



Country Operations Business Plan

October 2015

Bhutan 2016–2018

This document is being disclosed to the public in accordance with ADB's Public Communications Policy 2011.

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 14 September 2015)

Currency unit	–	ngultrum (Nu)
Nu1.00	=	\$0.015096
\$1.00	=	Nu66.241

ABBREVIATIONS

ADF	–	Asian Development Fund
COBP	–	country operations business plan
MFF	–	multitranches financing facility
MW	–	megawatt
OCR	–	ordinary capital resources
PDA	–	project design advance
SASEC	–	South Asia Subregional Economic Cooperation
TA	–	technical assistance

NOTE

In this report, “\$” refers to US dollars.

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I. CONSISTENCY OF BUSINESS PLAN WITH COUNTRY PARTNERSHIP STRATEGY

1. This country operations business plan (COBP) identifies the lending and nonlending operations for 2016–2018 that pursue full alignment with the country partnership strategy, 2014–2018 of the Asian Development Bank (ADB) for Bhutan,¹ and with the priority areas articulated in Bhutan’s Eleventh Five Year Plan, 2013–2018.² It is also consistent with the priorities set out in ADB’s Midterm Review of Strategy 2020.³ This COBP indicates lending for green energy, transport and connectivity, and urban infrastructure.

II. INDICATIVE RESOURCE PARAMETERS

2. Bhutan is a Group A concessional assistance country, and has access to Asian Development Fund (ADF) and concessional ordinary capital resources (OCR).⁴ The indicative ADF and concessional OCR resource allocation for 2016–2018 is \$126 million. The final allocation will depend on the available ADF and concessional OCR resources, and the outcome of the country performance assessments. In addition, cofinancing and funding from other sources, including the ADF and concessional OCR subregional pool, will be explored. The 2014 debt distress classification of Bhutan indicated moderate risk. In accordance with the ADF grants framework, the country is to receive 50% of its country allocation in grants in 2015, subject to a 20% volume discount on the grant portion of the country allocation.⁵

3. The 2016–2018 program reflects a stronger emphasis on larger and revenue-generating projects—green energy production⁶ and key urban infrastructure—with a higher impact, which will support economic growth that is more inclusive and environmentally sustainable.

4. The total cost of the proposed lending pipeline for 2016–2018 (Appendix 2) exceeds the overall available ADF and concessional OCR resource envelope of \$126 million for this period. Overprogramming aims to achieve annual lending levels while addressing the challenge of project readiness; and to build a robust pipeline, factoring in additional funding from the merger of ADF lending resources with the OCR balance sheet. The final lending volume each year will be kept within the annual allocation indicated in the work program and budget framework.

III. SUMMARY OF CHANGES TO LENDING AND NONLENDING PROGRAMS

A. Lending Products

5. This COBP differs from the one for 2015–2017 because changing government priorities have prompted major changes in the pipeline, as summarized below.

6. The government approved the Phuentsholing–Chamkuna road construction as an alternative for the cancelled components of the South Asia Subregional Economic Cooperation (SASEC) Transport, Trade Facilitation, and Logistics Project.⁷ Promoting Clean Energy

¹ Asian Development Bank. 2014. *Country Partnership Strategy: Bhutan, 2014–2018*. Manila.

² Government of Bhutan, Gross National Happiness Commission. 2013. *Eleventh Five Year Plan, 2013–2018*. Thimphu.

³ ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

⁴ Reflects the approved combination of ADF lending operations with the OCR balance sheet effective from 1 January 2017.

⁵ The proportion of grants in the resource allocations in 2016–2018 will be determined by future annual debt distress classifications in accordance with the ADF grants framework.

⁶ Financing from market-based OCR would be considered in individual cases for high-revenue-earning projects that generate net foreign exchange earnings exceeding the foreign debt service requirement (ADB. 2014. *Performance-Based Allocation of Asian Development Fund Resources. Operations Manual. OM A3/BP*. Manila.).

⁷ The programmed amount for the SASEC Transport, Trade Facilitation, and Logistics Project is adjusted accordingly in 2016, from \$34.61 million in the previous COBP to \$19.61 million now.

