



ANNUAL PROJECT REPORT

(August 2018 – June 2019)

BHUTAN: HEALTH SECTOR DEVELOPMENT PROGRAM

Project no. # 51141-002

December 2019

PROJECT MANAGEMENT AND POLICY SUPPORT UNIT
POLICY & PLANNING DIVISION
MINISTRY OF HEALTH
ROYAL GOVERNMENT OF BHUTAN

ABBREVIATIONS

ADB- Asian Development Bank
BCC – Behaviour Change Communication
BHRM – Bhutan Resident Mission
BHTF- Bhutan Health Trust Fund
CMS – Consultant Management System
EGM- Effective Gender Mainstreaming
EMP- Environment Management Plan
GAP- Gender Action Plan
HIS-Health Information System
HIDD- Health Infrastructure Development Division
IPC – Interpersonal Counselling
MOH- Ministry of Health
MOIC- Ministry of Information and Communication
NCWC- National Commission for Women and Children
PHC-Primary Health Care
PMPSU- Project Management and Policy Support Unit
PPD- Policy and Planning Division
RRP- Report and Recommendation of the President
SDP- Sector Development Program

CONTENTS

		Page no.
A.	Introduction	4-5
	a. Program Summary	4
	b. Over all Program Scope	5
	c. Project Financing	5
	d. Program Financing	5
B.	Overall Program Impact and Outcome	6
C.	Overall Program Outputs	6
D.	Summary of Cost Estimates, Financing Plan, and By Financier (Output 1)	6-9
E.	Allocation of Grant Proceeds (Output 1)	9
F.	Status of Implementation of Grants	10
G.	Status of Implementation of Grant by Output	10
	a. Primary Health Services Improved	10
	b. Support for Health Sector Financing Enhanced	10
	c. Disease Surveillance and HIS Enhanced	10
H.	Procurement and Engagement of Consultants	10-11
I.	Project Management	11-12
J.	Safeguards and Environment	12
K.	Gender Action Plan (GAP)	13
L.	Problems and Action Taken or To Be Taken	13-14
M.	Status of Utilization of Funds	14-16
N.	Compliance with Covenants	16
O.	Project Audit	17
P.	Work plan for the Next Year	17
Q.	Appendices	18
	1 Detailed progress summary of goods, works and consultancy	
	2 Policy Matrix (Progress)	
	3 Design and Monitoring Framework	
	4 Safeguards	
	5 Gender Action Plan	
	6 Grant Covenants	
	7 Annual Audit Report	

