



Bhutan: Responsive COVID-19 Vaccines for Recovery Project under the Asia Pacific Vaccine Access Facility

Project Name	Responsive COVID-19 Vaccines for Recovery Project under the Asia Pacific Vaccine Access Facility		
Project Number	55083-001		
Country / Economy	Bhutan		
Project Status	Proposed		
Project Type / Modality of Assistance	Grant Loan		
Source of Funding / Amount	Grant: Enhancing the Accessibility, Efficiency, and Continuity of Essential Health Care and Immunization Services and Strengthening the Disease Surveillance and Management during COVID-19 pandemic in Bhutan		
	Japan Fund for Prosperous and Resilient Asia and the Pacific		US\$ 3.00 million
	Loan: Responsive COVID-19 Vaccines for Recovery Project under the Asia Pacific Vaccine Access Facility		
	Concessional ordinary capital resources lending		US\$ 10.00 million
Strategic Agendas	Inclusive economic growth Regional integration		
Drivers of Change	Gender Equity and Mainstreaming Partnerships		
Sector / Subsector	Health / Disease control of communicable disease		
Gender Equity and Mainstreaming	Effective gender mainstreaming		
Description	<p>The project will provide the Government of Bhutan with immediate and flexible financing to support its national coronavirus disease (COVID-19) vaccination program through the Asia Pacific Vaccine Access Facility (APVAX) of the Asian Development Bank (ADB). The APVAX allocation comprises the rapid response component (RRC) to support the purchase of the APVAX-eligible COVID-19 vaccines. The project investment component (PIC) financed by the JFPR grant will strengthen the disease surveillance, while enhancing the accessibility of essential health care services and immunization.</p> <p>The project is aligned with four of the operational priorities of ADB's Strategy 2030: (i) addressing remaining poverty and reducing inequalities; (ii) accelerating progress in gender equality; (iii) strengthening governance and institutional capacity; and (iv) fostering regional cooperation and integration. It is consistent with ADB's country partnership strategy, 2019-2023 for Bhutan, which prioritizes improvements in equity, efficiency, and financial sustainability of the health care system.</p> <p>Bhutan has fully met APVAX access criteria by (i) demonstrating the adverse impacts of the COVID-19 pandemic; (ii) completing a needs assessment, including an updated vaccination allocation and prioritization plan for a booster vaccination program and an incremental medical waste management plan, acceptable to ADB; (iii) providing a letter from the governor confirming the government's commitment to implement the plans and ensuring compliance with revised APVAX eligibility criteria for ADB financing; and (iv) setting up an effective development partner coordination mechanism with a clear role for ADB.</p>		

Project Rationale and Linkage to Country/Regional Strategy

The pandemic resulted in high costs to Bhutan's overall health, well-being, and economy. After almost 2 years of successful control of COVID-19 through strict border closure and travel restrictions, Bhutan is facing the largest wave of local transmission of COVID-19 because of the highly infectious Omicron variant. The 7-day average of daily new confirmed cases reached its highest peak on 14 April 2022 at 1,717 and dropped to 40 as of 8 May 2022. This may continue to increase further. The crisis is compounded by Bhutan's small health system, health human resources constraints, and insufficient laboratory testing and treatment capacity.

Costs to the economy. The COVID-19 pandemic has severely affected Bhutan's economy. It grew by 5.8% in 2019 but contracted by 10.1% in 2020. It is estimated that Bhutan's economy has grown by 3.5% in 2021. To contain the spread of the virus, the government closed the borders in March 2020 and imposed very strict quarantine and travel restrictions. The most affected sectors were tourism, trade, manufacturing, and services industry. The estimated economic loss because of recent massive lockdowns for combating the Omicron variant infection wave in the first quarter of 2022 is about 1.4% of gross domestic product (GDP).