Development in Bhutan (phases II and III) will remain in 2016 as an \$8 million lending product cofinanced by the government of Norway.⁸ The Air Transport Connectivity Enhancement Project grant of \$4 million will be kept intact.⁹ Also in 2016, the ongoing Urban Infrastructure Project¹⁰ receives \$4.26 million in additional ADF grant resources, which the government intends to utilize for the resurfacing of internal roads in the local area plans.

7. Four projects were programmed for 2017 and 2018. For 2017, the Improved Urban Environmental Infrastructure Project will remain unchanged, at \$20 million.¹¹ The government also approved as a priority, the Amochhu river training and flood prevention project, which was programmed for 2017 for \$60 million.¹² For 2018, resources amounting to \$120 million were programmed for the SASEC Green Power Investment Program (Tranche 1). This is part of a three-stage multitranche financing facility (MFF) package totaling \$320 million,¹³ proposed to finance mainly the Nyera Amari hydroelectric power project. The loan will help fund SASEC Green Power Project 1, which is designed with a hydropower capacity of 125 megawatts (MW) and is estimated to cost \$210 million. ADB will further finance up to \$100 million of Project 2, including the associated transmission component of the Nyera Amari power plant.¹⁴

B. Nonlending Products and Services

8. Two capacity development technical assistance (TA) projects in the previous COBP, pipelined for 2016, were removed.¹⁵ The TA to support Improving Agribusiness (One Village–One Product) will be reprogrammed to receive \$500,000 from the Technical Assistance Special Fund for 2016.¹⁶ An additional \$500,000 from this fund was programmed on a standby basis in 2016 for preparatory work on the Amochhu project. A new TA amounting to \$300,000 will be programmed for 2016 on a standby basis to continue supporting the Anti-Corruption Commission. Capacity Building for Improved Urban Environmental Infrastructure Management (formerly Capacity Building for Green Urbanization), amounting to \$1.0 million and pipelined for 2017, was cancelled, as per discussions with Ministry of Finance, and the funds will be transferred to the 2018 CDTA for SASEC Green Power Investment Program (Projects 1 & 2).¹⁷

9. The summary of changes to the lending and nonlending programs is reflected in the revised results framework in Appendix 1, and in Appendix 2 (Tables A2.1 and A2.2). Appendix 3 encapsulates the development priorities of Bhutan and ADB's support of those priorities. Appendix 4 enumerates the knowledge products that seek to respond to Bhutan's knowledge needs.

⁸ This was labeled a nonlending product in the previous COBP.

⁹ The Ministry of Finance has requested approval for a contract variation with the consultant for this project.

¹⁰ ADB. 2011. Proposed Loan Kingdom of Bhutan: Urban Infrastructure Project. Manila.

¹¹ Project preparatory TA (PPTA) approved in December 2013 is ongoing, and the master plan covers water supply, sanitation system, and solid waste management in 15 new dzongkhag thromdes (municipalities/towns). Ministry of Works and Human Settlement will share the list of the 15 thromdes with ADB and the implementing modalities may be agreed upon in the PPTA.

¹² The project's two phases associated with river training and flood prevention are estimated to cost \$80 million in total.

¹³ The program investment is estimated at \$720 million for three components—Project 1: Nyera Amari hydropower plant's first stage (125 MW); Project 2: strengthening of Eastern grid network; and Project 3: Nyera Amari hydropower plant's second stage (317 MW). ADB's MFF will tentatively consist of three tranches totaling \$320 million (first tranche \$120 million for Project 1).

¹⁴ Project 3 of Nyera Amari, amounting to \$100 million of the MFF, will be programmed after 2018.

¹⁵ (i) Capacity Building for SASEC Transport, Trade Facilitation, and Logistics; and (ii) Strengthening Public Procurement.

¹⁶ ADB's Vice-President (Operations 1) visited Bhutan on 13–16 June 2015 to attend the Bangladesh, Bhutan, India, and Nepal Transport Ministers' meeting. He met with the Honorable Prime Minister to discuss various issues regarding bilateral cooperation. From their discussions, the Improving Agribusiness (One-Village–One-Product) TA was reprogrammed as stated.

¹⁷ Capacity development TA will be attached to the MFF's first tranche to support project implementation and boost institutional capacity. It aims to strengthen the integrated water resource management and efficient operations of cascaded plant facilities. The TA will support Bhutan Power Corporation in improving the operations of the country's power grid system, to ensure effective interoperation with other regional grids in Bhutan and with Indian grid systems. The TA will also help both executing and implementing agencies improve corporate management and business operations.

