500		0	0	0
	Electrical wiring trainee (n=2 per <i>geog</i> for 3 months)	person-month	150	70	10,500	10,500		0	0	0
	Plumbing trainee (n=2 per <i>geog</i> for 3 months)	person-month	150	70	10,500	10,500		0	0	0
	Construction planning trainee (n=1 per <i>geog</i> for 3 months)	person-month	90	70	6,300	6,300		0	0	0
1.3.13	Food for trainers and trainees	per person day	35,100	1	35,100	0		0	0	35,100
1.3.14	IZC trainer (n=5 for 2 months per training)									
	Salary	per year	15	5,000	75,000	0		75,000	0	0
	Per diem	person-month	30	300	9,000	9,000		0	0	0
1.3.15	National resource person (n=5 for 2 months per training)						INDV			
	Remuneration	person-month	15	300	4,500	4,500		0	0	0
	Per diem	person-month	30	300	9,000	9,000		0	0	0
1.3.16	Construction supervisor for practical training sites	person-month	60	300	18,000	18,000		0	0	0
1.3.17	Transport from <i>geogs</i> to practical training sites	per <i>geog</i>	30	300	9,000	9,000		0	0	0
1.3.18	Per diem of GSDP trainees during practical training	person-month	400	240	96,000	96,000		0	0	0
1.4	Consulting Services									
1.4.1	Web-based database programmer						INDV			
	Remuneration	person-month	2	3,000	6,000	6,000		0	0	0
	Reporting and miscellaneous expenses	per month	2	400	800	800		0	0	0

Code	Supplies and Services Rendered	Cost				Contributions				
		Unit	Quantity Units	Cost Per Unit	Total \$	JFPR		RGB	JICA ^b	Communities
						Amount	MOP	Amount	Amount	Amount
1.5	Other Project Inputs									
1.5.1	Government land for training in toilet construction	per unit	25	1,000	25,000	0		25,000	0	0
1.5.2	Government land for practical construction training	per site	15	5,000	75,000	0		75,000	0	0
Component B: Project Management and Monitoring^c				Subtotal	932,000	850,000		82,000	0	0
2.1	Equipment and Supplies									
2.1.1	Computers, software, peripherals for PMU	per unit	3	2,000	6,000	6,000	SH	0	0	0
2.1.2	Office supplies	per month	42	100	4,200	4,200	SH	0	0	0
2.2	Consulting Services									
2.2.1	Architect/project management specialist (n=1)						INDV			
	Remuneration	person-month	25	18,000	450,000	450,000		0	0	0
	Per diem	per month	25	3,000	75,000	75,000		0	0	0
	International travel	per roundtrip	3	5,000	15,000	15,000		0	0	0
2.2.2	Vocational training management specialist (n=1)						INDV			
	Remuneration	person-month	42	3,000	126,000	126,000		0	0	0
	Per diem for field visit	per week	42	350	14,700	14,700		0	0	0
2.2.3	Household survey specialist (n=1)						INDV			
	Remuneration	person-month	10	3,000	30,000	30,000		0	0	0
	Per diem for field visit	per week	40	350	14,000	14,000		0	0	0
	Travel, reporting and miscellaneous	per week	40	100	4,000	4,000		0	0	0
2.2.4	Environment specialist (n=1)						INDV			
	Remuneration	person-month	7	21,000	21,000	21,000		0	0	0
	Per diem for field visit	per week	30	350	10,500	10,500		0	0	0
	Travel, reporting and miscellaneous	per week	40	100	4,000	4,000		0	0	0

Code	Supplies and Services Rendered	Unit	Cost			Contributions				
			Quantity Units	Cost Per Unit	Total \$	JFPR		RGB	JICA ^d	Communities
						Amount	MOP	Amount	Amount	Amount
2.3	Management and Coordination of this Component									
2.3.1	Per diem for field visit of project director	per week	42	100	4,200	4,200		0	0	0
2.3.2	Per diem for field visit of project manager	per week	42	100	4,200	4,200		0	0	0
2.3.3	Vehicle rental for daily use	per month	42	800	33,600	33,600	SH	0	0	0
2.3.4	Vehicle fuels (for rented car)	per destination	60	200	12,000	12,000	SH	0	0	0
2.3.5	Vehicle rental for field visits	per month	8	600	4,800	4,800	SH	0	0	0
2.3.6	Vehicle fuels (for rented car)	per destination	25	200	5,000	5,000	SH	0	0	0
2.3.7	Fixed-term driver contract	per year	3.5	2,400	8,400	8,400		0	0	0
2.3.8	Per diem for field visit of driver	per week	36	100	3,600	3,600		0	0	0
2.3.9	Project director salary	per year	4	6,000	24,000	0		24,000	0	0
2.3.10	Project manager salary	per year	4	3,000	12,000	0		12,000	0	0
2.3.11	Accountant salary	per year	4	3,000	12,000	0		12,000	0	0
2.3.12	Copy, paper, printer toners	per month	42	400	16,800	0		16,800	0	0
2.3.13	Electricity, water, communication bills	per month	42	400	16,800	0		16,800	0	0
	Components A and B = Subtotal			Subtotal	2,800,000	1,860,000		305,000	600,000	35,000
	Contingency (Maximum 10% of total JFPR Contribution)				130,000	130,000		0	0	0
	TOTAL Grant Costs			Total	2,930,000	1,990,000		305,000	600,000	35,000

