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Abdoulaye Seck
Country Director for Bangladesh and Bhutan

03-Apr-2024

His Excellency Lyonpo Lekey Dorji
Minister of Finance
Ministry of Finance
Royal Government of Bhutan
Thimphu, Bhutan

Excellency:

***Re: Bhutan Human Capital Recovery and Resilience Program
Credit No. IDA 7029-BT
Amendments to the Financing Agreement***

We refer to the Financing Agreement between the Royal Government of Bhutan (“Recipient”) and the International Development Association (“Association”) dated March 7, 2022, as amended and restated (“Financing Agreement”) for the above-mentioned Program (“Program”). We also refer to your letter dated January 29, 2024, requesting the Association to restructure the Program.

We are pleased to inform you that the Bank concurs with the request and consequently the Financing Agreement is amended as set forth below:

1. Section IV.B.3 of Schedule 2 to the Financing Agreement is amended and read as follows:

“3. The Closing Date is June 30, 2026.”

2. Schedule 4 (Disbursement Linked Indicators, Disbursement Linked Results and Allocation Amounts) to the Financing Agreement is amended and attached as Annex-1 to this amendment letter.

3. A new definition for “Fiscal Year” is added under paragraph 9 of the Appendix to the Financing Agreement to read as follows and the subsequent paragraphs are renumbered accordingly:

“9. “Fiscal Year” means Recipient’s fiscal year for the period from July 01 to June 30.”

4. Paragraphs 21, 22, 23 and 24 of the Appendix to the Financing Agreement are deleted in their entirety and replaced with the following:

“21. “Period 1” means the first period of implementation from effectiveness to June 30, 2023, in order to achieve the results shown in the third column of the table in Schedule 4 to this Agreement.

- 22. "Period 2" means the second period of implementation during Fiscal Year 2023-24, in order to achieve the results shown in the fourth column of the table in Schedule 4 to this Agreement.
- 23. "Period 3" means the third period of implementation during Fiscal year 2024-25, in order to achieve the results shown in the fifth column of the table in Schedule 4 to this Agreement.
- 24. "Period 4" means the fourth period of implementation during Fiscal Year 2025-2026, in order to achieve the results shown in the sixth column of the table in Schedule 4 to this Agreement."

5. The Results Framework agreed further to Section II (Project Monitoring, Reporting and Evaluation) of Schedule 2 to the Financing Agreement is revised to include retrofitting of new corporate scorecard indicators and attached as Annex-2 to this Amendment Letter.

Except as specifically amended in this amendment letter ("Amendment Letter"), all other terms and conditions of the Financing Agreement shall remain in full force and effect.

The Association will disclose this Amendment Letter and related information in accordance with the Association's Policy on Access to Information. By agreeing to this amendment letter, the Recipient consents to disclosure of this Amendment Letter and related information.

Please confirm your agreement to the foregoing by signing the form of confirmation set forth below. This Amendment Letter shall become effective as of the date of the countersignature and upon receipt by the Association of the duly countersigned Amendment Letter.

Sincerely,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By Abdoulaye Seck
Abdoulaye Seck
Country Director, Bhutan

AGREED:
KINGDOM OF BHUTAN

By: Lekey Dorji
Authorized Representative

Name: Lyonpo Lekey Dorji

Title: Finance Minister

Date: 13-Apr-2024

SCHEDULE 4

DISBURSEMENT LINKED INDICATORS, DISBURSEMENT LINKED RESULTS AND ALLOCATED AMOUNTS*

DISBURSEMENT LINKED INDICATORS (DLIS)	DISBURSEMENT-LINKED RESULTS (DLRs) (IN SDR)				
	PRIOR RESULTS	RESULTS TARGETED TO BE ACHIEVED IN PERIOD 1	RESULTS TARGETED TO BE ACHIEVED IN PERIOD 2	RESULTS TARGETED TO BE ACHIEVED IN PERIOD 3	RESULTS TARGETED TO BE ACHIEVED IN PERIOD 4
<i>DLI #1: Strengthening the quality of ECCD services for improved child outcomes</i>		(a). National ECCD action plan prepared and approved by Secretary, MoESD based on the Education Reform Action Plan. (b). ECCD trainers trained using the revised training programs	Service delivery skills of ECCD facilitators, focal monitors and MOE program managers streamlined and strengthened by ensuring diploma training and revised training for 50% of ECCD facilitators, focal monitors, and program managers		
Total Allocated Amounts: 2,150,000.00		Allocated Amount: 1,450,000 Scalability: (a) No (b) Yes (a) 750,000 Disbursement Formula for (b): (b) 560,000 for training at least 80% of the ECCD trainers established at baseline and 70,000 for additional 10% trained upto a cap of 700,000.	Allocated Amount: 700,000 Scalability: Yes Disbursement Formula 560,000 for training at least 40% of the ECCD facilitators, focal monitors and program managers established at baseline and 70,000 for additional 5% trained upto a cap of 700,000.		