UPDATED COUNTRY PARTNERSHIP STRATEGY RESULTS FRAMEWORK

BHUTAN: PLANNED COUNTRY ASSISTANCE RESULTS AREAS

Key Country Development Outcomes that ADB Contributes to	ADB		
	Key Areas of Assistance	Indicative Resource Allocation in 2016–2018	Changes from Last COBP
1. Energy			
Increase energy security and energy sector's contribution to revenue, economic growth, and employment	Increased cross-border power trade and domestic electricity access	Amount: \$328.00 million Share of COBP envelope: 70.40%	
2. Transport			
Increase access to safe, reliable, affordable, eco-friendly, convenient transport services	Safe and more efficient movement of people and goods	Amount: \$23.61 million Share of COBP envelope: 5.07%	
3. Urban			
Improve quality of urban infrastructure and services	Enhanced safety, reliability, and quality of urban services (water supply, sanitation, and flood management)	Amount: \$114.26 million Share of COBP envelope: 24.53%	
4. Finance			
Ensure diversification of sources of growth, and foster private sector development	More stable macro-financial environment and efficient financial intermediation	Amount: \$0.00 million Share of COBP envelope: 0%	

ADB = Asian Development Bank, COBP = country operations business plan.

INDICATIVE ASSISTANCE PIPELINE

Table A2.1: Lending Products, 2016–2018

Project/Program Name	Sector	Poverty Targeting	Strategic Agendas and Drivers of Change	Division	Year of PPTA / PDA	Cost (\$ million)						
						ADB ^a					Gov't	Co-finance
						Total ^a	OCR/MOL ^a	ADF Loan/COL ^a	ADF Grants	Total		
2016 Firm												
SASEC Transport, Trade Facilitation, and Logistics Project	TRA	GI	IEG, RCI	SATC	2014	19.61 ^b	0.00	14.61	5.00	19.61	0.00	0.00
Air Transport Connectivity Enhancement Project (Additional Financing)	TRA	GI	IEG, RCI	SATC		4.00	0.00	0.00	4.00	4.00	0.00	0.00
Promoting Clean Energy Development in Bhutan (Phases II and III)	ENE	GI	ESG, IEG, PAR	SAEN		8.00	0.00	0.00	0.00	0.00	0.00	8.00 ^c
Urban Infrastructure Project (Additional Financing [Loan 2816])	WUS	GI	ESG, GEM, IEG	SAUW		4.26	0.00	0.00	4.26	4.26	0.00	0.00
Subtotal						35.87	0.00	14.61	13.26	27.87	0.00	8.00
2017 Firm												
Improved Urban Environmental Infrastructure Project	WUS	GI	ESG, GEM, IEG, PAR	SAUW	2013	30.00	0.00	20.00	0.00	20.00	5.00 ^d	5.00 ^e
Amochhu River Training and Flood Prevention Project	ANR	TI-G	ESG, IEG	SAER	2016	80.00	45.00	15.00	0.00	60.00	20.00	0.00
Subtotal						110.00	45.00	35.00	0.00	80.00	25.00	5.00

Project/Program Name	Sector	Poverty Targeting	Strategic Agendas and Drivers of Change	Division	Year of PPTA / PDA	Cost (\$ million)						
						ADB ^a					Co-finance	
						Total ^a	OCR/MOL ^a	ADF Loan/COL ^a	ADF Grants	Total		Gov't
2018 Firm												
SASEC Green Power Investment Program (Tranche 1) ^f	ENE	GI	ESG, IEG, PSD, PAR, RCI	SAEN		210.00	60.00	60.00	0.00	120.00	10.00	80.00
SASEC Green Power Investment Program (Tranche 2) ^g	ENE	GI	ESG, IEG, PSD, RCI	SAEN		110.00	67.94	32.06	0.00	100.00	10.00	0.00
Subtotal						320.00	127.94	92.06	0.00	220.00	20.00	80.00
Total						465.87	172.94	141.67	13.26	327.87	45.00	93.00

ADB = Asian Development Bank; ADF = Asian Development Fund; ANR = agriculture and natural resources; COL = concessional OCR lending; ENE = energy; ESG = environmentally sustainable growth; GEM = gender equity and mainstreaming; GI = general intervention; Gov't = government; IEG = inclusive economic growth; MOL = market-based OCR lending; OCR = ordinary capital resources; PAR = partnerships; PDA = project design advance; PPTA = project preparatory technical assistance; PSD = private sector development; RCI = regional cooperation and integration; SAEN = South Asia Energy Division; SAER = South Asia Environment, Natural Resources, and Agriculture Division; SASEC = South Asia Subregional Economic Cooperation; SATC = South Asia Transport and Communications Division; SAUW = South Asia Urban Development and Water Division; TI-G = targeted intervention—geographic dimensions of inclusive growth; TRA = transport; WUS = water and other urban infrastructure and services.