A. INTRODUCTION

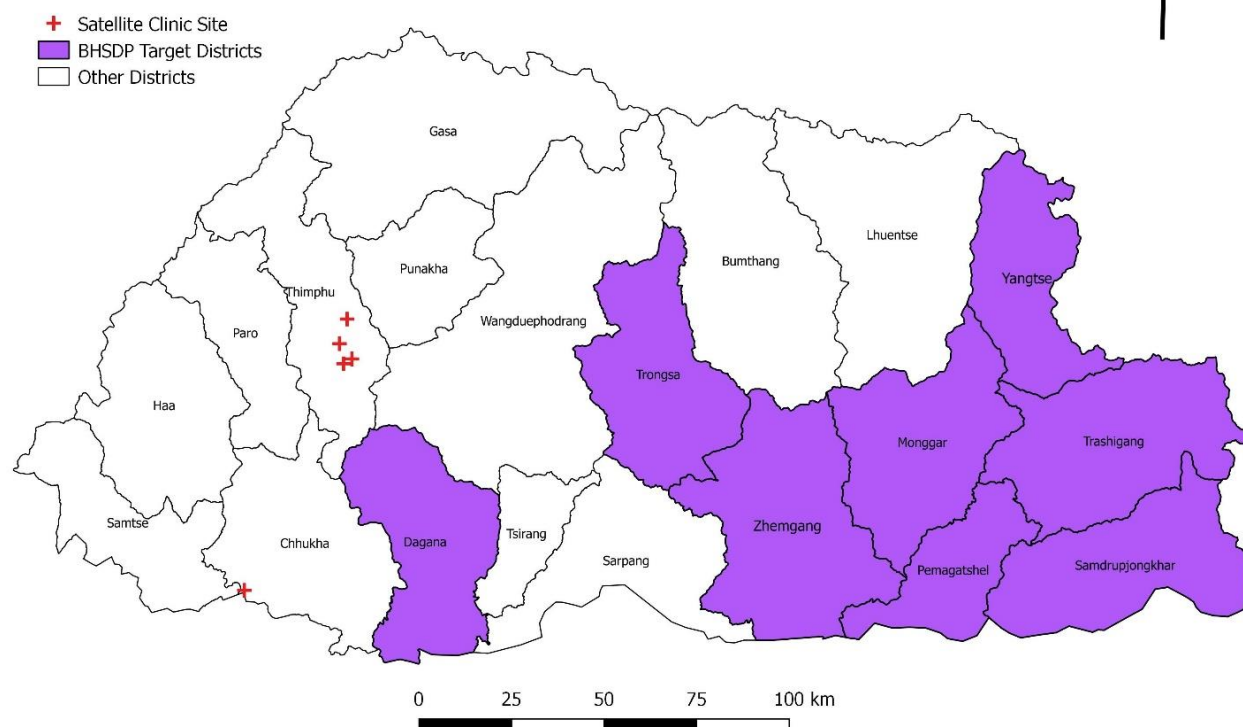
a. Program Summary

Project Title	Health Sector Development Program
Country	Bhutan
Project Number	51141-002
Grant Number	0615-BHU(SF) for Program 0616-BHU(SF) for Project
Borrower	Ministry of Finance
Recipient	Kingdom of Bhutan
Executing Agency	Ministry of Health
Implementing Agencies	Ministry of Health
Technical Assistance (TA) No.	9606-BHU
TA Amount	500000 USD
Total program/project cost	41.22 Million USD
ADB Grant amount	20 Million USD
Grant Negotiation date	30 July 2018
Grant Approval by ADB Board	5 October 2018
Grant agreement signing date	29 November 2018
Grant effectiveness date	19 February 2019
Grant completion date	31 August 2023
Grant closing date	28 February 2024
Fact-Finding Mission	10-19 April 2018
Last ADB Mission	11-15 March 2019 (Review mission)
Gender Equity and Mainstreaming	Effective gender mainstreaming
Safeguard Category	
Environmental	B
Involuntary Resettlement	C
Indigenous People	C

b. Overall Program Scope

1. The HSDP is aligned with the Bhutan's National Health Policy mission to achieve national health goals and its aspiration towards self-reliance and sustainability in Bhutan's health service delivery. The overall sustainability of health service delivery will be supported by the outcome of improved equitable access, efficiency, and financial sustainability of the health system. The HSDP has three outputs, where output 1 is project based and output 2 and output 3 are program based. The project grant will support output 1 for PHC service delivery improvements in selected areas and the policy based grant will support outputs 2 and output 3 for enhanced health sector financing and improved disease surveillance and health information system, respectively.

BHUTAN HEALTH SECTOR DEVELOPMENT PROGRAM (BHSDP)



c. Project Financing

- The project under output 1 is estimated to cost **\$6.51 million**. ADB will finance 100% of the expenditures for civil works, goods, consulting services, Trainings/capacity development and project management expenditure amounting to **\$6 million**. The government will provide counterpart support in the form of additional staff, office accommodation, meeting venues, and other in-kind contributions including local taxes and duties through exemption.

d. Program Financing

- The program under **outputs 2 and output 3** is estimated to cost **\$34.71 million**, of which ADB will provide **\$14.00 million** to the government to (i) increase the BHTF capital fund, and (ii) finance governance and institutional reforms related to achieving a strong national HIS. The program will be in **two tranches of \$7 million** each to be released in 2019 and 2020, respectively, upon meeting the agreed tranche conditions. The overall program financing need was estimated based on the combination of (i) BHTF assessment of its financing sustainability, and (ii) government-projected financing requirement for developing an interoperable HIS during the Twelfth Five-Year Plan. For the sustainability of the BHTF under output 2, the financing need for its enhanced capital was estimated to be around **\$20 million**. Of this, ADB will provide a grant of **\$10 million** (in two tranches of **\$5 million** each) and the government will provide **Nu 500.00 million (\$7.71 million equivalent)** to the BHTF. The BHTF is also expected to mobilize own additional funds to bridge the remaining funding gap. For the HIS program under output 3, the government estimated an overall requirement of **\$17 million** over the medium-term (2018–2023). Of this, ADB will provide a grant of **\$4 million** (in two

tranches of **\$2 million** each) to help finance the program, and the government will fund the remainder under the 12th Five Year Plan budget for flagship programs.

B. OVER ALL PROGRAM IMPACT AND OUTCOME

4. The impact of the program is aligned with the National Health Policy, 2011: National health goals achieved, and self-reliance and sustainability in health service delivery achieved. The outcome identified is the equitable access, efficiency, and financial sustainability of the health system improved.

C. OVERALL PROGRAM OUTPUTS

5. **Output 1: Primary health services especially in underserved areas improved.** This project-based output will support improvements in PHC service delivery, especially in the underserved areas. The enhanced focus on PHC will help bridge regional health disparities and improve cost-effectiveness of the health delivery system. Investments include (i) construction of five PHC satellite clinics in urban peripheries; (ii) upgrading primary health facilities with improved infrastructure provisions for infection control and waste management; (iii) medical equipment support for enhanced PHC service delivery, including immunization, and transportation of laboratory samples; (iv) support for capacity development to roll-out the Bhutan Health Standards and Quality Assurance mechanism at PHC facilities; and (v) support for health advocacy, awareness and behavior change communication through civil society organizations.
6. **Output 2: Support for health sector financing enhanced.** This policy-based output will support enhanced health financing equity and sustainability of the Bhutan Health Trust Fund (BHTF), which core mandate is to support PHC primarily through financing of vaccines and essential medicines. The policy actions include measures to (i) enhance the BHTF operations through strengthened capital, capacity, and governance; (ii) improve equitable distribution of public health financing benefits through a benefit-incidence analysis; and (iii) develop a legal basis to support provisions for health financing equity, efficiency, and sustainability in the form of a health bill. Asian Development Bank (ADB)'s budget support under this output will contribute to BHTF capital enhancement and diversification of its investment offshore.
7. **Output 3: Disease surveillance and health information system enhanced.** This policy-based output will improve the management and governance of Bhutan's health information system (HIS) to support PHC and patient management, disease surveillance, and overall sector management efficiency. The program will facilitate Bhutan's incremental move to an interoperable national HIS, from the current stage of fragmented individual systems. Policy actions include (i) development and adoption of a national e-health strategy, (ii) creation of HIS governing body, (iii) development and adoption of HIS enterprise architecture for interoperability, and (iv) development and adoption of technical standards for health data exchange. The implementation of the e-health strategy and interoperable HIS is reflected in the draft 12th Five Year Plan. ADB's budget support under this output is expected to contribute to government spending in areas such as strategy and governance, information technology infrastructure, services and applications, data standards for interoperability, and workforce capacity development.