DLI #2: Expansion of ECCD in targeted population				ECCD program expanded in rural areas, deprived and poor communities as measured by a 6% increase over the baseline.	
Total Allocated Amounts: 700,000.00				Scalability: Yes Disbursement Formula: 560,000 on reaching 4.8% of target and 70,000 for each additional 0.6% of target.	
DLI #3: ICT in education for learning recovery and improved access		(a) Approval of Action plan by MoESD, based on Education Reform Action Plan, on curriculum digitization and teacher training (b) Improved accessibility and integration of competency-based curriculum for learning recovery by making content accessible to at least 80% of schools in urban areas and at least 40% of schools in rural areas (c) Improved digital pedagogy competency of teachers by training of 4000 teachers in ICT competency.	Improved digital pedagogy competency of teachers by (a) training of 1000 teachers in ICT competency and (b) a 20% improvement over baseline in competency assessment of teachers	Reduction in digital divide in rural areas by ensuring an increase by 20% over baseline in schools having access to remote learning facilities through improved access for schools to digital learning	
Total Allocated Amounts: 3,600,000.00		Allocated Amount:2,498,000 Scalability: (a) No (b) Yes; (c) No (a) 356,666 (b) 356,666 to develop/host content (in 2 platforms); and 356,668 for providing content in at least 80%	Allocated Amount:714,000 Scalability: Yes (a) 357,000 for 1,000 teachers trained (b) 357,000 for a 20% improvement over baseline in digital pedagogy	Allocated Amount:388,000 Scalability: No 388,000 on achievement of target	

		of schools in urban areas & 40% of schools in rural areas <u>upto a cap of 713,334</u> (c) 1,428,000 for 4,000 teachers trained			
DLI #4: Building Climate Change resilience through education system			(i) Improved systems for combating climate change established by MoESD. (ii) Implementation of policy directive in 15 schools for scaling up climate friendly school environment program to support learning environment and safeguarding students from climate change impacts		
Total Allocated Amounts: 700,000.00			Scalability: No (i) SDR 280,000 for issuing policy directive by MoESD (ii) SDR 420,000 for implementation of directive for 15 schools.		
DLI #5: Enhanced inclusion under SDP	Foundational Operational Manual for SDP is approved by MoESD through a Government Order	Strategy for enhancing inclusion of women in TVET and improving their employment outcomes is approved by MoESD	(a) At least 20% increase in percentage of female trainees completing SDP over the baseline established in Period 1 (b) At least 20% increase in trainings delivered outside of Thimphu, Paro, and Phuentsholling over the baseline established in Period 1	(a) at least 40% increase in percentage of female trainees completing SDP over baseline established in Period 1 (b) at least 40% increase in trainings delivered outside of Thimphu, Paro, and Phuentsholling over the baseline established in Period 1	

<p>Total Allocated Amounts: 1,800,000.00</p>	<p>Allocated Amount: 700,000</p>	<p>Allocated Amount: 366,666 Scalability: No</p>	<p>Allocated Amount: 366,666 Scalability: No (a) 183,333 (b) 183,333</p>	<p>Allocated Amount:366,668 Scalability: Yes (a) 183,334 (b) 183,334 Disbursement Formula for (a) and (b) 139,334 once an increase of 30% is achieved, and thereafter 22,000 for every 5% increase over the baseline, upto 40%.</p>	
<p>DLI #6: <i>Increased employment post SDP</i></p>		<p>System for regular tracking of employment up to 6 months post SDP completion is established under MoESD</p>	<p>15% increase over baseline in percentage of trainees employed (including full and part-time, wage and self-employment) within 6 months of completing SDP</p>	<p>20% increase over baseline in percentage of trainees employed (including full and part-time, wage and self-employment) within 6 months of completing SDP</p>	
<p>Total Allocated Amounts: 2,150,000.00</p>		<p>Allocated Amount: 1,075,000 Scalability: No</p>	<p>Allocated Amount: 716,666 Scalability: Yes Disbursement Formula-537,500 for at least a 10% increase over the baseline with an additional 179,166 once 15% increase is achieved</p>	<p>Allocated Amount: 358,334 Scalability: Yes Disbursement Formula - 268,750 for at least a 15% increase over the baseline with an additional 89,584 once 20% increase is achieved</p>	
<p>DLI #7: <i>Improved quality of entrepreneurship support</i></p>		<p>Incubation centers at 5 select colleges under the Royal University of Bhutan have dedicated managers in each incubation center and business plans developed and approved by MoICE</p>	<p>At least 30% of graduates from acceleration and incubation programs are given access to financing opportunities arising from business plan/annual pitch competitions as per the Verification Protocol</p>		