Note: Lending products include loan and grant (ADF grant) products.

^a Reflecting the approved combination of ADF lending operations with the OCR balance sheet that will become effective on 1 January 2017. From 2017 onwards, ADF lending operations will be classified as concessional OCR, following the merger of ADF lending operations and OCR balance sheet.

^b The total project loan of \$19.61 million is a mixture of \$10.00 million sourced from the ADF subregional pool and the remaining \$9.61 million from the ADF country allocation. The \$10 million subregional allocation is further split into 50% ADF loan and 50% ADF grant.

^c The project is funded by the Government of Norway but will be administered by ADB's SAEN. The original amount of \$10 million was reduced to \$8 million because of the depreciation of the krone.

^d The amount of the government's contribution will be confirmed in due course.

^e The amount is indicative and the cofinanciers will be determined during project preparation.

^f Project financing is proposed to be from concessional OCR (\$20 million), subregional pool (\$40 million), and regional OCR (\$60 million). The investment program's third tranche (second-stage power generation) is proposed to be from market-based OCR (\$100 million) for 2019, with additional funding of \$200 million from cofinancing and \$100 million from the government. Cofinancing sources include European Investment Bank, Japan International Cooperation Agency, and local and commercial financial institutions. Government (project sponsors) includes Druk Green Power Corporation (DGPC) and other public and private sponsors in the project special-purpose company.

^g Project financing is proposed to be from concessional OCR (\$32.06 million) and market-based OCR (\$67.94 million). Government (project sponsors) includes DGPC and other public and private sponsors in the project special purpose company.

Source: Asian Development Bank.

Table A2.2: Nonlending Products and Services, 2016–2018

Assistance Name	Sector	Division	Assistance Type	Sources of Funding				Total (\$'000)
				ADB		Others		
				Source	Amount (\$'000)	Source	Amount (\$'000)	
2016 Firm								
Improving Agribusiness (One Village–One Product)	ANR	SAER	CDTA	TASF	500.00			500.00
2016 Standby								
Strengthening the Capacity of the Anti-Corruption Commission (ACC)	FIN	SAPF	CDTA			TBD	300.00	300.00
Amochhu River Training and Flood Prevention Project	ANR	SAER	PPTA	TASF	500.00			500.00
Subtotal					1,000.00		300.00	1,300.00
2018 Firm								
Capacity Building for SASEC Green Power Investment Program (projects 1 & 2)	ENE	SAEN	CDTA				1,000.00	1,000.00
Subtotal							1,000.00	1,000.00
Total					1,000.00		1,300.00	2,300.00

ADB = Asian Development Bank; ANR = agriculture and natural resources; CDTA = capacity development technical assistance; ENE = energy; FIN = finance; PPTA = project preparatory technical assistance; SAEN = South Asia Energy Division; SAER = South Asia Environment, Natural Resources, and Agriculture Division; SAPF = South Asia Public Management, Financial Sector and Trade Division; SASEC = South Asia Subregional Economic Cooperation; TASF = Technical Assistance Special Fund; TBD = to be determined.
Source: Asian Development Bank.

ASSISTANCE PROGRAM FOR CURRENT YEAR

Table A3.1: Lending Products, 2015

Project/Program Name	Sector	Poverty Targeting	Strategic Agendas and Drivers of Change	Division	Year of PPTA/ PDA	Cost (\$ million)						
						ADB					Gov't	Co-finance
						Total	OCR	ADF		Total		
							Loans	Grants				
Firm												
Strengthening Economic Management Program II	FIN	GI	IEG	SAPF		36.20	0.00	20.10	16.10	36.20	0.00	0.00
Total						36.20	0.00	20.10	16.10	36.20	0.00	0.00

ADB = Asian Development Bank; ADF = Asian Development Fund; FIN = finance; GI = general intervention; Gov't = government; IEG = inclusive economic growth; OCR = ordinary capital resources; PDA = project design advance; PPTA = project preparatory technical assistance; SAPF = South Asia Public Management, Financial Sector and Trade Division.