INDV = individual consultants, JFPR = Japan Fund for Poverty Reduction, IZC = institute of *Zorig Chusum* (traditional arts and crafts), JICA = Japan International Cooperation Agency, MOP = mode of procurement, NCB = national competitive bidding, PMU = project management unit, RGB = Royal Government of Bhutan, NL = as per national law, SH = shipping, GSDP = *Geog* skills development program, VTI = vocational training institute.

^a The figures in subtotal do not include contingencies.

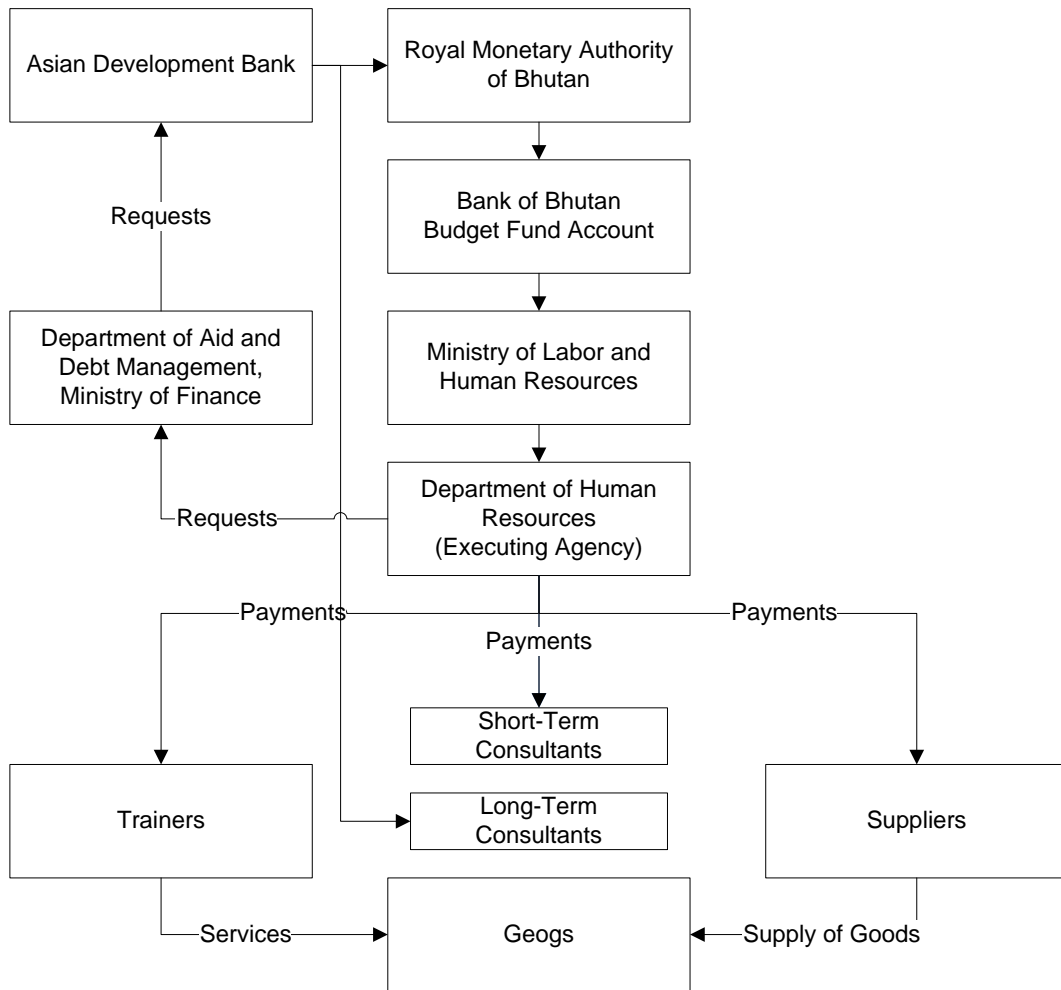
^b JICA has not made any commitments to finance. Its commitment will be made annually after appraising applications from the EA each year. The EA is currently processing applications for both short- and long-term senior volunteers for the first year. The total cost during the Project is estimated at \$600,000.