D. SUMMARY OF COST ESTIMATES AND FINANCING PLAN BY FINANCER

8. The SDP is estimated to cost **\$41.22 million**, of which ADB will finance a total of **\$20 million**, comprising a project grant of **\$6 million** equivalent, and a policy-based grant of **\$14 million**. The government will provide counterpart funds totalling **\$21.22 million** equivalent, comprising **\$0.52 million for output 1 (PHC)**, **\$7.71 million for output 2 (BHTF)**, and **\$13 million for output 3 (HIS)**.
9. The tables below shows summary of cost estimates by outputs, summary financing plan, and detailed cost estimates by financier.

Summary of Cost Estimates by Outputs

Item	Amount ^a
A. Base Cost ^b	
Output 1. Primary health services improved (including program management)	5.98
Output 2. Support for health sector financing enhanced	17.71
Output 3. Disease surveillance and health information systems enhanced	17.00
Sub-total (A)	40.69
B. Contingencies ^c	0.53
Total (A+B)	41.22

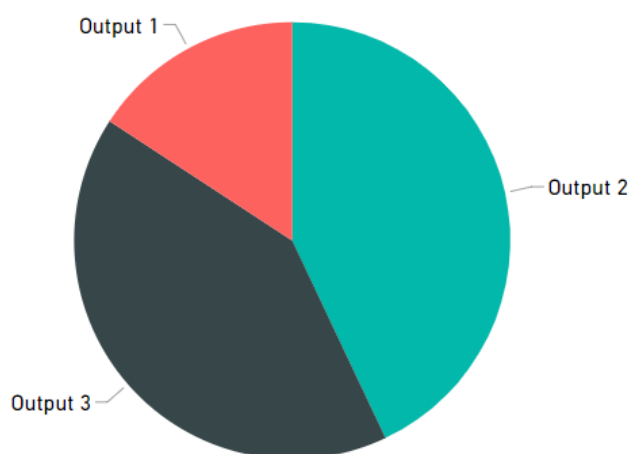
^a Includes tax and duties of \$0.05 million. Such amount does not represent an excessive share of the project cost. The government will finance taxes and duties of \$0.21 million by way of exemption in accordance with its law.

^b In mid-2018 prices as of 31 March 2018.

^c Physical contingencies computed at 5.0% each for civil works, equipment and furniture, vehicles, training, consulting services, and project management and policy support unit. Price contingencies computed at an average of 1.56% on foreign exchange costs and 5.4% on local currency costs; and includes provision for potential exchange fluctuation under the assumption of a purchasing power parity exchange rate.

Source: Asian Development Bank.

Pie chart visualisation of cost estimates by outputs.



Summary Financing Plan (\$ million)

Source	Amount (\$ million)	Share of Total (%)
Asian Development Bank ^a		
Special Funds resources (ADF, policy-based grant)	14.00	33.96%
Special Funds resources (ADF, project grant)	6.00	14.56%
Government of Bhutan	21.22	51.48%
Total	41.22	100.00%

ADF = Asian Development Fund.

^a Includes \$13.33 million from the ADF set-aside for regional health security.

Source: Asian Development Bank.