<p>Total Allocated Amounts: 700,000.00</p>		<p>Allocated Amount: 210,000 Scalability: No</p>	<p>Allocated Amount: 490,000 Scalability: No</p>		
<p>DLI #8: Strengthen systems and coordination to enhance employment support delivery under MoICE</p>	<p>Core modules of SDP MIS operational</p>	<p>Develop a single intake and profiling window for MoICE and MoESD employment support programs</p>	<p>(a) Coordination mechanism with select economic cluster sectors (namely, MoAL, MoENR, and MoIT) operationalized through the approval of the revised Employment Responsibility System (ERS) Concept Note</p> <p>(b) Established system linkages and data sharing protocols between MoICE and select economic cluster sectors in line with the ERS Standard Operating Procedure (SOP)</p>	<p>30% increase over baseline in the number of SDP beneficiaries supported through YELP; certificate-based skilling through Critical Skills Training (CST) or entrepreneurship support.</p>	
<p>Total Allocated Amounts: 1,800,000.00</p>	<p>Allocated Amount: 700,000 Scalability: No</p>	<p>Allocated Amount: 550,000 Scalability: No</p>	<p>Allocated Amount: 366,666 Scalability: No</p> <p>Disbursement Formula:</p> <p>(a) SDR 183,333 (not scalable) (b) SDR 183,333 (not scalable)</p>	<p>Allocated Amount: 183,334 Scalability: No</p>	
<p>DLI #9: Training in climate-responsive initiatives offered to jobseekers</p>			<p>At least 12% of training delivered under SDP are in climate-responsive occupations/sectors (as defined in Verification Protocol and Implementation Guidance Note)</p>	<p>The operational strategy for increasing climate responsiveness of MoICE provided skill training is approved internally and published by MoICE.</p>	

Total Allocated Amounts: 700,000.00			Allocated Amount: 350,000 Scalability: No	Allocated Amount: 350,000 Scalability: No	
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* The periods in which DLRs are expected to be achieved as per this Schedule are for indicative purposes, unless otherwise indicated. Achievement of DLRs can be obtained earlier or later than said periods up and until the Closing Date; provided that if any DLR, after signing, is met prior to the period in which such DLR is indicated for, the Borrower may, with prior agreement of the Bank, withdraw the amount corresponding to the extent of achievement of said DLR prior to the Period indicated in this Schedule.

Results framework

Program Development Objectives(s)

Support building, protecting, and utilizing human capital in Bhutan

Program Development Objective Indicators by Objectives/ Outcomes

Indicator Name	DLI	Baseline	End Target
Expanded access and professionalization of ECCD			
Percentage of children (3-5 years old) enrolled in ECCD services led by a ECCD facilitator which complete the basic certificate (Percentage)		26.00	30.00
<i>Action: This indicator has been Revised</i>			
Digitization of education for improved student outcomes			
Percentage of schools accessing and teachers utilizing digital content in LMS (Percentage)		0.00	80.00
<i>Action: This indicator has been Revised</i>			
in Urban areas (Percentage)		0.00	80.00
<i>Action: This indicator has been Revised</i>			
in Rural areas (Percentage)		0.00	40.00

Indicator Name	DLI	Baseline	End Target
<i>Action: This indicator has been Revised</i>			
Improve employment and inclusion outcomes			
Percentage increase from baseline (TBE) in percent of trainees employed (including full and part-time, wage and self-employment) within 6 months of completing SDP (Percentage)		0.00	20.00
<i>Action: This indicator has been Revised</i>			
for women (Percentage)		0.00	35.00
<i>Action: This indicator has been Revised</i>			
Enhanced resilience of jobseekers			
MoICE established operational linkages with key relevant agencies (Text)		No linkages	Linkages established through data sharing and system linkages protocols between MoICE and the three economic sectors in line with the Employment Responsibility System (ERS) Standard Operating Procedure.
<i>Action: This indicator has been Revised</i>			
Improve access to safe water and sanitation facilities at primary and secondary schools			
Number of public schools and Special Education Needs schools with proper WASH facilities (Number)		0.00	60.00
<i>Action: This indicator has been Revised</i>			

