



PERFORMANCE AGREEMENT

BETWEEN

MINISTER

And

Secretary

Ministry Of Economic Affairs

(July 1, 2018 – June 30, 2019)

TABLE OF CONTENTS

Section 1: Vision, Mission and Objectives

Section 2: Objectives, Actions, Success Indicators and Target

Section 3: Trend Values of Success Indicators

Section 4: Description and Measurement of Success Indicators

Section 5: Requirements from other Ministries, Agencies and Dzongkhags

Preamble

The Performance Agreement is entered into between the Minister and Secretary, Ministry Of Economic Affairs.

The objectives of this Performance Agreement are:

- a) To establish clarity and consensus about annual priorities for the Ministry Of Economic Affairs consistent with the 12th Five Year Plan , and Government's other priorities;
- b) To make the Ministry Of Economic Affairs fully responsible for driving implementation and delivering the results against the annual priorities;
- c) To provide an objective and fair basis for evaluating the Ministry's overall performance at the end of the year;

The Performance Agreement represents an important accountability mechanism for inculcating a performance based culture at all levels of government.

THEREFORE, the parties hereto agree as follows:

Section 1: Vision, Mission and Objectives

Vision

To promote a green and self-reliant economy sustained by an IT enabled knowledge society guided by the philosophy of GNH.

Mission

To create an enabling environment, including institutions and infrastructure for the sustainable growth of the economy through public & private sector development.

Objectives

- 1) To enhance economic growth through sector diversification
- 2) To promote use of Alternative Renewable Energy
- 3) To enhance sustainable hydropower generation and transmission system expansions
- 4) To reduce risk associated with geo-hazards
- 5) To promote export

Section 2: Objectives, Success Indicators & Target

Objective	Weight	Action	Success Indicator	Unit	Weight	Excellent [100%]	Very Good [90%]	Good [80%]	Fair [70%]	Poor [60%]
To enhance economic growth through sector diversification	64	Ease of Doing Business and Enabling environment for economic activities improved.	Number of intellectual property (IP) registered	Number	3	508	500	490	480	Less than 480
			Consumer grievances redressed	Days	3	Mediation and conciliation facilitated within turn around time	One day after the stipulated TAT	Two days after the stipulated TAT	3 days after the stipulated TAT	Beyond 4 days of the stipulated TAT
			Protection of consumers from service providers ensured	Status of Work	3	1 (review of financial institution completed and report submitted to the Board)	review of FI completed. Report not submitted to the board	Finalisation of report within the office	90% of the review work completed	Less than 90% of the review work completed
			Number of new dispute settlement committee established	Number	3	2	1	-	-	0
			Number of Thromdue in which review of economic interest of consumer is conducted	Number	3	1 Thromde	-	-	-	Less than 1
			Percentage of Jigmeling Industrial Park Developed	Percent	3	66	-	-	-	0
			Percentage of Bondeyma Industrial Park Completed	Percent	3	60	-	-	-	less than 60
			Percentage of Dhamdum Industrial Park Completed	Percent	3	64	-	-	-	Less than 64
			Number of POL retail outlets set up	Number	4	1 established and operational	1 established but not operational	0	0	0
			Number of linkages established with stakeholders	Number	3	1	-	-	-	0

	Non-hydro contribution to economy promoted	Mining sector contribution to GDP in million Nu.	Nu. (Million)	2	6710	6660	6610	6560	Less than 6560	
		Revenue generated from IP registration services in million nu.	Nu. (Million)	3	10	9.9	9.8	9.7	less than 9.7	
		Issuance of receipt by shopkeepers and business establishments for contribution to revenue (PIT and BIT)	Status of Work	4	Notification on issuance of receipts issued.	-	-	-	0	
	Non hydro export and investment enhanced	FDI equity inflow from Non hydro related FDI	Nu. (Million)	1	525.4	500	475	450	less than 450	
		Number of new non hydro FDI projects approved	Number	4	5	4	3	2	Less than 65602	
		Number of Micro Trade Registration Certificate, Retail and Wholesale Trade Licenses issued	Number	4	1601	1501	1401	1301	Less than 1301	
		Number of CSIs Developed and operational	Number	4	507	456	405	355	Less than 355	
		Number of new Non hydro medium and large scale domestic industries approved	Number	4	20	19	18	17	less than 17	
		Annual export of mining products	Nu. (Million)	2	3482.78	3400	3200	3000	less than 3000	
	Jobs created	Number of jobs created in mining sector	Number	1	1265	1200	1150	1100	less than 1100	
		Number of jobs created in hydropower construction	Number	1	2653	2600	2500	2450	Less than 2450	
		Number of jobs created in Medium and Large Industries	Number	1	11,211	11,000	10900	10800	Less than 10800	
		Jobs created in Trading Sector	Number	1	41,303	41,000	40,800	40,500	Less than 40,500	
		Number of Jobs created in CSI sector	Number	1	2312	2080	1850	1618	1387	
	To reduce risk associated	13	Risk associated with geo hazards	Percentage of macro-seismic hazard map updated	Percent	3	25	24	23	22