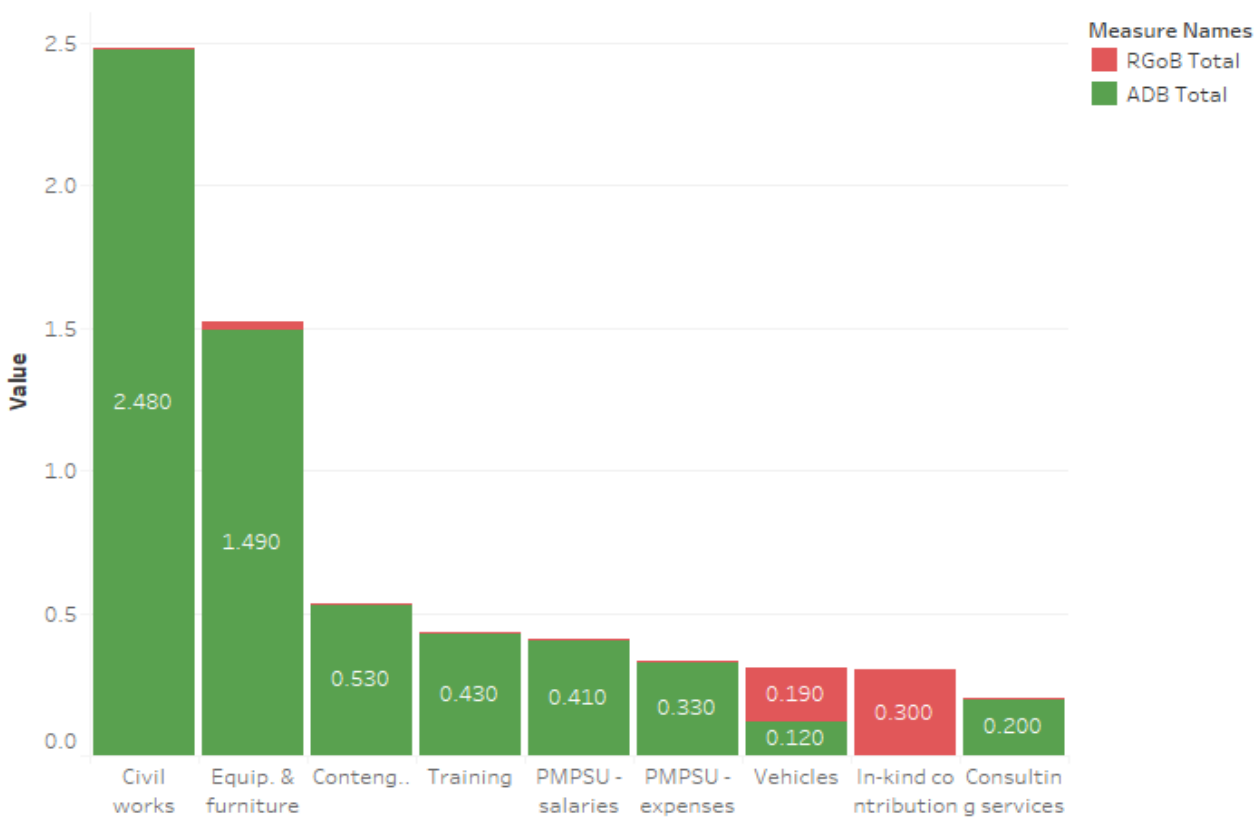
Detailed cost estimates by financier (Project Grant for Output 1)

	Item	ADB (in million USD)				GOB (in million USD)				Total Amount
		Non-tax	Tax	Total	% of Cost Category	Non-tax	Tax	Total	% of Cost Category	
A.	Investment Costs									
1	Civil works	2.43	0.05	2.48	100.0%	-	-	-	0.0%	2.48
2	Equipment & furniture	1.49	-	1.49	98.2%	-	0.03	0.03	1.8%	1.52
3	Vehicles	0.12	-	0.12	38.8%	-	0.19	0.19	61.2%	0.30
4	Training	0.43	-	0.43	100.0%	-	-	-	0.0%	0.43
5	Consulting services	0.20	0.00	0.20	100.0%	-	-	-	0.0%	0.20
	Subtotal (A)	4.67	0.05	4.72	95.7%	0.00	0.21	0.21	4.3%	4.93
B.	Recurrent Costs									
6	PMPSU - salaries	0.41	-	0.41	100.0%	-	-	-	-	0.41
7	PMPSU - expenses	0.33	-	0.33	100.0%	-	-	-	-	0.33
8	In-kind contribution	-	-	-	-	0.30	-	0.30	100.0%	0.30
	Subtotal (B)	0.74	0.00	0.74	71.0%	0.30	0.00	0.30	29.0%	1.05
	Total Base Cost (A+B)	5.41	0.05	5.47	91.4%	0.30	0.21	0.52	8.6%	5.98
C.	Contingencies									
1	Physical Contingencies	0.42	-	0.42	100.0%	-	-	-	-	0.42
2	Price Contingencies	0.11	-	0.11	100.0%	-	-	-	-	0.11
	Subtotal (C)	0.53	0.00	0.53	100.0%	0.00	0.00	0.00	-	0.53
	Total Project Cost (A+B+C)	5.95	0.05	6.00	92.1%	0.30	0.21	0.52	7.9%	6.51

ADB = Asian Development Bank, GOB = Government of Bhutan, PMPSU = project management and policy support unit.

Note: Numbers may not sum precisely because of rounding. Sources: Asian Development Bank and Government of Bhutan.

Detailed cost by Financer (Output 1) visualised through Bar Plot (Million USD)



RGoB Total and ADB Total for each Item. Color shows details about RGoB Total and ADB Total.

E. ALLOCATION AND WITHDRAWAL OF GRANT PROCEEDS (Output-1)

10. The grant agreement signed on 29 November 2018, between the Kingdom of Bhutan and ADB presents the amount allocated to each expenditure category of project in the allocation table below:

Allocation and Withdrawal of Grant Proceeds (Project Grant for Output 1)

Item	ADB Financing (\$ thousand)	Basis for Withdrawal from the Grant Account
1. Civil works	2,478.40	100% of expenditure claimed
2. Equipment (medical and office equipment, furniture, and vehicles)	1,606.61	100% of expenditure claimed
3. Training	433.00	100% of expenditure claimed
4. Consulting services	204.00	100% of expenditure claimed
5. PMPSU – salaries and expenses	744.27	100% of expenditure claimed
6. Unallocated	533.72	
TOTAL	6,000.00	

ADB = Asian Development Bank, PMPSU = project management and policy support unit.

Source: Asian Development Bank.

