



PERFORMANCE AGREEMENT

BETWEEN

Secretary and Director General

**DEPARTMENT OF INDUSTRY
MINISTRY OF ECONOMIC AFFAIRS**

(July 1, 2018 – June 30, 2019)

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Preamble

The Performance Agreement is entered into between the Secretary and Director General, Department Of Industry.

The objectives of this Performance Agreement are:

- a) To establish clarity and consensus about annual priorities for the Department Of Industry consistent with the 12th Five Year Plan of the Ministry, and Government's other priorities;
- b) To provide an objective and fair basis for evaluating the overall performance of the Department Of Industry at the end of the financial 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 attain industrialization in harmony with national goals and to increase the sector's contribution to the national economy

Mission

To accelerate the pace of industrial development by creating an enabling environment, industrial infrastructure and increased private sector participation

Objectives

- 1) Ease of Doing Business and Enabling environment for economic activities improved
- 2) Non Hydro Investment enhanced
- 3) Ease of doing business and enabling environment for economic activities improved.
- 4) Industrial sector emissions minimized
- 5) Meaningful jobs created

Section 2: Objectives, Success Indicators & Target

Objective	Weight	Action	Success Indicator	Unit	Weight	Excellent [100%]	Very Good [90%]	Good [80%]	Fair [70%]	Poor [60%]
Ease of Doing Business and Enabling environment for economic activities improved	28	Development of Industrial parks	Percentage of works awarded for development of Jigmeling Industrial Park	Percent	2.5	100	90	80	70	60
			Percentage of works awarded for development of Bondeyma Industrial Park.	Percent	2.5	100	90	80	70	60
			Percentage of work awarded for development of Dhamdhum Industrial Park	Percent	3.5	100	90	80	70	60
			Percentage of remaining 7% of water supply works completed at Jigmeling Industrial Park	Percent	1.5	7	5	3	1	0
			Percentage of road and drain (remaining 19%) works completed at Jigmeling Industrial Park.	Percent	3	19	14	9	4	0
			Percentage of security guard quarter (remaining 20%) works completed at Jigmeling Industrial Park	Percent	3.5	20	15	10	5	0
			Percentage of security guard quarter (remaining 40%) works completed at Bondeyma Industrial Park	Percent	4	40	30	20	10	0
			Percentage of water supply works (remaining 7%) completed at Dhamdhum Industrial Park.	Percent	1.5	7	5	3	1	0
			Percentage of work awarded for development of Motanga Industrial Park	Percent	3	100	90	80	70	60
			Maintenance of Pasakha Industrial Estate	Percent	3	100	90	80	70	60
Non Hydro Investment enhanced	34	Incorporation of companies	No. of companies incorporated.	Number	4	25	20	15	10	5
		Annual FDI Survey Report completed.	Annual FDI Survey Report completed.	Percent	3.5	100	90	80	70	60
		Business plan preparation	Percentage of business plan preparation	Percent	3	100	90	80	70	60

		guidelines developed.	guidelines developed.							
		Investment increased.	No. of industries up-graded.	Number	3.5	4	3	2	1	0
			FDI equity inflow (projected) from non-hydro FDIs	Nu. (Million)	3	525	500	475	450	less than 425
			Number of FDI projects approved.	Number	5	5	4	3	2	1
			Number of large & medium domestic projects approved.	Number	5	35	30	25	20	15
		FDI Policy 2010 (Amended 2014) Revised.	Percentage of FDI Policy Review completed.	Percent	3.5	100	80	60	40	20
		FDI promotional activities conducted	No. of FDI Promotional activities conducted.	Number	3.5	3	2	1	0	0
Ease of doing business and enabling environment for economic activities improved.	27	Enhance support services provided for industrial growth and development	No. of import license applications verified and approved.	Number	4	200	180	160	140	120
			No. of applications verified & recommended for tax exemptions & Value Addition Certificates issued.	Days	3	3	4	5	6	<6
			No. Industrial Information & Statistics compiled and disseminated.	Number	3	10	8	6	4	>4
			Percentage of operational PAM & SVC industries filed their annual information through IIS	Percent	3	30	25	20	15	>15
			No. of Business Guest Visas verified and endorsed	Days	3.5	3	4	5	6	More than 6
		Annual corporate compliance workshop conducted.	Annual corporate compliance workshop conducted.	Percent	3.5	100	90	80	70	60
		No. of charges created, modified & satisfied.	No. of charges created, modified & satisfied.	Number	3.5	30	25	20	15	10
		No. of domestic investment projects visited for monitoring.	No. of domestic investment projects visited for monitoring.	Number	3.5	20	15	10	5	0
Industrial	8	Environmental compliance	No. of industries (delegated list) inspected	Number	4	150	100	90	70	less