^c The figures in subtotal do not include contingencies.

^d Although the ADB's environmental categorization of the Project is "C", an environment consultant will be recruited to confirm no or minimum environmental impact just before implementation of GSDP in each pilot *geog*. Considering the remoteness of each pilot *geog* and needs for longer travel time, 7 person-moth input was estimated. However, the PMU will rationalize the person-month further based on efficient routing for filed visits by the first two-month of the first year of project implementation.

Source: Asian Development Bank estimates.

FUND FLOW ARRANGEMENT



Geogs = groups of villages.

Source: Asian Development Bank estimates.

IMPLEMENTATION ARRANGEMENTS

A. Executing Agency

1. The Department of Human Resources (DHR) under the Ministry of Labor and Human Resources (MoLHR) will be the Executing Agency of the Project. The director of DHR will be the project director with overall responsibility for project management. The project director will represent the Project, and have authority to approve project documents, staff assignments, contracts, and payments (Figure A4).

B. Implementing Agency

2. DHR will establish a project management unit (PMU) in DHR as the implementing agency. The PMU will be located in Thimphu and will (i) prepare the annual work plan and budget, (ii) make logistical arrangements for training and workshops, (iii) monitor and evaluate the progress of project implementation, (iv) prepare withdrawal applications, (v) prepare project progress reports, and (vi) maintain project accounts and complete grant financial records for auditing the Project (Figure A4).

3. **Project Manager.** A project manager will be appointed to manage the PMU. The project manager will supervise the day-to-day implementation activities and advise the project director in approving official project documents, contracts, and payments. The project manager will coordinate with the 25 *geogs*¹ (groups of villages), 3 *dzongkhags* (districts) administrations, training institutes, Ministry of Home and Cultural Affairs (MoHCA), Ministry of Finance (MoF), Ministry of Agriculture, and Ministry of Education. The project manager will be assisted by three project and training management specialists (one international and two national consultants). One additional person on part-time basis will be assigned to the PMU to maintain the project account.

4. **Project Steering Committee.** For coordination and management, DHR will set up a project steering committee with representatives from MoLHR, MoHCA, MoF, and three *dzongkhags* administrations. The Asian Development Bank (ADB) and Japan International Cooperation Agency (JICA) will participate as observers. The committee will meet at least once a year to discuss project implementation and future development. The committee will approve the annual work plan and budget, review progress, guide the project, and provide policy support.

C. Project Locations and Participatory Approach

5. The Project will focus on 25 *geogs* in the *dzongkhags* of Haa, Bumthang, and Trashigang, which represent the western, central, and eastern regions of Bhutan, to obtain a variety of samples with different geographical and cultural traits (Table A4.1). The 25 *geogs* are supported by the Local Governance and Decentralization Project (LGDP) financed by JICA.

6. All training will be designed in close consultation with each of the 25 *geogs*. The *geogs* will be continually consulted to gauge their interest, concerns, suggestions, and commitment, and to ensure project ownership and involvement in skills development.

¹ Bhutan is divided into 20 districts or *dzongkhags*. Each district is broken into smaller areas known as *geog*. Each *geog* comprises a number of villages.

7. Decision making in the communities in Bhutan is generally participatory, following the *2004 Manual² for the Implementation of Geog Yargay Tshogchung* (GYT, Development Committee) *Charthrim* (Act). Each *geog* has a GYT. A GYT is composed of a *gup* (an elected head of a *geog*), a *mangmi* (an elected representative of a *geog*), and *tshogpas* (an elected representative.) A *tshogpas* is responsible for the overall affairs of its constituency and liaises between the GYT and its constituency. GYT meetings are convened, at least quarterly, and participation of the GYT members is obligatory.

8. When making decisions, consensus by all GYT members is recommended, but if none is reached, a simple majority vote suffices. *Geogs* in rural areas are more participatory in that *gups* are likely to hold meetings with representatives of all households in all villages in their respective *geogs*, including women and juveniles, the socially vulnerable. The Project will follow the existing participatory decision-making procedure. In extensive consultation with its constituency, the GYT in each pilot *geog* will select (i) trainees, and (ii) types of additional training in a *geog*.