F. STATUS OF IMPLEMENTATION OF GRANTS

11. The grant agreement (0615-BHU (SF) & 0616-BHU (SF), was signed on **29 November 2018** and became effective on **19 February 2019**
12. The implementation of project based grant of **USD 6 million** for **Output 1** is well on track with numerous activities being carried out and some procurement activities completed. Details attached as **Appendix 1**
13. For policy based grant of **USD 14 million** for **Output 2 and Output 3**, all first tranche conditions are fulfilled, following this the first tranche release of USD 7 million was made in April 2019 (\$ 5 Million to BHTF on 9 April 2019 and \$ 2 Million to HIS/ePIS, MoH on 16 April 2019)

G. STATUS OF IMPLEMENTATION OF GRANT BY OUTPUTS

a. Output 1: Primary health services especially in underserved areas improved

14. Towards the achievement of output 1, numerous activities are undergoing and some procurement process completed. The details of activities completed as of 30 June 2019 is attached as **Appendix 1**.

b. Output 2: Support for health sector financing enhanced

15. The policy objective of output 2 is to strengthen BHTF as a self-sustaining financial entity which can finance essential drugs and required vaccines on a sustainable basis. All Tranche 1, conditions for Output 2 as per the policy matrix of RRP has been fully achieved. The release of first tranche of USD 5 million was made and completed on 9 April 2019. The details of activities completed as of 30 June 2019 is attached as **Appendix 2**.

c. Output 3: Disease surveillance and health information system enhanced

16. The policy objective of Output 3 is to establish a strong and interoperable national HIS that meets Bhutan's data needs, including effective disease surveillance and patient management. All Tranche 1, conditions for Output 3 as per the policy matrix of RRP has been fully achieved. The release of first tranche of USD 2 million was made and completed on 16 April 2019. The details of activities completed as of 30 June 2019 is attached as **Appendix 2**.

H. PROCUREMENT AND ENGAGEMENT OF CONSULTANTS

a. Procurement of Works

17. Progress on procurement of works as of 30 June 2019, shows that tender for three works package W-04, W-05, W-08 were floated and technical bid and financial bid evaluation completed. Works package for Mongar Dzongkhag (W-04) was awarded on 9 May 2019. Details of procurement activities for works carried out so far are attached as **Appendix 1**

b. Procurement of Goods

18. For goods package, GD-1 (Cold chain equipment) & GD-2 (vaccine Van) which are to be procured through specialised agency (UNICEF and WHO), the payment to these agencies has been made as of June 2019. GD-10 (AV Equipment), GD-11 (Office equipment for PMPSU), GD-12 (Office renovation for PMPSU) and Hiring of vehicle for PMPSU has been completed. For GD-07 (X-ray Machine) technical evaluation has been submitted to ADB. Details of procurement activities for goods carried out as of June 30 2019 is attached as **Appendix 1**.

c. Procurement of Consultancy

19. For the procurement of consultancy services S-01 (CSO for strengthening community based structures to address gender based violence) and S-02 (CSO for strengthening community based structures to address under-five nutrition) the project is evaluating the RFP (technical and Financial) Details of procurement activities for consultancy services carried out so far are attached as **Appendix 1**.

I. PROJECT MANAGEMENT

20. The Ministry of Health (MOH) as the executing agency is responsible for overall strategic planning, guidance, and management of the SDP. Accordingly project management and policy support unit (PMPSU) was established in the Policy and Planning Division (PPD) of the MoH to support with planning, implementation, monitoring and supervision, and coordination of all activities under the SDP including the implementation of the tranche release policy actions.
21. Five National consultants were recruited on 15 August 2018 for PMPSU and there has not been any turnover as of 30 June 2019. The project as of 30 June 2019 has 5 National consultant working fulltime for the project and 5 counterpart staff from Ministry of Health. Project Accountant and Project Procurement Officer work full time while Project Director, Project Focal and Gender Focal work partially. The PMPSU is managed by 10 project staffs including a Project Director and other staff as follows:

S. No.	National Consultant Position	No.
1	Project Manager	1
2	M&E Expert	1
3	Project Assistant	1
4	Civil Engineer	1
5	Electrical Engineer	1
	Total	5

S. No.	Ministry of Health Staff	No.
1	Project Director	1
2	Project Focal	1
3	Procurement Officer	1
4	Project Accountant	1
5	Gender Focal	1
	Total	5