Impact on poor and vulnerable groups. The COVID-19 pandemic has affected all spheres of life. The impact has been more severe among the poor, informal workers, and vulnerable populations. For instance, almost 32% of tourism sector employees lost their jobs in 2020 alone. Unskilled female employees make up most of the workforce in hotels and restaurants, which depends on the tourism industry to a large extent. The informal sector, which accounted for about 80% of the workforce before the pandemic, comprises home-based workers and self-employed persons as well as a considerable number of unskilled and vulnerable people, such as young school dropouts and migrants from rural areas. The unemployment rate increased to a record high of 5.0% (22.6% among youth) in 2020 from 2.7% in 2019 (11.9% among youth), mainly because of reduced job opportunities and returning overseas workers. Likewise, a reduction of 5%-20% in per capita consumption induced by COVID-19 is expected to result in 2,176-12,362 additional poor, following the poverty headcount rate based on \$1.9/day (adjusted for purchasing power parity).

Impact on women. The impact of the pandemic has been disproportionately heavier on Bhutanese women. Increased unemployment, loss of income, limited economic opportunities, and being confined at home caused increased cases of domestic violence, mental health problems, and an increased burden of household work. In 2020, the unemployment rate for women was 6% compared with 4.1% for men. The impact on women's health is also significant. Women in rural areas reported fewer mean healthy days per month even before the pandemic. They have a 17% higher unmet demand for family planning than women in urban areas. The pandemic-related restrictions and lockdowns have further impeded the delivery of health care services, particularly maternal and child health services, obstetrics, and immunization programs. In addition, women in Bhutan, particularly in rural regions, may not be able to access health care services because of the increased burden of household responsibilities from frequent lockdowns.

Impact on the health system. The COVID-19 pandemic has exposed the weaknesses of Bhutan's health system in surveillance and diagnostic capacity, service delivery, infection prevention and control, and health financing protection. One of the critical gaps in the health care provision is the lack of tertiary and specialized care capacity whereby patients need to be referred abroad for treatment. The incremental number of confirmed cases of COVID-19 patients because of the ongoing Omicron variant infection wave has been overwhelming Bhutan's limited health system. Health human resources constraints have been worsened by the incremental workload of COVID-19 testing and treatment, which has interrupted routine health care services and care for chronic diseases such as diabetes, hypertension, tuberculosis, and HIV. The accessibility of essential health care services in high-risk districts and remote areas has also been severely curtailed because of lockdowns and travel restrictions. The impact of the COVID-19 pandemic on health sector expenditure has been significant. The Ministry of Health (MOH) budget increased by 47.9% from FY2019 to FY2021 to combat the spread of COVID-19 in the country.

Impact	Negative health, social, and economic effects of the COVID-19 pandemic mitigated.
Outcome	Eligible population safely vaccinated against COVID-19 and delivery of PHC services and routine immunization programs improved
Outputs	Safe and effective COVID-19 vaccines delivered Accessibility of PHC and immunization services and disease surveillance capacity improved
Geographical Location	Nation-wide

Safeguard Categories

Environment	C
Involuntary Resettlement	C
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects
Involuntary Resettlement
Indigenous Peoples
Stakeholder Communication, Participation, and Consultation
During Project Design
During Project Implementation

Business Opportunities

Consulting Services	Engaging 2 Individual consultants.
Procurement	Under the RRC, the output will finance the procurement of safe and effective COVID-19 vaccines for (i) the initial two-dose regimen of COVID-19 vaccination for children aged 5-11; and (ii) additional doses of COVID-19 vaccines for the entire eligible population, following the NVDP and its update. Procurement and deployment of 28 mobile medical unit vehicles under hospitals and PHC centers across the country to provide more efficient PHC outreach services. The procurement of vehicles will only be initiated after the MOH develops and approves the operational guideline. The deployment of mobile medical unit vehicles will follow the deployment plan in the project administration manual (PAM), and the utilization status of vehicles will be documented in the quarterly project progress reports and reviewed through project review missions.

Responsible ADB Officer	Chen, Dai-Ling
Responsible ADB Department	South Asia Department
Responsible ADB Division	Human and Social Development Division, SARD
Executing Agencies	Ministry of Finance Royal Government of Bhutan Thimphu, Bhutan Attention: Director

Timetable

Concept Clearance	01 Jan 2023
Fact Finding	18 Mar 2022 to 23 Mar 2022
MRM	19 May 2022
Approval	-

Last Review Mission

-

Last PDS Update

07 Jul 2022

Project Page

<https://www.adb.org/projects/55083-001/main>

Request for Information

<http://www.adb.org/forms/request-information-form?subject=55083-001>

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