D. Implementation Schedule

9. The Project will be implemented over 4 years (Table A4.2). Preparatory activities involve preparing the Grant Implementation Memorandum, mobilizing the PMU and its staff, and engaging and mobilizing the consultants. Project preparation is expected to start in January 2007 and be completed by December 2010, with full cooperation of the participating communities.

E. Flow of Funds

10. The flow of funds arrangements are summarized in Appendix 2. The Department of Aid and Debt Management (DADM) will request ADB to release funds and will credit the requested amount in the Royal Government Budget Account Fund maintained by the Royal Monetary Authority (RMA) in Bhutan. Upon receipt of a request for release of funds from DADM, RMA will write to the Bank of Bhutan to credit the said amount in the Budget Account Fund of the Department of Budget and Accounts (DBA). DADM will then write to DBA to release the fund to DHR. These steps will be followed for every release requested. The accounts of the Project will be audited every year by the Royal Audit Authority³ (RAA) as per Government rules.

F. Disbursement

11. To facilitate disbursements, DADM will establish, immediately after the date of grant effectiveness, an imprest account at RMA. The imprest account will be established, managed, and liquidated in accordance with ADB's *Loan Disbursement Handbook*. The statement of expenditures procedure may be used for reimbursing eligible expenditures and liquidating advances from the imprest account for individual payments not exceeding \$20,000. The amount to be deposited into the imprest account will not exceed \$170,000, or the estimated expenditures for the next 6 months, whichever is lower.

12. As confirmed by the Government of Japan, use of the interest earned on the Japan Fund for Poverty Reduction (JFPR) imprest account requires ADB's prior approval. Any unutilized

² Royal Government of Bhutan. 2004. *2004 Manual for the Implementation of GYT Charthrim*. Thimphu. Defines and roles and responsibilities of GYTs and provides a set of rules for activities of GYTs.

³ RAA (i) is independent of the DHR, (ii) has adequate knowledge and experience in international accounting practices, and (iii) is acceptable to ADB.

interest earned on the JFPR imprest account will be returned to the JFPR account maintained at ADB, upon the completion of the project and before the closing of the account.

G. Procurement

13. All procurement under the Project will be in accordance with ADB's *Procurement Guidelines*. The PMU will procure goods and services in consultation with ADB. Contract packages worth up to \$10,000 will be awarded by the PMU, while those above \$10,000 will need prior clearance from ADB. To assist in construction training in the field, unskilled workers from nearby villages will be recruited and managed by DHR under simple contracts, written in the local language and briefly outlining the terms of employment, responsibilities, duration, and remuneration from the project. Procurement of goods will utilize national competitive bidding for contract packages of \$100,000 or above, and direct shopping for contract packages worth not more than \$100,000. No international competitive bidding is envisaged. The PMU will develop a procurement plan by the first 2 months of the first year of project implementation for ADB's approval.

H. Consulting Services

14. An architect/project management specialist (international) and a training management specialist (national) will be recruited as individual consultants by ADB in accordance with ADB's *Guidelines on the Use of Consultants* to provide services for implementing, managing, and monitoring progress of the JFPR grant. A household survey specialist (national) and an environment specialist (national) will be contracted as individual consultants by the PMU in accordance with ADB's *Guidelines on the Use of Consultants*. The terms of reference are in Appendix 5.

I. Auditing and Reporting

15. The project manager will prepare quarterly, semiannual, and annual reports on project implementation, the form and content of which will be approved by ADB. The project director will officially endorse these reports to ADB. The PMU will maintain separate accounts for all project components financed by JFPR and the Government, and have them audited by RAA. The audited project accounts and the RAA's reports will be submitted to ADB within 6 months after the end of each financial year. RAA will also audit the use of the imprest account and the statement of expenditures (SOE) procedures. A separate audit opinion on the use of the imprest account and SOE procedures will be included in the annual audit report. The Government has been informed that ADB requires timely submission of audited project accounts and financial statements, and that noncompliance will cause the suspension of disbursements. To facilitate postevaluation of the Project, the Government has agreed to provide an implementation completion memorandum to ADB, with the support of the project manager, within 3 months of physical completion of the Project.