22. In addition to the PMPSU staff, the project also gets support from international experts. Four expert/consultants (Financial expert, Procurement expert, BCCI-IPC expert and Quality assurance expert) are recruited. All experts except procurement expert were recruited by the end of 2018. There was a slight delay in recruitment of Procurement Expert due to high financial demand from the 1st ranked candidate. Unable to negotiate PMPSU had to ultimately go with second ranked one. Details of activities carried for recruitment of international experts so far are attached as **Appendix 1**.
23. Environment Expert for the SDP is yet to be recruited and is planned after the land for Satellite clinic at Phuntsholing and Depsi, Thimphu are finalised.
24. Implementing units of the MoH includes (i) Health Infrastructure Development Division (HIDD) responsible for the procurement and supervision of civil works, (ii) Medical Supplies Procurement Division responsible for the procurement and supervision of goods (iii) Quality Assurance and Standardization Division responsible for the training of health workers on Bhutan Healthcare Standard for Quality Assurance (BHSQA), (iv) Health Promotion Division of the Department of Public Health (DPH) responsible for training health workers on interpersonal counselling, and (v) Department of Medical Services responsible for the operation of urban satellite clinics. All implementing units are carrying out their responsibilities as per the PAM. Most of the activities of procurement of civil works such as estimates, tender calls and evaluation are carried out by PMPSU staff with some support from HIDD.
25. PPD and Information, Communications and Technology Division of the MoH are responsible for tranche release of policy actions related to e-health services under Output 2, and the BHTF is responsible for tranche release of policy actions related to the BHTF under Output 3. All tranche 1 conditions has been fulfilled by ITC Division, MoH and BHTF as of 30 June 2019.
26. Project steering committee (PSC) as the overall strategic planning, guidance, and management body is expected to meet every 6 months. The 1st PSC Meeting was conducted on **8 May 2019** and the 2nd PSC is expected on January 2019.
27. Dzongkhag Management Committee are expected to meet every three months to review implementation progress and resolve constraints. With the award of works at Mongar, DMC will be initiated.
28. MoU with 8 Districts Administration (Dzongdag/District Governor) was signed on **12 April 2019** at MoH, Thimphu for the supervision of civil works at districts, this will ensure smooth implementation of works.

J. SAFEGUARDS AND ENVIRONMENT

29. The project is classified as **category B** for environment safeguard category, **category C** for Involuntary Resettlement and **category C** for Indigenous people category. The Initial environment examination with environment management plan (EMP) and environment assessment and review framework has been prepared for 3 identified satellite clinic sites and

for sample sites in target district in accordance with ADB's safeguard Policy Statement (SPS 2009) and existing Government regulations. For remaining 2 satellite clinic sites, the environment expert to be recruited by PMPSU will carry out the initial environmental examination and prepare EMP once the sites are finalised. Civil works are not expected to have any significant negative impact. Also these sites are not near environmentally sensitive areas or near national parks or within 100 meters of protected monuments of archaeological importance. No involuntary resettlement and displacement of Indigenous people has happened and no wetland or protected forest is acquired as of 30 June 2019. Details in **Appendix 4**.

30. As the construction of new satellite clinics have not started there seems to be no safeguard issues as of 30 June 2019. Environmental management checklist are made available in all Standard Bidding Document that are floated until 30 June 2019. As for the policy based investment (output 2, and output 3) no significant environmental impact is anticipated and no impact has happened as of 30 June 2019.

K. GENDER ACTION PLAN (GAP)

31. The SDP is classified as effective gender mainstreaming (EGM) project. The GAP supports the delivery of the SDP by integrating gender across the output areas and program management. For project-based Output 1, the GAP ensures that all construction and renovation works at health care facilities are gender sensitive with adequate provision for patient privacy. It also ensures more female health workers be recruited and all basic health unit (level 2) female staff in target districts be trained in interpersonal communication skills.
32. At the management level, the GAP ensures capacity building for the PMPSU staff on gender mainstreaming. Training for PMPSU on gender mainstreaming was conducted in June 21, 2019 by NCWC and Gender Focal, MoH, with this the PMPSU team is more gender sensitive.
33. For policy-based Output 2, the GAP ensures that the work on health financing equity reflects the differential impacts on men and women, and that the draft Health Bill considers the distribution of health benefits among a range of different population groups by income, socioeconomic status, gender, and geographical factors. Additionally, it is expected to ensure that the BHTF and PMPSU recruitment policies reflect the national effort for gender redistributive policies. For policy-based Output 3, it ensures that the HIS collects sex-disaggregated data, and monitors gender-related trends over time, focusing on the analysis in the MoH Annual Health Bulletin. Detailed GAP as of 30 June 2019 is attached as **Appendix 4**

L. CHALLENGES, ACTION TAKEN OR TO BE TAKEN

34. Cost escalation for civil works seems to be a concern. Contractors bid price for W-08 and W-05 is higher by 52% and 64% respectively when compared with engineer's initial estimate. Market analysis carried out by PMPSU Engineer also shows that initial estimates as per PAM is much lower. Driven by such cost escalation and having to re-tender the works again and

again, the project might get delayed unless we solve the issue at the earliest. Alternatively if the project awards the work to high bid, the unallocated fund might not be sufficient to cover price escalation for other procurement activities.