sector emissions minimized		monitoring of industries conducted.	for environmental compliance.							than 70
			No. of days monitored for ambient air quality in PIE.	Days	4	90	75	60	40	less than 40
Meaningful jobs created	3	Jobs created in industrial sector	No. of jobs created in medium & large industries.	Number	3	11211 (cumulative)	11000	10900	10800	less than 10800

Section 3: Trend values of success indicators

Objective	Action	Success Indicator1	Unit	Actual Values [FY 2018-19]	Actual Values [FY 2019-20]	Target Values [FY 2020-21]	Projected Values [FY 2021-22]	Projected Values [FY 2022-23]
Ease of Doing Business and Enabling environment for economic activities improved	Development of Industrial parks	Maintenance of Pasakha Industrial Estate	Percent	100	-	-	-	-
		Percentage of remaining 7% of water supply works completed at Jigmeling Industrial Park	Percent	100	-	-	-	-
		Percentage of road and drain (remaining 19%) works completed at Jigmeling Industrial Park.	Percent	100	-	-	-	-
		Percentage of security guard quarter (remaining 20%) works completed at Jigmeling Industrial Park	Percent	100	-	-	-	-
		Percentage of security guard quarter (remaining 40%) works completed at Bondeyma Industrial Park	Percent	100	-	-	-	-
		Percentage of water supply works (remaining 7%)	Percent	100	-	-	-	-

		completed at Dhamdhum Industrial Park.						
		Percentage of work awarded for development of Dhamdhum Industrial Park	Percent	64	66	68	69	70
		Percentage of work awarded for development of Motanga Industrial Park	Percent	45	45	55	60	80
		Percentage of works awarded for development of Bondeyma Industrial Park.	Percent	60	65	70	75	80
		Percentage of works awarded for development of Jigmeling Industrial Park	Percent	66	69	72	75	80
Ease of doing business and enabling environment for economic activities improved.	Annual corporate compliance workshop conducted.	Annual corporate compliance workshop conducted.	Percent	100	-	-	-	-
	Enhance support services provided for industrial growth and development	No. Industrial Information & Statistics compiled and disseminated.	Number	10	-	-	-	-
		No. of applications verified & recommended for tax exemptions & Value Addition Certificates	Days	3	-	-	-	-

		issued.						
		No. of Business Guest Visas verified and endorsed	Days	3	-	-	-	-
		No. of import license applications verified and approved.	Number	200	-	-	-	-
		Percentage of operational PAM & SVC industries filed their annual information through IIS	Percent	30	-	-	-	-
	No. of charges created, modified & satisfied.	No. of charges created, modified & satisfied.	Number	30	-	-	-	-
	No. of domestic investment projects visited for monitoring.	No. of domestic investment projects visited for monitoring.	Number	20	-	-	-	-
Industrial sector emissions minimized	Environmental compliance monitoring of industries conducted.	No. of days monitored for ambient air quality in PIE.	Days	90	-	-	-	-
		No. of industries (delegated list) inspected for environmental compliance.	Number	150	-	-	-	-
Meaningful jobs created	Jobs created in industrial sector	No. of jobs created in medium & large industries.	Number	11211	11406	11601	11796	11991
Non Hydro Investment enhanced	Annual FDI Survey Report completed.	Annual FDI Survey Report completed.	Percent	100	-	-	-	-
	Business plan	Percentage of	Percent	100	-	-	-	-