J. Monitoring and Evaluation

16. A preliminary set of indicators for monitoring and evaluating project performance has been agreed upon with DHR during project preparation. When implementation starts, the project manager, with the assistance of the household survey specialist, will collect and confirm baseline values for indicators on skills levels and income generation impacts. Monitoring indicators will be measured during project implementation. The findings and their analysis will be incorporated by the PMU in every other quarterly report to ADB. In addition to indicators for

implementation monitoring, indicators for project evaluation will be measured at project completion. Where relevant, indicators will be disaggregated by gender. Participatory surveys will be conducted and results will be compared with the baseline. A final report will be evaluation of changes that occurred during the project.

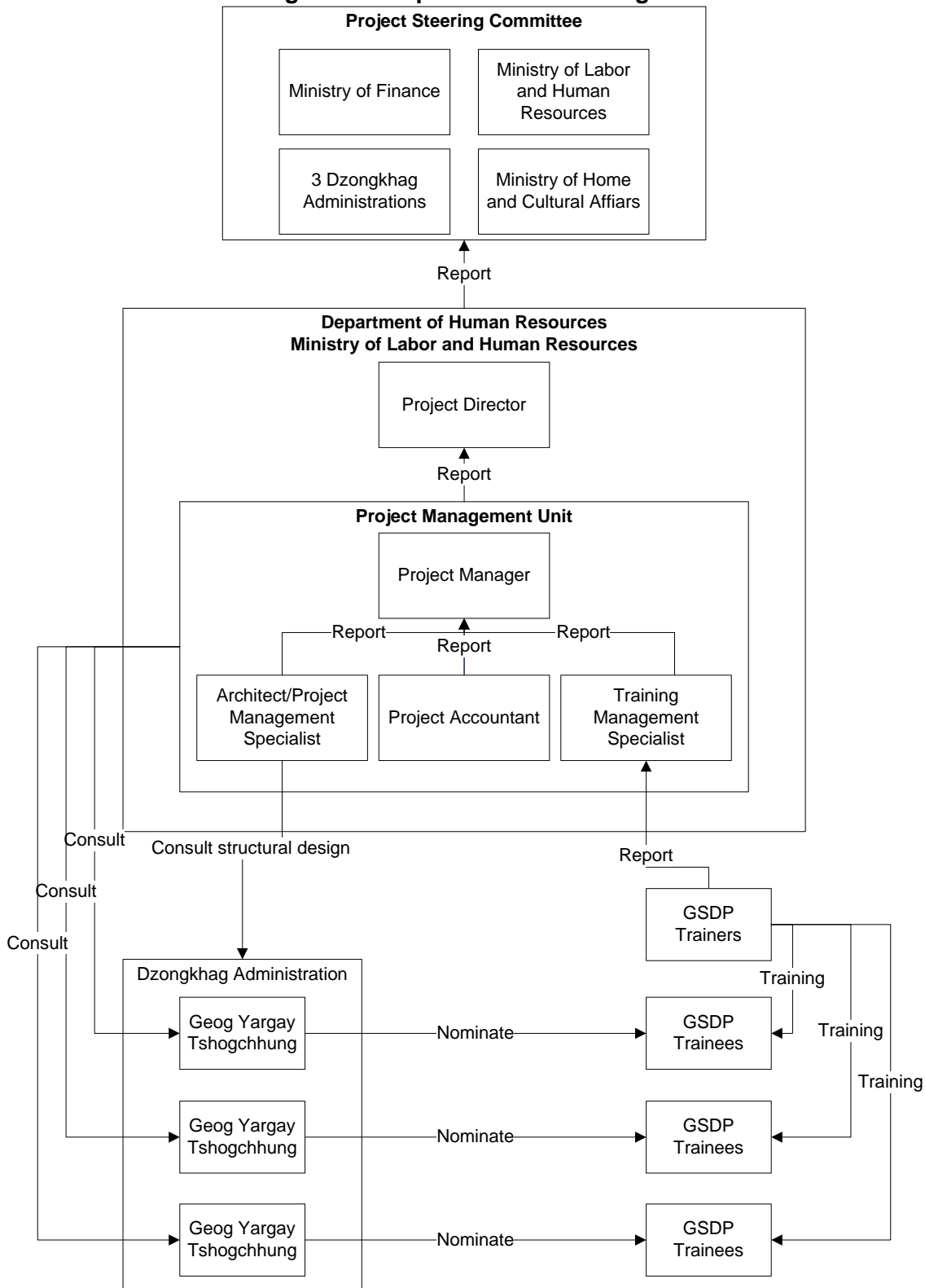
K. Criteria for Practical Demonstration Sites

17. As a part of the *geog* skills development program (GSDP), trainees will construct a maximum of 3 toilets in a *geog*, to acquire practical skills and to demonstrate their capability to the other villagers. The toilets, to be located on Government land in principle, will be for the benefit of all people in the *geog*. The location of the practical demonstration activities should reflect that purpose. Toilets will not be built in environmentally sensitive areas and will be designed with proper waste disposal systems. The PMU will secure an official clearance from the agencies concerned, and submit a clearance from the Secretariat of the National Environment Commission, and prepare necessary documents to meet ADB's safeguards policy.

