



Bhutan: Financial Market Development Program Subprogram 1

Project Name	Financial Market Development Program Subprogram 1	
Project Number	51252-003	
Country	Bhutan	
Project Status	Proposed	
Project Type / Modality of Assistance	Loan Technical Assistance	
Source of Funding / Amount	Loan: Financial Market Development Program Subprogram 1	
	concessional ordinary capital resources lending / Asian Development Fund	US\$ 30.00 million
	TA: Financial Market Development Program Subprogram 1	
	Technical Assistance Special Fund	US\$ 500,000.00
Strategic Agendas	Inclusive economic growth	
Drivers of Change	Governance and capacity development Private sector development	
Sector / Subsector	Finance - Central banking systems - Housing finance - Inclusive finance - Money and capital markets	
Gender Equity and Mainstreaming	Some gender elements	
Description	The proposed Financial Market Development Program will support the Government of Bhutan in adopting reforms to enhance the efficiency, stability, and inclusiveness of the finance sector. The proposed program will consist of two subprograms designed to provide continuous support for the government's finance sector reforms. The program outputs include (i) nonbank financial system developed; (ii) stability and integrity of the financial system strengthened; and (iii) financial inclusion promoted.	
Project Rationale and Linkage to Country/Regional Strategy	While Bhutan's economy has been growing an impressive record since the late 1980s, the economic performance was mainly driven by public-led hydropower development. To promote broad-based economic growth, the program will support the government in developing a finance sector that offers strong financial intermediation that enables resource mobilization for productive investments. To do so, the program will (i) support reforms that will mobilize long-term funds through nonbank segment; (ii) strengthen the regulatory and supervisory framework to better manage risks; and (iii) support the government to implement the strategies aiming to promote better access to finance by the disadvantaged groups.	
Impact	The program will support the government with institutional reforms and will build the technical capacity of regulatory and financial institutions. This will help improve the efficiency of financial intermediation, which will encourage private sector investment and improve the economic welfare of Bhutanese people.	
Outcome	Stability, efficiency, and inclusiveness of the finance sector enhanced	
Outputs	Nonbank financial system developed Stability and integrity of the financial system strengthened Financial inclusion promoted	
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		not applicable
Procurement		not applicable

Responsible ADB Officer	Kanokpan Lao-Araya
Responsible ADB Department	South Asia Department
Responsible ADB Division	BHRM
Executing Agencies	Ministry of Finance Royal Government of Bhutan Thimphu, Bhutan Attention: Director

Timetable	
Concept Clearance	01 Aug 2019
Fact Finding	01 Jul 2019 to 05 Jul 2019
MRM	22 Aug 2019
Approval	-
Last Review Mission	-
Last PDS Update	01 Aug 2019

Project Page	https://www.adb.org/projects/51252-003/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=51252-003
Date Generated	03 August 2019

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.