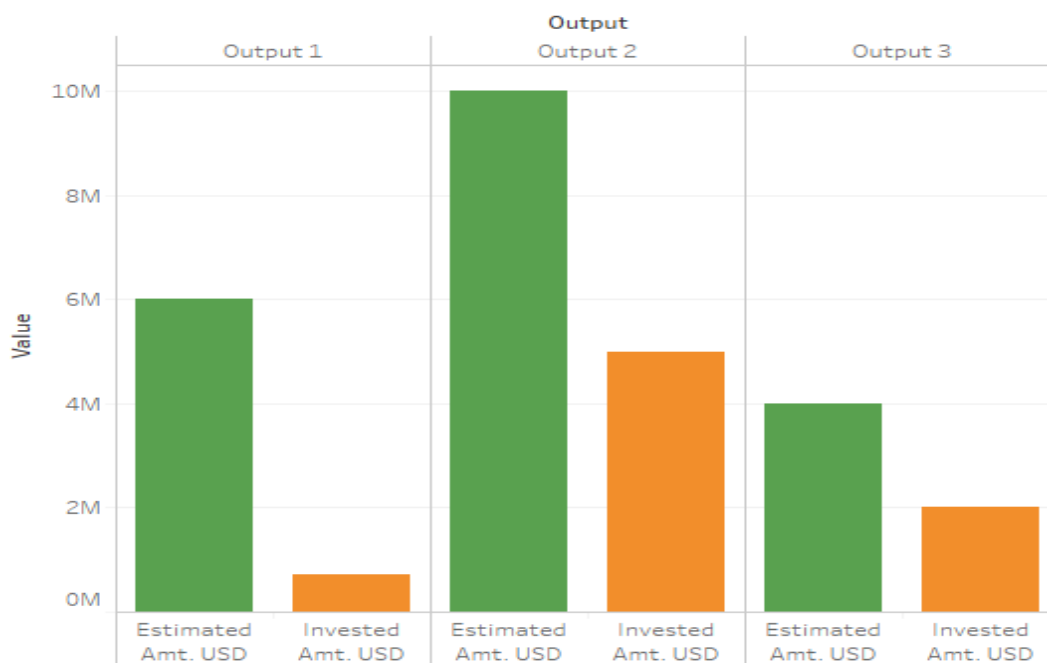
35. Tender evaluation process for civil works and goods procurement seems to be taking longer time than estimated as the evaluation team members (mostly from other department) are mostly busy with their own regular duty and taking out time for project procurement activities is a challenge at times.
36. Due to scattered nature of civil works at districts and strict criteria to be fulfilled by contractors as per the bidding document, there seems to be poor contractor participation. Project feels the need to relax some rigid criteria (financial turnover) to attract more contractors and increase competition, which in turn can give value for money to the project.
37. Finalisation of land for construction of satellite clinics is taking longer than expected due to reasons beyond the control of MoH. Construction of satellite clinic is a major construction activity of the project and any delay to this activity can have overall impact on the project. Non acquisition of land for construction of satellite clinic till date has also been highlighted in the Annual Audit Report of the project and a high level intervention is suggested to fast track the process in the interest of the project.
38. Procurement officer initially designated to PMPSU was withdrawn and new one is apportioned with effect from June 2019. Being new to the system the project might be slightly stalled until he is acquainted with the system. Nevertheless the project team has been helping each other to fill these glitches.

M. STATUS OF UTILISATION OF FUNDS

39. As of 30 June 2019, total investment for the Health Sector Development Program recorded were USD 7.72 million. i.e 38.6 % of total project cost has been utilised. Output wise expenses is shown in the table below with paired bar plot visualisation.

S. No.	Output	Estimated Amt. USD	Invested Amt. USD	Balance Amt. USD	% Utilized
1	Output 1	6000000	722,856	5,277,144	12.0
2	Output 2	10000000	5,000,000	5,000,000	50.0
3	Output 3	4000000	2,000,000	2,000,000	50.0
Total		20000000	7,722,856	12,277,144	38.6