Source: Asian Development Bank.

Table A3.2: Nonlending Products and Services, 2015

Assistance Name	Sector	Division	Assistance Type	Sources of Funding				Total (\$'000)
				ADB		Others		
				Source	Amount (\$'000)	Source	Amount (\$'000)	
Preparing the SASEC Green Power Investment Program ^a	ENE	SAEN	PPTA				1,500.00	1,500.00
Developing a Revenue Administration Management Information System (Supplementary)	PSM	SAPF	CDTA			EAKPF	150.00	150.00
Supporting the Implementation of the Second Strengthening Economic Management Program	FIN	SAPF	CDTA	TASF	700.00	FSDPSF	500.00	1,200.00
Enhancing Gender Equality and Social Inclusion Outcome at Decentralized Level ^b	PSM	SAOD/ BHRM	CDTA				1,500.00	1,500.00
Total					700.00		3,650.00	4,350.00

ADB = Asian Development Bank; BHRM = Bhutan Resident Mission; CDTA = capacity development technical assistance; EAKPF = e-Asia and Knowledge Partnership Fund; ENE = energy; FIN = finance; FSDPSF = Financial Sector Development Partnership Special Fund; PPTA = project preparatory technical assistance; PSM = public sector management; SAEN = South Asia Energy Division; SAOD = Office of the Director General; SAPF = South Asia Public Management, Financial Sector and Trade Division; SASEC = South Asia Subregional Economic Cooperation; TASF = Technical Assistance Special Fund.

^{a, b} Projects have been submitted to the Government of Japan for funding consideration.

Source: Asian Development Bank.

**LIST OF INDICATIVE KNOWLEDGE PUBLICATIONS AND EVENTS
(2015–2016)**

1. The country knowledge plan, which is prepared in tandem with the Country Partnership Strategy: Bhutan, 2014–2018,¹ sets the broad parameters of the knowledge work in Bhutan. It also shows how the Asian Development Bank (ADB) will engage with the government and other partners in generating and disseminating relevant knowledge solutions to development constraints facing the country.

2. Bhutan has been transforming rapidly. By ADB projections, it is expected to reach middle-income country status as early as 2017. This brings new challenges, particularly in macroeconomic management and development financing. It also highlights the need for governing authorities and policymakers to secure sound guidance from appropriate knowledge product and services.

3. While moving up to middle-income status, Bhutan is expected to graduate from Group A (Asian Development Fund/concessional ordinary capital resources only) to Group B (blend) by 2017, as per ADB's country category standard. Hence, Bhutan needs to chart a new course that is different from the past and marked by less budgetary dependence on grants and external loans. This will lead the government to explore proper knowledge solutions to fill up the development financing gap.

4. ADB will embed knowledge solutions in each of the country partnership strategy's sector and thematic priority areas. However, the role of knowledge solutions will be emphasized particularly in fostering a business-enabling environment for broad-based private sector development. This is to support the emphasis of the government's Eleventh Five Year Plan, 2013–2018 on economic diversification and job creation, with a focus on the development of non-hydropower sectors and the growth of a vibrant private sector to broaden the economic base and sustain high economic growth. This will complement ADB's ongoing investment support for strategic infrastructure development—i.e., in transport and energy. Knowledge solutions will be provided in such areas as:

- (i) macroeconomic management and public sector access to development financing,
- (ii) public–private partnerships and formulation of a competitiveness strategy,
- (iii) skills development, and
- (iv) water resources management

5. Tables A4.1 to A4.3 detail the knowledge products (publications and events) for 2015 and 2016 for Bhutan.

¹ Government of Bhutan, Gross National Happiness Commission. 2013. *Eleventh Five Year Plan, 2013–2018*. Thimphu.