with geo-hazards		assessed	Number of national weak motion monitoring system installed/maintained.	Number	4	3	2	1	Less than 1	-
			Number of active fault mapping completed	Number	3	1 completed	90% of the work completed	80% of the work completed	70% of the work completed	60% of the work completed
			Number of intensity meters (IM) installed	Number	3	41	35	30	25	Less than 25
To enhance sustainable hydropower generation and transmission system expansions	11	Hydropower investment and installed capacity enhanced	Increase in total firm power generation	Number	4	410	-	-	-	Less than 410
			Improvement in hydropower efficiency (Water Utilisation factor)	Percent	3	99.9	Less than 99.9	-	-	-
			Increase in hydropower installed capacity in MW	Number	4	2326 MW	Less than 2326	-	-	-
To promote use of Alternative Renewable Energy	9	Promote clean renewable energy technologies through climate mechanisms	Other forms of renewable energy sources promoted	Number	3	Professional services provided to 70% of Biogas construction works; and Install and commission 5 SWHS	Professional services provided to 50% of Biogas construction works; and Install and commission 3 SWHS	Professional services provided to 30% of Biogas construction works; and Contract awarded for Installation of SWHS	Professional services provided to 20% of Biogas construction works; and NIT floated for installation of SWHS	Professional services provided to less than 20% of Biogas construction works; and Tender document finalised for SWHS
		Access to electricity enhanced	Status of grid electrification of 1,429 off-grid House Holds	Status of Work	3	Contract for the Civil Works signed	NIT for Civil works floated	Estimates for Civil Works prepared	Contract for the Procurement of Materials awarded	Tendering process for procurement of materials started
		Emissions reduced through demand side management of	Status of work for promotion of light Emitting Diode(LED) bulb	Status of Work	3	Final promotion scheme	Draft promotion scheme	Draft promotion scheme	1st Draft prepared	Scope of the promotion scheme

		energy				submitted to the department	submitted to the department	submitted to the division		prepared
To promote export	3	External sector position improved	Average growth of export during the plan period	Percent	3	4	3.9	3.8	3.7	Less than 3.7

Section 3: Trend values of success indicators

Objective	Action	Success Indicator	Unit	Actual Values [FY 2018-19]	Target Values [FY 2019-20]	Projected Values [FY 2020-21]	Projected Values [FY 2021-22]	Projected Values [FY 2022-23]
To enhance economic growth through sector diversification	Ease of Doing Business and Enabling environment for economic activities improved.	Number of intellectual property (IP) registered	Number	508	1015	1522	2034	2541
		Consumer grievances redressed	Days	Mediation and conciliation facilitated within turn around time	Mediation and conciliation facilitated within turn around time	Mediation and conciliation facilitated within turn around time	Mediation and conciliation facilitated within turn around time	Mediation and conciliation facilitated within turn around time
		Protection of consumers from service providers ensured	Status of Work	1 (FI)	2 (Automobile dealers)	3 (Telecommunication services)	4 (Consultancy services)	5 (Travel services)
		Number of new dispute settlement committee established	Number	2	4	8	12	14
		Number of Thromdue in which review of economic interest of consumer is conducted	Number	1 thromde	4 Thromdes	4 Thromdes plus 10 Dzongkhag Throms	4 Thromdes plus 20 Dzongkhag Throms	4 thrombus, 20 dzongkhags, and all yenlag Throms
		Percentage of Jigmeling Industrial Park Developed	Percent	66	69	72	75	80
		Percentage of Bondeyma Industrial Park Completed	Percent	60	65	70	75	80
		Percentage of Dhamdum Industrial	Percent	64	66	68	69	70