preparation guidelines developed.	business plan preparation guidelines developed.						
FDI Policy 2010 (Amended 2014) Revised.	Percentage of FDI Policy Review completed.	Percent	100	100	100	100	100
FDI promotional activities conducted	No. of FDI Promotional activities conducted.	Number	3	-	-	-	-
Incorporation of companies	No. of companies incorporated.	Number	25	-	-	-	-
Investment increased.	FDI equity inflow (projected) from non-hydro FDIs	Nu. (Million)	525	1050	1575	2100	2627
	No. of industries up-graded.	Number	4	-	-	-	-
	Number of FDI projects approved.	Number	5	10	15	20	25
	Number of large & medium domestic projects approved.	Number	584	619	654	689	724

Section 4: Definition of Success Indicators

Success Indicator	Description	Data Collection Methodology	Data Collection Frequency	Data Source
Number of FDI projects approved.	Number of FDI projects approved.	Administrative records	Annually	DoI, MoEA
Number of large & medium domestic projects approved.	Number of domestic large and medium scale projects approved	Administrative record	Annually	DoI, MoEA
Percentage of FDI Policy Review completed.	Revision of FDI Policy 2010 (Amended 2014) 100% - Submission of Concept Note to GNHC Secretariat 90% - Approval of Concept Note by the Ministry 80% - Approval of Concept Note by the Department 70% - Finalization of Concept Note by the Division 60% - Work initiated.	Administrative records	Annually	DoI, MoEA
No. of FDI Promotional activities conducted.	To conduct FDI promotional activities such as road shows, hosting of business delegations, attending business promotion seminars & workshops.	Administrative records	Annually	DoI, MoEA
FDI equity inflow (projected) from non-hydro FDIs	FDI equity inflow (projected) from non-hydro FDI projects. Nu. 2,627 million is the total target for the plan. However, the annual achievement may vary and annual target of Nu 525.4 million is an estimated average of foreign equity as per project approvals).	Administrative records.	Annually	DoI, MoEA
Percentage of business plan preparation guidelines developed.	Guidelines for preparation of business plan developed. 100% - Guideline endorsed by the Department 90% - Guideline finalized by the	Administrative record.	Annually	DoI, MoEA

	<p>Division 80 % - Draft guideline completed 70 % - Work initiated. 60 % - Work not initiated.</p>			
No. of industries up-graded.	Up-gradation of existing industries in terms of investment scale, addition of activities/products.	Administrative record.	Annually	DoI, MoEA
Annual FDI Survey Report completed.	<p>Annual FDI Survey Report completed. 100% - FDI Survey Report completed. 90% - Draft Report completed. 80% - Survey data collected. 70% - Survey questionnaire distributed. 60% - Work initiated.</p>	Administrative record.	Annually	DoI, MoEA
Percentage of work awarded for development of Motanga Industrial Park	<p>Percentage of work awarded for development of Motanga Industrial Park. Following works will awarded: 1. Construction of internal road & parking 2. Erection of street lighting 3. Construction of staff quarters 4. Site development & other ancillary structures 5. Construction of watch tower</p>	Administrative record	Annually	DoI, MoEA
Maintenance of Pasakha Industrial Estate	<p>Maintenance of Pasakha Industrial Estate. Following three works will be awarded: 1. Widening & improvement of existing internal roads including side drains and footpath. 2. Construction of office compound wall including gate 3. Program on industrial waste management Weight of 1 each is being allocated for above three works.</p>	Administrative record.	Annually	DoI, MoEA