Table A4.1: Knowledge Products (Publications and Events) for 2016

Title of Publication or Event	Subject ^a	Type ^b	Department or Sector Group or Thematic Group ^c	Technical Assistance
Asian Development Outlook – chapter on Bhutan	Economics	Book chapter	ERCD	Regular KM work in SARD
Country Performance Assessment	Multisector	Report	SARC	Regular KM work in SARD
Urban infrastructure improvement for 10 towns	Urban development, water, and environment	Road map report	SARD	PDA output for urban project in 2017
National Integrated Water Resources Management Plan	Water-based natural resources management	Road map report	SARD	CDTA 8623
Wangchhu Riverbasin Management Plan	Water-based natural resources management	Road map report	SARD	CDTA 8623
National Irrigation Master Plan	Agriculture	Road map report	SARD	CDTA 8623
Water: Securing Bhutan's Future	Water-based natural resources management	Knowledge publication (book)	SARD	CDTA 8623
New Pathways to Growth for Bhutan (Volume II)	Economics	Knowledge publication (book)	SARD	CDTA 8229
Training workshops on economic surveillance and related macro-econometrics	Economics	Knowledge event	SARD	CDTA 8229
Workshops private sector promotion and sharing good practices in doing business	Economics, private sector development	Knowledge event	SARD	CDTA 8229
Subregional workshop/conferences on gender and transport	Gender, urban development	Knowledge event	SARD	CDTA 8311
Asia Clean Energy Forum 2016	Energy, environment, finance	Knowledge event	SARD, SDCC	Pipelined project
Regional training, technical discussions, and data review workshops	Economics	Knowledge event	ERDI	TA 7505
Regional/technical evaluation/discussion – updating and constructing supply-and-use tables	Economics	Knowledge event	ERDI	TA 8838
Technical advisory services for implementation and/or upgrading of statistical business register (SBR) prototype system	Economics	Knowledge event	ERDI	TA 8594
Total number of publications = 6 Total number of events = 6				

CDTA = capacity development technical assistance; ERCD = Economic Research and Regional Cooperation Department; ERDI = Development Economics and Indicators Division, KM = knowledge management; PDA = project design advance; SARC = South Asia Regional Cooperation and Operations Coordination Division; SARD = South Asia Department; SDCC = Sustainable Development and Climate Change Department; TA = technical assistance.

^a Subjects include: agriculture and natural resources; capacity development; climate change; economics; education; energy; environment; finance; gender; governance and public sector management; health; information and communication technology; industry and trade; poverty; private sector; regional cooperation and integration; social development and protection; transport; urban development; water.

- ^b Publication and documentation; database; multimedia; event organization; training or capacity development.
- ^c Sector and thematic groups include: education; energy; environment; finance; gender equity; governance; health; operations; public–private partnership; regional cooperation and integration; rural development and food security (agriculture); social development; transport; urban; water.

Sources: South Asia Department database, K-Nexus, Government of Bhutan, as well as development partners with programs in Bhutan.

**Table A4.2: Additional Knowledge Products
(Publications and Events Delivered in 2015)^a**

Title of Publication or Event	Subject	Type	Department or Sector Group or Thematic Group	Technical Assistance
ADO chapter on Bhutan	Economics	Knowledge publication	SARD	Part of regular economic analytical work
High Level Workshop on Improving National Competitiveness, March 2015	Economics	Knowledge event	MOF and MOEA with support from ADB	CDTA 8229
Second High Level Institutional Visit, July 2015	Economics	Knowledge event	SARC	CDTA 8229
Macro-econometrics training workshop	Economics	Knowledge event	MOF with assistance from ADB	RETA 8254
Inception workshop on macro-economic monitoring/surveillance framework	Economics	Knowledge event	MOF with assistance from ADB	CDTA 8229
Capacity building training workshops on economic surveillance and early warning systems	Economics	Knowledge event	SARC/ERCD	CDTA 8229
Final report workshop on economic monitoring/surveillance framework	Economics	Knowledge event	MOF with assistance from ADB	CDTA 8229
Better Business Summit	Economics, private sector development	Knowledge event	SARC/SARD	CDTA 8229
Bhutan book chapters: Development Challenges in Bhutan <ul style="list-style-type: none"> • Bhutan's Macroeconomic Challenges • The Rupee Crisis: Macroeconomic Causes and Cures • Bhutan's Price Dynamics and Food Price Transmission from India • Vulnerability of Three Present or Former Least Developed Asian Countries: A Conceptual Framework • Banking in Bhutan: An Assessment of the Stability of Bhutan's Banking System • Gross National Happiness and Socio-economic Implications • A Framework of Trade Policy in the GNH System of Bhutan • Monetary Policy Framework for the Royal Government of Bhutan 	Economics, finance, industry and trade, governance	Knowledge publication	SARC/SARD	RETA 8254 and CDTA 8229
New Pathways to Growth for Bhutan (Volume I)	Economics, finance, industry and trade, governance	Knowledge publication	SARC/SARD	CDTA 8229