	Park Completed						
	Number of POL retail outlets set up	Number	1 POL retail outlet established	2 RO retail outlet established	3 retail outlet established	1 POL depot and 4 retail outlet established	1 depot and 5 retail outlet established
	Number of linkages established with stakeholders	Number	1	2	3	4	5
Non-hydro contribution to economy promoted	Mining sector contribution to GDP in million Nu.	Nu. (Million)	6710	6975	7250	7540	78840
	Revenue generated from IP registration services in million nu.	Nu. (Million)	10	20	30	40	50
	Issuance of receipt by shopkeepers and business establishments for contribution to revenue (PIT and BIT)	Status of Work	Notification on issuance of receipts issued.	All FCB Outlets Co-ordinate with DRC	Convenience Stores	Hardware shops	Textile and clothing
Non hydro export and investment enhanced	FDI equity inflow from Non hydro related FDI	Nu. (Million)	525.4	1050.8	1576.2	2101.6	2627
	Number of new non hydro FDI projects approved	Number	74	79	84	89	94
	Number of Micro Trade Registration Certificate, Retail and Wholesale Trade Licenses issued	Number	1601	2850	3824	4584	5177
	Number of CSIs Developed and	Number	507	1000	1500	2000	2500

		operational						
		Number of new Non hydro medium and large scale domestic industries approved	Number	569	589	609	629	649
		Annual export of mining products	Nu. (Million)	3482.78	3558.31	3622.82	3709.34	3784.87
	Jobs created	Number of jobs created in mining sector	Number	1265	1315	1365	1415	1465
		Number of jobs created in hydropower construction	Number	2653	2692	1731	1148	799
		Number of jobs created in Medium and Large Industries	Number	11,211	11,406	11,601	11,796	11,991
		Jobs created in Trading Sector	Number	41303	45050	47972	50252	52031
		Number of Jobs created in CSI sector	Number	74260	76540	78820	81100	83380
To reduce risk associated with geo-hazards	Risk associated with geo hazards assessed	Percentage of macro-seismic hazard map updated	Percent	25	50	75	100	100
		Number of national weak motion monitoring system installed/maintained.	Number	3	5	5	5	5
		Number of active fault mapping completed	Number	4 (Cumulative)	4 (Cumulative)	5 (Cumulative)	5 (Cumulative)	6 (Cumulative)
		Number of intensity meters (IM) installed	Number	61	102	143	184	225

To enhance sustainable hydropower generation and transmission system expansions	Hydropower investment and installed capacity enhanced	Increase in total firm power generation	Number	410 (MW cumulative)	410 (MW cumulative)	432.5 (MW cumulative)	432.5 (MW cumulative)	432.5 (MW cumulative)
		Improvement in hydropower efficiency (Water Utilisation factor)	Percent	99.9	99.9	99.9	99.9	99.9
		Increase in hydropower installed capacity in MW	Number	2326	2444	2444	2444	2444
To promote use of Alternative Renewable Energy	Promote clean renewable energy technologies through climate mechanisms	Other forms of renewable energy sources promoted	Number	Professional services provided and construction of biogas plants monitored Installed and commissioned 5 SWHS	-	-	-	-
		Access to electricity enhanced	Status of Work	Contract for the Civil Works signed	200 HH	550 HH	900 HH	1,429 HH
	Emissions reduced through demand side management of energy	Status of work for promotion of light Emitting Diode(LED) bulb	Status of Work	Final promotion scheme submitted to the department	150,000	300,000	450,000	624,500
To promote export	External sector position improved	Average growth of export during the plan period	Percent	4	4	4	4	4