L. Criteria for On-the-Job Training Sites

18. As the final part of the GSDP, the trainees will construct structures, such as single-story hostels for poor schoolchildren, to further develop practical skills and to demonstrate the trainees' capability to the general public (Table A4.3). The structure, which will be on Government land in principle, will be for the poorest of the poor or the most vulnerable. The location of the training activities should reflect that purpose. Infrastructure will not be built in environmentally sensitive areas and will be designed with proper waste disposal systems. The PMU will secure an official clearance from the agencies concerned, and submit a clearance from the Secretariat of National Environment Commission, and prepare necessary documents to meet ADB's safeguards policy.

Figure A4: Implementation Arrangements



dzongkhag = district, *geog* = a group of villages, *Yargay Tshogchung* = Development Committee, GSDP = *geog* skills development program.
 Source: Asian Development Bank estimates.

Table A4.1: List of the 25 Pilot Geogs

Bumthang Dzongkhag	Haa Dzongkhag	Trashigang Dzongkhag
1. Chkoekor	1. Bjee	1. Bartsham
2. Chumey	2. Katsho	2. Bidung
3. Tang	3. Sama	3. Kanglung
4. Ura	4. Sombeykha	4. Kangpara
	5. Uesu	5. Khaling
		6. Lumang
		7. Merak
		8. Nanong
		9. Phongmey
		10. Radhi
		11. Sakteng
		12. Samkhar
		13. Shongphu
		14. Thrimshing
		15. Uzorong
		16. Tangneer

dzongkhag = district , *geog* = a group of villages.
Source: Asian Development Bank estimates.

Table A4.2: Implementation Schedule

Task	2007				2008				2009				2010				Q1	
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3		Q4
PMU and steering committee set up	■																	
PMU visit to pilot geogs for campaign		■																
Component A: GSDP																		
Project baseline survey			■															
Selection of trainees by geogs		■	■															
Nomination of trainees by geogs		■	■															
Recruitment of trainers		■	■															
Training of trainers		■	■															
Procurement of training tools for first batch			■															
Procurement of training materials for first batch			■															
GSDP first batch (first and second stages)				■														
GSDP first batch (third stage training)								■										
Procurement of training tools for second batch								■										
Procurement of training materials for second batch								■										
GSDP second batch (first and second stages)									■									
GSDP second batch (third stage training)												■						
Procurement of training tools for third batch												■						
Procurement of training materials for third batch												■						
GSDP third batch (first and second stages)													■					
GSDP third batch (third stage training)																	■	
Project impact survey																		
Component B: Project Management and Monitoring																		
Recruitment of consultants by ADB	■																	
Fielding of consultants (intermittent)	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Recruitment of consultants by EA	■																	
Fielding of consultants (intermittent)	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■

ADB = Asian Development Bank, EA = Executing Agency, PMU = project management unit, GSDP = Geog Skills Development Program, Q = quarter.

Source: ADB estimates.

Table A4.3: Indicative Long List for Construction of Pupils' Hostels for On-the-Job Training

No.	Dzongkhags	Schools	Required Facilities	Feeder Villages (estimated hours required for commuting)
1	Trashigang	Joenkhar Community Primary School	Hostel Matron's Quarter	Tholong (3), Thrakthri (3), Yonbazor (2), Murphey (1), and Da (2).
2		Tshatsi Primary School	Hostel	Balangnang (1.5), Jorey (1.5), Sangshing Tong (1.5), Banangurab (1.5), Lepheri (1.5), and Khedar (1.5).
3	Haa	Jyenkana Lower Secondary School	Hostel Matron's Quarter	Dorithasa (24), Yangtsho (24), Dorikha (24), Nobgang (24), Longpa (24), and Lhagochen. (24).
4	Zhemgang	Goshing Community Primary School	Hostel Matron's Quarter	Lochibi (12), Lingmapong (1.5), and Samcholing (12).
		Shingkar Community Primary School	Matron's Quarter	
		Bjokar Community Primary School	Hostel	Tashibi (1.5), Salapong (12), and Shillingtoe (12).
		Tashibi Community Primary School	Hostel Matron's Quarter	
		Kaktong Community Primary School	Hostel Matron's Quarter	
5	Pemagatshel	Dungmin Community Primary School	Hostel	Chephung (7), Pangthang (0.5), and Lungkulum (4).
		Chimong Community Primary School	Hostel Matron's Quarter Toilet Dining Hall	Tomi (2), Nomi (5), Zimzuri (1), Byangzore (1), woongborang (4), and Amshingwong (1.5).
6	Wangduephudrang	Khotokha Community Primary School	Hostel Matron's Quarter	Shelli (3), Zamding (5), Ngawang (5), and Themka (4)..
7	Chukha	Dungna Primary School	Hostel Kitchen Store Matron's	Dungna (3)