Title of Publication or Event	Subject	Type	Department or Sector Group or Thematic Group	Technical Assistance
SAARC Insurance Regulators' Conference	Finance	Training or capacity development	SDCC	TA 8561
Third South Asia National Women's Machineries Consultation Mission	Gender	South-South knowledge exchange	SARD	Part of KM work in SARD
Fourth South Asia Judicial Roundtable on Environmental Justice	Environment, RCI, governance and PSM	Event	OGC	
Launch Seminar of Asia SME Finance Monitor 2014	Finance, industry and trade	Event	SDCC	8679
Subregional Conference on Going Beyond the Meter: Inclusive Energy Solutions in South Asia	Gender	South-South Knowledge Exchange	SARD	
Training for microfinance institutions on client protection principles	Finance	Training or capacity development	SDCC	8643
First SAARCLAW Conference on Strengthening Legal Institutions and Enhancing Law, Justice, and Development in South Asia	RCI, governance and PSM	Event	OGC	
Working group consultation with SAARCLAW on identifying common regional legal and regulatory issues	RCI, governance and PSM	Partnership facilitation	OGC	
In-country workshop on wastewater innovations (Bhutan)	Environment, water	Training or capacity development	SARD	
Technical advisory services for implementation and/or upgrading of the SBR prototype system	Economics	Training or capacity development	ERDI	8594
Capacity building workshop on securitization	Economics/finance	Knowledge event on the feasibility of securitization of hydropower revenues in Bhutan	SAPF and MOF	CDTA 8901: Supporting Implementation of Strengthening Economic Management Program; completed on 7–8 September 2015.
Capacity-building workshop on best practices in regulation of capital markets	Economics/finance	Knowledge event on the feasibility of establishment of securities and exchange commission in Bhutan	SAPF, registrar of companies/MOEA	CDTA 8901: Supporting Implementation of Strengthening Economic Management Program. To be delivered in October 2015.
Total number of publications = 3 Total number of events = 19				

ADB = Asian Development Bank; ADO = Asian Development Outlook; CDTA = capacity development technical assistance; ERCD = Economic Research and Regional Cooperation Department, ERDI = Development Economics and Indicators Division; GNH = Gross National Happiness; KM = knowledge management; MOEA = Ministry of

Economic Affairs; MOF = Ministry of Finance; OGC = Office of General Counsel; PSM = public sector management; RCI = regional cooperation and integration; RETA = regional technical assistance; SAARC = South Asian Association for Regional Cooperation; SAARCLAW = South Asian Association for Regional Cooperation in Law; SAPF = South Asia Public Management, Financial Sector and Trade Division; SARC = South Asia Regional Cooperation and Operations Coordination Division; SARD = South Asia Department; SBR = statistical business register; SDCC = Sustainable Development and Climate Change Department; SME = (relating to) small and medium-sized enterprises; TA = technical assistance.

Notes: Since the country operations business plan, 2016-2018, includes information on operations for 2015 (as programs for the current year), this table incorporates knowledge publications and events delivered, or to be delivered, in 2015.

^a See previous table for all notes.

Sources: South Asia Department database, K-Nexus, Government of Bhutan, as well as development partners with programs in Bhutan.

**Table A4.3: Innovation, Advanced Technology, and Pilot Initiatives
for Implementation in 2016**

Item	Nature	Project Number	Sector or Theme	Division
Establishment of the public–private initiative under the Better Business Council	Pilot Initiative	CDTA 8229	Economics, private sector development	SARC
Establishment of the macroeconomic monitoring unit in Ministry of Finance and the deployment of a surveillance system	Pilot Initiative	CDTA 8229	Economics	SARC
Total number of innovation, advanced technology, and pilot initiatives = 2				

CDTA = capacity development technical assistance; SARC = South Asia Regional Cooperation and Operations Coordination Division,

Sources: South Asia Department database, K-Nexus, Government of Bhutan, as well as development partners with programs in Bhutan.