Section 4: Definition of Success Indicators

Success Indicator	Description	Data Collection Methodology	Data Collection Frequency	Data Source
Number of intellectual property (IP) registered	Actual number of IP registered as follows: TM- 500 PT- 3 CR- 5	Records from DoIP and WIPO	Annually	DOIP, MoEA
Consumer grievances redressed	Mediation and conciliation facilitated within turn around time	Administrative record, OCP	Annually	OCP, MoEA
Protection of consumers from service providers ensured	Financial sector to be reviewed for protection of consumer from service providers.	Administrative record,	Annually	OCP
Number of new dispute settlement committee established	Number of new dispute settlement committees setup in the Districts.	Administrative record	Annually	OCP
Number of Thromdue in which review of economic interest of consumer is conducted	Conduct review and research to protect economic interest of consumers. The review will cover packaging, labelling, weights and measurement and price tag.	Administrative record	Annually	OCP
Revenue generated from IP registration services in million nu.	This SI will be measured based on the fees collected in terms of Ngultrum and CHF (Swiss Franc) from IP registration services.	Based on the revenue report generated by RMA and RTIO	Annually	DOIP, MoEA and RMA
FDI equity inflow from Non hydro related FDI	Actual FDI equity inflow for the particular year.	Administrative record, FDI division, DoI, MoEA	Annually	FDI Division, MoEA
Number of new non hydro FDI projects approved	Number of non hydro FDI projects approved	Administrative Record, FDI, DOI, MoEA	Annually	FDI Division, DOI, MoEA
Number of Micro Trade Registration Certificate, Retail and Wholesale Trade Licenses issued	Number of new micro trade registration certificates, retail and wholesale trade licenses issued by the Ministry	Consolidate license data from RTIO and G2C data base	Annually	DOT, MoEA and G2C office
Number of CSIs Developed and operational	Number of services licenses provided. Licenses issued shall be	Collect from RTIO's biannually.	Annually	CSI report and CSI Data

	proxy for the number of CSIs operational			compiled from Regional Trade and Industry Offices
Number of new Non hydro medium and large scale domestic industries approved	Number of new Non hydro medium and large scale domestic industries approved	Administrative record, DoI	Annually	DOI, MoEA
Number of jobs created in mining sector	Number of jobs created in Mining sector. This indicator does not measure new job creation. Rather, it will consider total number of employment generated.	Administrative record	Annually	DGM, MoEA
Number of jobs created in hydropower construction	Total number of Bhutanese employed during 2018-19. 2653 is projection of Bhutanese that would be employed in Puna-I, II, Mangdechhu, Nikachhu and Kholongchhu HEPs. However, Kholongchhu HEP will only start its construction after the signing of Concession Agreement.	Administrative Record	Annually	DHPS, MoEA
Number of jobs created in Medium and Large Industries	The jobs created is inclusive of both service and manufacturing industries but those activities covered by other sectors are excluded, eg- TCB tourist standard hotels, SoP, DHI owned companies etc.	Administrative Record	Annually	DoI, MoEA
Jobs created in Trading Sector	Number retail licenses issued shall be taken as proxy for number of jobs created in the trading sector. The figure provided is cumulative of the baseline 36,500. Therefore, actual new jobs created will be 41303 minus the 36,500 baseline.	Administrative record	Annually	DoT, MOEA
Number of Jobs created in CSI sector	Number of Jobs created in CSI	Administrative record and CSI	Annually	DCSI, MOEA

	sector. Number of licenses issued for services shall be taken as proxy to count the number of jobs created.	Annual report		
Annual export of mining products	Annual export of mining products	Administrative record of DGM	Annually	DGM, MoEA
Percentage of Jigmeling Industrial Park Developed	<p>1. Construction of Security Guard quarter (Spill over- Remaining 20% to be completed)</p> <p>2. Construction of water supply from source to reservoir (Spill over-remaining 7% to be completed)</p> <p>3. Construction of road and drain (Spill over- remaining 19% to be completed)</p> <p>Following works will be awarded:</p> <p>1. Construction of internal road networks upto GSB- Phase III</p> <p>2. Construction of common service duct- Phase I</p> <p>3. Erection of street lighting,</p>	Administrative Record	Biannually	Dol, MoEA
Percentage of Bondeyma Industrial Park Completed	<p>1. Construction of Security Guard quarter (Spill over- remaining 40% complete)</p> <p>Following works will be awarded:</p> <p>1. Construction of internal roads upto GSB</p> <p>2. Construction of common service duct</p> <p>3. Electrical works</p>	Administrative Record,	Biannually	Dol, MoEA
Percentage of Dhamdum Industrial Park Completed	<p>1. Construction of Water supply scheme from source till the entrance (spillover – remaining 7% will be completed).</p> <p>Following works will be awarded:</p> <p>1. Construction of Internal road networks upto GSB</p>	Administrative Record	Biannually	Dol, MoEA