Percentage of remaining 7% of water supply works completed at Jigmeling Industrial Park	93% of works for construction of water supply from source to reservoir has been completed during the last FY. The remaining works will be completed during this FY.	Administrative record	Annually	Dol, MoEA
Percentage of security guard quarter (remaining 40%) works completed at Bondeyma Industrial Park	60% of works for construction of security guard quarter has been completed during the 11FYP. The remaining 40% of the works will be completed during the FY 2018-2019.	Administrative record.	Annually	Dol, MoEA
Percentage of water supply works (remaining 7%) completed at Dhamdhum Industrial Park.	93% of works for construction of water supply scheme from source till the entrance has been completed during the 11FYP. The remaining 7% of works will be completed during the FY 2018-2019.	Administrative records.	Annually	Dol, MoEA
Percentage of road and drain (remaining 19%) works completed at Jigmeling Industrial Park.	81% of works for construction of road and drain has been completed during FY2017-2018. The remaining 19% of works will be completed during the FY 2018-2019.	Administrative record.	Annually	Dol, MoEA
Percentage of works awarded for development of Jigmeling Industrial Park	<p>Following works will be awarded:</p> <ol style="list-style-type: none"> 1. Construction of internal road networks upto GSB - Phase II 2. Construction of common service duct - Phase I 3. Erection of street lighting <p>Description of targets is as follows: 100%: Work awarded to the contractor 90% : Opening & evaluation of tender documents completed 80% : Notice inviting tender sent</p>	Administrative record	Annually	Dol, MoEA

	70% : Technical sanction & administrative approval completed 60% : Review of estimates & drawings and preparation of tender documents completed.			
Percentage of works awarded for development of Bondeyma Industrial Park.	<p>The purpose to create enabling environment for the establishment of industries for diverse economic growth. Following works will be awarded: 1. Construction of inter roads upto GSB 2. Construction of common service duct 3. Electrical works</p> <p>Description of success indicators is as follows: 100% : Work awarded to the contractor (s) 90% : Opening & evaluation of tender documents completed 80% : Notice inviting tender, technical sanction & administrative approval completed 70% : Review of estimates & drawings and preparation of tender documents completed. 60% : Work initiated.</p>	Administrative record	Annually	DoI, MoEA
Percentage of work awarded for development of Dhamdhum Industrial Park	<p>Following works will be awarded during the FY 2018-19: 1. Construction of internal road networks upto GSB 2. Construction of storm water drainage system 3. Construction of boundary wall with gate 4. Site development & other ancillary structures</p>	Administrative record	Annually	DoI, MoEA

	<p>5. Re-alignment of of 11kv line 6. Laying off of electrical cable trench & footpaths (common service duct) 7. Electrical works</p> <p>The description of targets is as follow: 100% : Work awarded to the contractor (s) 90% : Opening & evaluation of tender documents completed 80% : Notice inviting tender, technical sanction and administrative approval completed. 70% : Review of estimates & drawings and preparation of tender documents completed. 60% : Work initiated.</p>			
No. of applications verified & recommended for tax exemptions & Value Addition Certificates issued.	<p>Target for this SI is set on Turn-Around-Time. When a complete set of documents is submitted, the department will issue recommendation and value addition certificate within 3 working days (excellent), within 4 working days (very good), within 5 working days (good), within 5 working days (fair) & more than 6 working days (poor).</p>	Administrative record	Annually	DoI, MoEA
No. Industrial Information & Statistics compiled and disseminated.	<p>Industrial information and statistics include bi-annual industrial license data, quarterly information submitted to NSB for Socio-Economic Indicator report & annual industrial data for Statistical Year Book, and any other industrial information as when requested/asked by government agencies and other organizations.</p>	Administrative record	Annually	DoI, MoEA

Percentage of operational PAM & SVC industries filed their annual information through IIS	The Division targets to collect annual industry information from 30% of PAM & SVC industries. PAM here excludes mining licenses as it is under DGM. The achievement of the target will depend on cooperation extended by the industries.	Online Record	Annually	IIS
No. of import license applications verified and approved.	Verify and approve applications for import license.	Administrative record	Annually	DoI, MoEA
Annual corporate compliance workshop conducted.	To conduct corporate compliance workshop for all the companies. 100% - Workshop successfully conducted. 90% - List of participation received. 80% - Invitation extended. 70% - Announcement issued. >60% - Work initiated.	Administrative record	Annually	DoI, MoEA
No. of Business Guest Visas verified and endorsed	Verify and endorse applications for business guest visas. The target is set in terms of turn-around-time. The date on which complete set of documents are submitted will be considered as receipt date and the same will be endorsed and forwarded to HRD, MoEA for further verification and onward submission to the Dept. of Immigration. Within 3 days when complete set of documents are submitted. Within 4 days when complete set of documents are submitted. Within 5 days when complete set of documents are submitted. Within 6 days when complete set of documents are submitted.	Administrative record	Annually	DoI, MoEA

