



Bhutan: Fiscal Sustainability and Green Recovery Program (Subprogram 1)

Project Name	Fiscal Sustainability and Green Recovery Program (Subprogram 1)	
Project Number	56010-001	
Country / Economy	Bhutan	
Project Status	Approved	
Project Type / Modality of Assistance	Loan Technical Assistance	
Source of Funding / Amount	Loan 4229-BHU: Fiscal Sustainability and Green Recovery Program (Subprogram 1)	
	Concessional ordinary capital resources lending	US\$ 37.35 million
	TA 6971-BHU: Fiscal Sustainability and Green Recovery Program (Subprogram 1)	
	Technical Assistance Special Fund	US\$ 1.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth	
Drivers of Change	Gender Equity and Mainstreaming Governance and capacity development Partnerships	
Sector / Subsector	Public sector management / Public expenditure and fiscal management	
Gender Equity and Mainstreaming	Effective gender mainstreaming	
Description	<p>The coronavirus disease (COVID-19) severely impacted economic activities and fiscal balance in Bhutan. Economic growth was decelerating even before the onset of the pandemic. In response to the crippling effects on lives, livelihoods, and healthcare, the government announced a series of fiscal and monetary relief measures to mitigate the impact on economy and households. The government has outlined its medium-term post-pandemic strategy for a sustained, inclusive, and green economic recovery in the upcoming 13th Five-Year Plan. The proposed program aims to support the government's post-pandemic economic vision by strengthening domestic resource mobilization (DRM), promoting private sector development, and supporting foundation for green economic recovery over the medium term.</p>	
Project Rationale and Linkage to Country/Regional Strategy	<p>Bhutan's gross domestic product (GDP) growth averaged 5.5% between FY2011 and FY2019. National poverty rate decreased from 23.0% in 2007 to 8.2% in 2017. Large state-led investment in hydropower sector sustained high-growth rate and impressive poverty reduction over the last 2 decades. The overall macroeconomic framework remains sound with high GDP growth rate, modest inflation rate, low fiscal deficit, macroprudential-focused monetary policy, and adequate foreign exchange reserves. The country's risk of debt distress is assessed as moderate. Bhutan is expected to graduate from United Nation's least developed country category in 2023 and it aspires to become a high-income country by 2030 with targeted per capita income of \$12,375. It implies a \$10 billion economy with an annual real GDP growth rate of 10.0% over the next 10 years, much higher than \$2.5 billion economy in FY2021 and an average 5.4% growth rate between FY2011-FY2019.</p>	
Impact		
Project Outcome		
Description of Outcome		
Progress Toward Outcome		
Implementation Progress		
Description of Project Outputs		
Status of Implementation Progress (Outputs, Activities, and Issues)		
Geographical Location	Thimphu	
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	
Procurement	not applicable
Responsible ADB Officer	Sapkota, Chandan
Responsible ADB Department	South Asia Department
Responsible ADB Division	Public Management, Financial Sector and Trade Division, SARD
Executing Agencies	Ministry of Finance
Timetable	
Concept Clearance	02 Jun 2022
Fact Finding	03 May 2022 to 23 May 2022
MRM	12 Aug 2022
Approval	17 Oct 2022
Last Review Mission	-
Last PDS Update	17 Oct 2022

Loan 4229-BHU

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	37.35	Cumulative Contract Awards			
ADB	37.35	-	0.00	0.00	%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	-	0.00	0.00	%

TA 6971-BHU

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
1,000,000.00	0.00	0.00	0.00	0.00	0.00	1,000,000.00	-	0.00

Project Page	https://www.adb.org/projects/56010-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=56010-001
Date Generated	18 October 2022

ADB provides the information contained in this project data sheet (PDS) solely as a resource for its users without any form of assurance. Whilst ADB tries to provide high quality content, the information are provided "as is" without warranty of any kind, either express or implied, including without limitation warranties of merchantability, fitness for a particular purpose, and non-infringement. ADB specifically does not make any warranties or representations as to the accuracy or completeness of any such information.