	<p>2. Construction of storm water drainage system,</p> <p>3. Construction of boundary wall with gate,</p> <p>4. Site development & other ancillary structures,</p> <p>5. Re-alignment of 11KV line,</p> <p>6. Laying of electrical cable trench & foot paths (common service duct)</p> <p>7. Electrical works.</p>			
Number of POL retail outlets set up	One fully functional retail outlet set up	Administrative record	Biannually	DoT, MoEA
Number of linkages established with stakeholders	MoU signed with one of the stakeholders within the country or a similar office/partner in other country.	Administrative Record	Annually	OCP, MOEA
Issuance of receipt by shopkeepers and business establishments for contribution to revenue (PIT and BIT)	Notification on issuance of receipts issued.	Administrative record	Annually	OCP, MoEA
Percentage of macro-seismic hazard map updated	25% of Macro-seismic hazard map updated	Administrative record	Annually	DGM, MoEA
Number of national weak motion monitoring system installed/maintained.	Develop and adopt network architecture/blueprint on the NEMN (National Earthquake Monitoring Network) and operation of WM	Administrative Record	Biannually	DGM, MoEA
Number of active fault mapping completed	The department will be carrying out geophysical study investigation to study active faults in the southern Bhutan.	Administrative Record	Biannually	DGM, MoEA
Number of intensity meters (IM) installed	Develop and adopt network architecture/blueprint on the NEMN (National Earthquake Monitoring Network) and operation of IM	Administrative record	Biannually	DGM, MoEA
Increase in total firm power generation	Increase in total firm power generation.	Administrative Record	Biannually	DHPS, MoEA and DGPC

Improvement in hydropower efficiency (Water Utilisation factor)	Improvement in hydropower efficiency (Water Utilisation factor)	Administrative record of DHPS	Annually	DHPS, MoEA
Increase in hydropower installed capacity in MW	Increase in hydropower installed capacity in the country	Administrative record	Annually	DHPS, MOEA
Other forms of renewable energy sources promoted	Provide Professional services and monitor (Backstopping and technical support) 70% of the construction of biogas plants and: Installed and commissioned 5 SWHS	Administrative record	Biannually	DRE, MoEA
Status of grid electrification of 1,429 off-grid House Holds	Procurement & delivery of the material to the sites and award of the civil works	Administrative Record	Biannually	DRE, MoEA
Status of work for promotion of light Emitting Diode(LED) bulb	Fund secured from donor agency	Administrative record, DRE	Annually	DRE, MoEA
Average growth of export during the plan period	Average growth of export during the plan period	Revenue report, SYB and RMA report	Annually	DOT, DRC, RMA, NSB

Section 5: Requirements from other Ministries, Agencies & Dzongkhags

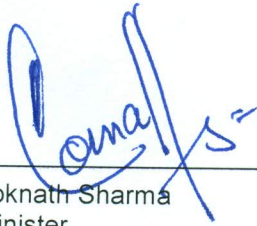
Organisation Name	Relevant Success Indicator	Requirement from the Organisation	Justification for the Requirement	Requirement detail	Impact (If Not Met)
--------------------------	-----------------------------------	------------------------------------------	------------------------------------------	---------------------------	----------------------------

Whereas,

I, the Secretary, Ministry Of Economic Affairs, commit to the Minister, Ministry of Economic Affairs to deliver the results described in this Annual Performance Agreement.

I, the Minister, commit to the Secretary, Ministry Of Economic Affairs, on behalf of the Government, to provide the necessary fund and resources for delivery of the results described in this Annual Performance Agreement.

SIGNED:



Loknath Sharma
Minister

27/2/2019

Date



Yeshi Wangdi
Secretary

27/2/2019

Date