	More than 6 days when complete set of documents are submitted.			
No. of charges created, modified & satisfied.	Creation, modification and satisfaction of charges.	Administrative record.	Annually	DoI, MoEA
No. of domestic investment projects visited for monitoring.	No. of domestic investment projects visited for monitoring.	Administrative record.	Annually	DoI, MoEA
No. of days monitored for ambient air quality in PIE.	Whenever environment technicians visit PIE for monitoring purpose, they will measure and record PM10 & if possible PM2.5 by the instrument known as Respiratory Dust Sampler.	Administrative record	Annually	DoI, MoEA
No. of industries (delegated list) inspected for environmental compliance.	The environment technicians will visit industrial activity sites and inspect for environmental compliance such as whether there is valid EC, whether they are following the ToR, advise on any mitigation activities ,impose penalties for any violations as per the rules, etc.	Administrative record.	Annually	DoI, MoEA
No. of jobs created in medium & large industries.	The number of medium & large industrial projects approved would be used as a proxy for the number of jobs created by medium & large industries.	Administrative record.	Annually	DoI, MoEA

Section 5: Requirements from other Departments & Secretariat Divisions

Organisation Name	Relevant Success Indicator	Requirement from the Organisation	Justification for the Requirement	Requirement detail	Impact (If Not Met)
SECRETARIAT	Percentage of works awarded for development of Jigmeling Industrial Park	For timely release of required budget.	Funds to be released within FY for capital works as per budget proposal.	Propose budget	The proposed target will not be achieved.
MINISTRY OF FINANCE	Percentage of works awarded for development of Jigmeling Industrial Park	For timely release of required budget.	Funds to be released within FY for capital works as per budget proposal.	Propose budget	The proposed target will not be achieved.
ROYAL CIVIL SERVICE COMMISSION	Percentage of works awarded for development of Jigmeling Industrial Park	For timely release of required budget.	Funds to be released within FY for capital works as per budget proposal.	Propose budget	The proposed target will not be achieved.
NATIONAL LAND COMMISSION	Number of FDI projects approved.	NECS, NLCS and other relevant sectors whose sector clearances required for approval of industrial projects to issue clearances on time.	Sector clearances required for industrial project approval needs to be fast tracked.	Issue sector clearances within specific number of days as per the existing rules.	No. of FDI projects, No. of medium and large domestic projects will not be achieved as per the target. Consequently, the targets for SI on FDI equity inflow and number of jobs created will also be affected.
NATIONAL ENVIRONMENT COMMISSION	Number of large & medium domestic projects approved.	NECS, NLCS and other relevant sectors whose sector clearances required for approval of	Sector clearances required for industrial project approval needs to be fast tracked.	Issue sector clearances within specific number of days as per the	No. of FDI projects, No. of medium and large domestic

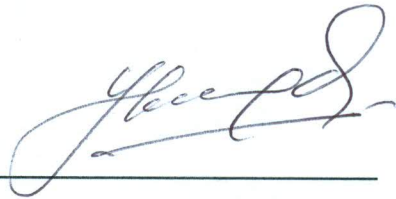
		industrial projects to issue clearances on time.		existing rules.	projects will not be achieved as per the target. Consequently, the targets for SI on FDI equity inflow and number of jobs created will also be affected.
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Whereas,

I, the Director General, Department Of Industry, commit to the Secretary and the Minister, Ministry Of Economic Affairs to deliver the results described in this Annual Performance Agreement.

I, the Secretary, commit to the Director General, Department Of Industry to provide necessary support for the delivery of results described in this Annual Performance Agreement.

SIGNED:



Secretary

27/02/2019

Date



Yonten Namgyel
Director General

27/2/2019

Date