No.	Dzongkhags	Schools	Required Facilities	Feeder Villages (estimated hours required for commuting)
			Quarter Toilet	
8	Trashiyangtshé	Thragom Community Primary School	Hostel Matron's Quarter Kitchen Stores	Dungsingma (1.5), Melongkhar (2.5) hrs. Dukti (3), and Yallang (3).
		Tongzhang Lower Secondary School	Hostel Kitchen and Stores	Kungzangling (3), Changmadung (3), Baynangkhar (3) and Dukulung (3).
9	Lhuntshe	Zangkhar Community Primary School	Hostel Toilet Matron's quarter	
		Wambur Community Primary School	Toilet Matron's Quarter	
10	Mongar	Daksa Community Primary School	Hostel Toilet Matron's Quarter	Villages in Daksa geog (1.5).
		Thangrong Primary School	Hostel	Villages in Thangrong geog
		Sherzhong Community Primary School	Hostel Matron's Quarter	Yarab (24), Tramo (24), Theling (24), Jabgang (24), Soenakkhar (24), Gangbung (24), Suma (24), Shershong (24), Phuntsholing (24), and Mangshing (24).
		Tsamang Primary School	Hostel Matron's Quarter	Dangmangling (24), Tokari (24), Banjar (24), Ganglapong (24), and Yongkala (24).
		Jurney Community Primary School	Hostel M/quarter	Villages in Jurney geog (24).

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. The grant assistance will be implemented in consultation with the stakeholders concerned: local communities, *Geog Yargay Tshogchhung* (GYT, *geog* development committee), *dzongkhag* (district) administrations, and Japan International Cooperation Agency (JICA). The project consultant will review evaluation reports of similar and related projects funded by the Asian Development Bank (ADB) and JICA, especially with regard to lessons learned and factors that influence sustainability. Four individual consultants will be needed.

A. Architect/Project Management Consultant (international)

2. The architect/project management consultant (maximum 25 person-months intermittent for 4 years) will undertake the following:

- (i) Assist the project manager in establishing and preparing the necessary documents on appropriate procedures for procurement and disbursement in accordance with relevant ADB guidelines.
- (ii) Formulate and regularly update the procurement plan, specific work plans and detailed implementation schedule, and submit them to ADB once endorsed by the project manager and approved by the project director.
- (iii) Prepare quarterly progress reports, satisfactory to the project director, project manager, and ADB.
- (iv) Coordinate with JICA senior volunteers assigned to the Project once they are selected and dispatched.
- (v) Assist the project manager in costing, budgeting, and grant management.
- (vi) Design blueprints for structures to be constructed during training, in line with the rules and regulations of the respective GYT and of Bhutan, with special attention to gender-friendly and barrier-free structures.
- (vii) Prepare *Geog Skills Development Program* (GSDP) presentation materials for the project manager.
- (viii) Design training manuals in association with Department of Human Resources (DHR) and Ministry of Labor and Human Resources (MoLHR).
- (ix) Develop an occupational health and safety plan, and posters outlining safe use of tools and machinery, including use of protective measures and safe disposal of waste resulting from construction training activities.
- (x) Assess the land for training, confirm ownership, and check whether use of the land is subject to environmental clearance by competent authority as set by the Regulation for the Environmental Clearance of Projects (February 2001).
- (xi) Assist the project manager in reviewing the draft initial environmental examination reports.
- (xii) Visit all training sites, and monitor and supervise the progress of demonstration and on-the-job training parts of the GSDP.
- (xiii) Visit all training sites and evaluate the quality of works done by GSDP trainees, and suggest areas for improvement and methods.
- (xiv) Assist the project manager in developing detailed criteria for selecting the sites for the GSDP on-the-job training.
- (xv) Perform other project-related tasks that the project director and the project manager may reasonably request.