Assumption: Taking 1 USD @ Nu.69

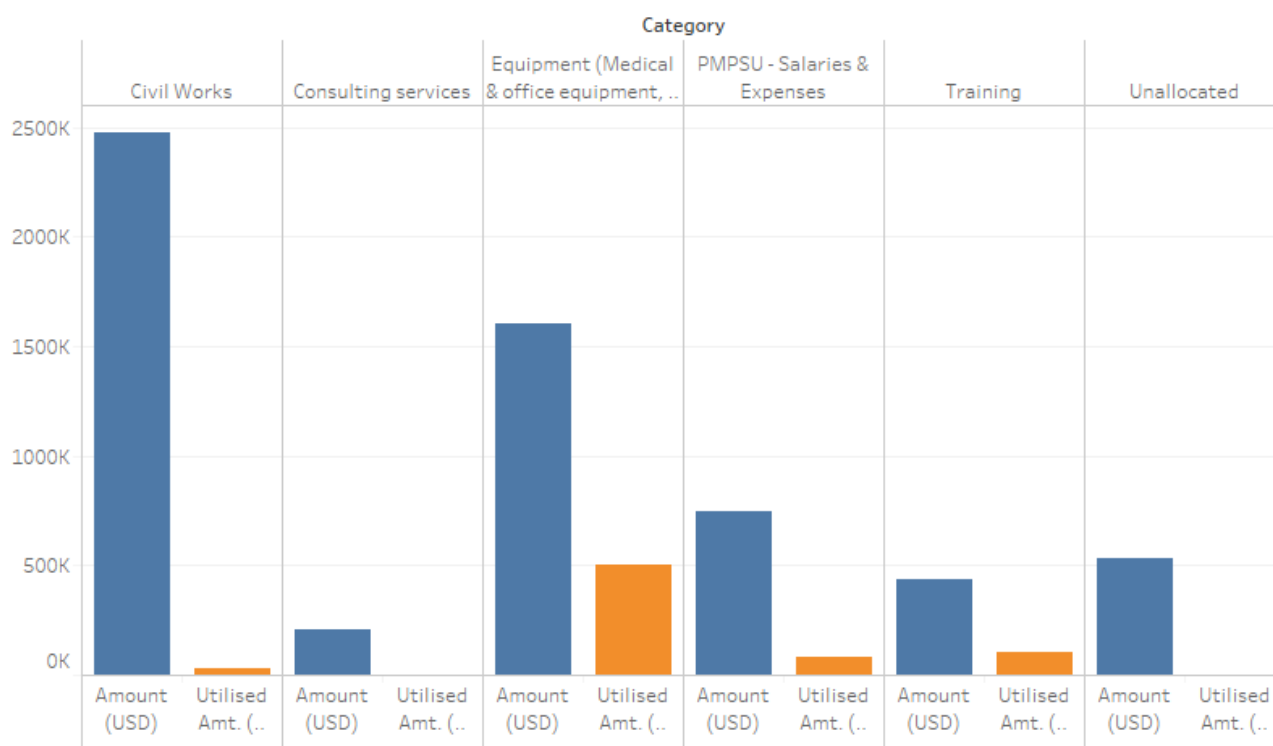


40. For Output 1 total expenses made is USD 722,856.3, i.e (12 %) of total USD 6 million project based fund. Details of expenses by expenditure category in given in the table below with bar plot visualisation of the same:

S. No.	Category	Estimated Amt. (USD)	Utilized Amt. (USD)	Balance Amt. (USD)	% Utilized
1	Civil Works	2,478,400	31,159.4	2,447,240.6	1.3
2	Equipment (Medical & office equipment, furniture & vehicle)	1,606,610	505,019.4	1,101,590.6	31.4
3	Training	433,000	104,288.0	328,712.0	24.1
4	Consulting services	204,000	-	204,000.0	0.0
5	PMPSU – Salaries & Expenses	744,270	82,389.6	661,880.4	11.1
6	Unallocated	533,720	-	533,720.0	0.0
Total		6,000,000	722,856.3	5,277,143.67	12.0

Assumption: Taking 1 USD @ Nu.69

Amount Utilised by Category for Output 1



41. For the policy based grant relating to Output 2 and Output 3 amounting to **USD 14 million**, ADB has released USD 7 million as of 30 June 2019. The first tranche release of USD 7 million was made in April 2019 (\$ 5 Million to BHTF on 9 April 2019 and \$ 2 Million to HIS/ePIS, MoH on 16 April 2019)
42. The Government of Bhutan has contributed **USD 7.71 million (Nu.500 Million)** to BHTF for Output 2.

N. COMPLIANCE WITH COVENANTS

43. All grant covenants including project-specific and policy grant covenants such as sector reforms and EA reforms as per the grant agreement have been complied with or are under process for compliance. The grant covenants as per grant agreement and compliance activities as of 30 June 2019 is attached as **Appendix 5**

O. ANNUAL PROJECT AUDIT

Annual Project Audit for the period 1 July 2018 – 30 June 2019, as required under the PAM completed in November 2019. Initially the audit had pointed out two issues i.) Non-acquisition of land for construction of satellite clinic and ii.) Counterpart funding not being incorporated in the annual budget. Of the two audit findings, second issue pertaining to counterpart funding, was settled in view of the justification, supporting documents and evidences furnished, while the first one is pursued under recommendatory observations. Detailed final Audit report is attached as **Appendix 7.**

P. WORKPLAN FOR NEXT YEAR

44. The project plans to carry out the following procurement activities in next year (1 July 2019 to 30 June 2020)

S. No.	Package	Activity	Target Deadline
1	W-04	70% of works at Mongar District to completed	Q2, 2020
2	W-05	Award work contract and 50% works completed for Trashigang and Trashiyangtse District	Q2, 2020
3	W-06	Finalise tender document, float tender, and carry bid evaluation for Samdropjongkhar and Pemagatshel Districts.	Q2, 2020
4	W-07	Finalise tender document for works at Trongsa and Zhemgang Districts	Q2, 2020
5	W-08	Award work contract for Dagana District and 70% works completed	Q2, 2020
6	GD-01	Receipt of Ice-lined Refrigerator-cum deep freezer and Cold Boxes from UNICEF	31 Dec 2019
7	GD-02	Receipt of 2 Vaccine Vans from WHO	31 st January 2020
8	GD-05	Finalise tender document, float tender, carry bid evaluation for procurement of waste autoclaves for hospitals, BHU I & BHU II	Q2,2020
9	GD-06	Finalise tender document, float tender, carry bid evaluation for procurement of Syringe shredders and waste weighing machines for hospitals and BHU I	Q2,2020
10	GD-07	Award contract and goods received for procurement of X-ray.	31 December 2019
11	GD-08	Contract signed for procurement of Ultrasound machines for hospitals and BHU Is	Q2, 2020
12	GD-09	Contract signed for procurement of Biochemistry analysers, Haematology analysers, Lab refrigerators & Centrifuges for hospitals and BHU Is	Q2, 2020
13	S-01	Award contract for consultancy to CSO for strengthening of community based structure to address GBV (S-01) and 20% progress achieved.	Q2, 2020
14	S-02	Award contract for consultancy to CSO for strengthening of community based structure to address under five nutrition (S-02) and 20% progress achieved.	Q2, 2020

Q. Appendices

1.	Detailed progress summary of goods, works and consultancy
2.	Policy Matrix (Progress)
3.	Design and Monitoring Framework
4.	Safeguards
5.	Gender Action Plan
6.	Grant Covenants
7.	Annual Audit Report