Intermediate Results Indicators by Result Areas

Indicator Name	DLI	Baseline	End Target
Expanded access and professionalization of ECCD			
Number of ECCD facilitators for government-supported provision trained or receiving training in the ECCD Diploma program (Number)		248.00	450.00
<i>Action: This indicator has been Revised</i>			
Number of ECCD facilitators for government-supported provision trained in the two-week basic ECCD certificate (Number)		600.00	810.00
<i>Action: This indicator has been Revised</i>			
Number of focal monitors trained (Number)		200.00	650.00
<i>Action: This indicator has been Revised</i>			
Percentage of ECCD facilitators receive a supervision and coaching visit by a trained focal monitor aimed at improving their teaching practice (Percentage)		24.00	40.00
<i>Action: This indicator has been Revised</i>			
Number of new government supported integrated ECCD centers and smaller ECCD centers in the targeted areas (Number)		0.00	180.00
<i>Action: This indicator has been Revised</i>			
Percentage of government supported ECCD services that meet the basic quality standards (Number)		0.00	30.00
<i>Action: This indicator has been Revised</i>			
Percentage point increase from baseline in percent of mothers with improved economic empowerment outcomes in areas of ECCD expansion (Percentage)		0.00	4.00

Indicator Name	DLI	Baseline	End Target
Action: This indicator has been Revised			
Digitization of education for improved student outcomes			
Number of teachers trained on Digital Pedagogy (Number)		0.00	5,000.00
Action: This indicator has been Revised			
Number of female teachers trained on Digital Pedagogy for improved competency, mentorship and professional development (Number)		0.00	2,000.00
Action: This indicator has been Revised			
Percentage of schools having remote learning facilities in rural areas (Percentage)		0.00	20.00
Action: This indicator has been Revised			
People using digitally enabled services (Number)		0.00	5,000.00
Action: This indicator is New	Rationale: <i>This new IO indicator has been added as a World Bank corporate scorecard indicator. It will measure the number of teachers trained on digital skills.</i>		
Improve employment and inclusion outcomes			
Percentage increase from baseline in percentage of female SDP graduates (Percentage)		0.00	40.00
Action: This indicator has been Revised			
Percentage increase from baseline (TBE) in trainings delivered outside of Thimphu, Paro and Phuentsholling (Percentage)		0.00	40.00
Action: This indicator has been Revised			

Indicator Name	DLI	Baseline	End Target
Percentage of users requesting services through the single intake and profiling window under MoESD and MoICE (Percentage)	0.00		75.00
Action: This indicator has been Revised			
Of those who are women (Percentage)	0.00		50.00
Action: This indicator has been Revised			
of those who are not from of Thimphu, Paro and Phuentsholling (Percentage)	0.00		30.00
Action: This indicator has been Revised			
Percentage of job seekers registered with single intake window who perceive improvements in access to employment promotion services (Percentage)	0.00		75.00
Action: This indicator has been Revised			
of those who are women (Percentage)	0.00		50.00
Action: This indicator has been Revised			
SDP program design on outreach, enrollment, delivery and placement support is revised following the completion of the study under DLR 1 as evidenced by revisions to the POM (Yes/No)	No		Yes
Action: This indicator has been Revised			
Number of new or better jobs (Number)	0.00		397.00
Action: This indicator is New	Rationale: This indicator has been added as a World Bank corporate scorecard indicator.		
Enhanced resilience of jobseekers			

Indicator Name	DLI	Baseline	End Target
Monitoring system for regular tracking of employment up to 6 months post SDP completion is established (Yes/No)		No	Yes
Percentage of graduates from acceleration and incubation programs are linked to financing opportunities (Percentage)		0.00	30.00
Action: This indicator has been Revised			
Development of a Strategy for increasing climate responsiveness of MoESD financed trainings (Yes/No)		No	Yes
Action: This indicator has been Revised			
Development of data sharing and referral system between MoESD and MoICE to enable referrals for mothers benefiting from ECCD to programs provided by MoICE (Yes/No)		No	Yes
Action: This indicator has been Revised			