B. Training Management Specialist (national)

3. The training management specialist (maximum 42 person-months intermittent for 4 years) will undertake these tasks:

- (i) In consultation with the project manager, finalize a grant implementation manual for the Project in view of ADB's procedural requirements and fund flow arrangement.
- (ii) In the absence of the architect/project management consultant, assist the project manager in preparing the necessary documents on appropriate procedures for procurement and disbursement for the Project in accordance with relevant ADB guidelines.
- (iii) Assist the architect/project management consultant in formulating and updating specific work plans and a detailed implementation schedule.
- (iv) Design training manuals in association with DHR and MoLHR.
- (v) Design trainer assignment and allocation plan.
- (vi) Formulate logistics plans for training of the GSDP trainers and implementation of GSDP in *geogs*.
- (vii) Coordinate with GYT and *dzongkhag* administrations in implementing the GSDP.
- (viii) Coordinate with vocational training institutes and institutes of *Zorig Chusum* when dispatching instructors of GSDP trainers and resource persons for *geogs*.
- (ix) Assist the project manager in developing detailed criteria for selecting trainees and trainers, in the light of the objectives of the Japan Fund for Poverty Reduction.
- (x) Assist the project manager in developing detailed criteria for evaluating the performance of GSDP trainers and trainees.
- (xi) In the first batch of the GSDP, identify from each *geog* the most successful and competent graduates in each skill as possible GSDP trainer assistants.
- (xii) Assist the project manager and the pilot *geogs* in developing community monitoring mechanisms.
- (xiii) Perform other project-related tasks that the project director and the project manager may reasonably request.

C. Household Survey Specialist (national)

4. The household survey specialist (maximum 10 person-months intermittent for 4 years) will undertake these tasks:

- (i) Prepare the monitoring framework in consultation with the project manager and other key stakeholders. Include in the framework a list of qualitative and quantitative indicators and issues to be covered, methodology for collecting data, and schedule of execution. Cover various impacts such as improvement in living conditions, household income and expenditure, changes starting to happen in the *geog* as a whole.
- (ii) Carry out a baseline survey and prepare baseline data. Output from this task would be the baseline data report.
- (iii) Conduct annual monitoring surveys toward the end of the first, second, and third year after the end of the Project. In accordance with the requirements of the agreed-upon monitoring framework, collect data from the pilot *geogs* using participatory and household survey methodologies. During the first round of visits, discuss the monitoring framework with the communities, incorporate their

suggestions, and involve them in the participatory monitoring process. In the next round, the community should be able to report back to the household survey specialist.

- (iv) Prepare a monitoring report on poverty impact at the levels of key activities, outputs, and outcomes. In the report, present major findings, lessons learned, and remedial/supportive actions needed. The report should be presented to key stakeholders, discussed, and then finalized.

D. Environment Specialist (national)

5. The environment specialist (maximum of 7 person-months intermittent for 4 years) will have sufficient knowledge of both the Government's environment assessment guidelines, ADB's *Environment Policy* (2002), and *Environmental Assessment Guidelines* (2003). The tasks are as follows:

- (i) Prepare a rapid environmental assessment (REA) checklist, based on the Government's environment assessment guidelines, ADB's *Environment Policy* (2002) and *Environmental Assessment Guidelines* (2003), suitable for minor construction activities to be conducted in *geogs* and acceptable to the Government. Design posters/brochures that help raise trainees' awareness of good practices in environmental management during construction activities.
- (ii) Conduct a REA of training activities in each pilot *geog* to reconfirm that the activities fall into category C and prepare REA checklists/reports. The categorization follows ADB's *Environment Policy* (2002) and *Environmental Assessment Guidelines* (2003).
- (iii) Explain to trainers and trainees in each pilot *geog* the required documents and procedures for an environmental clearance by agencies concerned under the 2004 Manual for the Implementation of *GYT Charthrim* (Act), the Environment Assessment Act of 2000, and Regulation for the Environmental Clearance of Projects, and raise trainees' awareness of possible environmental impacts.
- (iv) Assist *GYT* in each pilot *geog* in preparing necessary documents for environmental clearance and in obtaining clearance from the National Environment Commission and other agencies concerned, in accordance with the Environment Assessment Act of 2000 and Regulation for the Environmental Clearance of Projects
- (v) Conduct an initial environmental examination (IEE) in case the project category turns out to be "B" after REA due to unforeseeable reasons. Prepare an IEE report, based on ADB's environmental safeguards policies and guidelines, acceptable to the project director, the project manager, and ADB.