



Bhutan: Financial Market Development Program (Subprogram 3)

Project Name	Financial Market Development Program (Subprogram 3)	
Project Number	51252-005	
Country	Bhutan	
Project Status	Approved	
Project Type / Modality of Assistance	Loan	
Source of Funding / Amount	Loan 4130-BHU: Financial Market Development Program (Subprogram 3)	
	Concessional ordinary capital resources lending	US\$ 30.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth	
Drivers of Change	Governance and capacity development Partnerships	
Sector / Subsector	Finance - Central banking systems - Housing finance - Money and capital markets	
Gender Equity and Mainstreaming	Some gender elements	
Description	<p>The proposed program modality is a programmatic approach. It consists of three subprograms that are designed to allow ADB to remain engaged and to help the government implement increasingly complex long-term finance sector reforms. Under this third subprogram, there are 3 reforms areas. Reform area 1: Nonbank financial systems developed. This will concentrate on secondary market development and an insurance strategy, including alternative investments and housing finance schemes focusing on gender-based requirements, while improving governance rules in capital markets. Reform area 2: Stability and integrity of the financial system strengthened. There will be focus on implementing the International Financial Reporting Standards 9, revised rules on anti-money laundering based on requirements, and full alignment with Basel III, leading to enhanced stability, efficiency, and inclusiveness in financial markets. Reform area 3: Financial inclusion promoted. This includes financing inclusive green finance and financial technology to promote digital inclusion. The impact of the reform will be the improved economic welfare of the Bhutanese people, especially women, through increased employment, private sector business development, enhanced access to finance, and greater efficiency of financial intermediation. The program will support the government with institutional reforms while improving the technical capacity of regulatory and financial institutions.</p>	
Project Rationale and Linkage to Country/Regional Strategy	<p>The program will support the government in its commitment to continue reforms to make the finance sector more responsive to emerging priorities, while remaining stable and inclusive. This support is critical for the government to achieve national key result areas of the Twelfth Five Year Plan, 2018 2023, such as macroeconomic stability, economic diversification, improving access to finance and poverty reduction. The government has already prepared several long-term sector development strategies. In 2017, the government approved the Financial Sector Development Action Plan, which details reform actions that affect, among others, the banking system, nonbank financial institutions, and financial inclusion and financial literacy.</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	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	N/A
Procurement	N/A
Responsible ADB Officer	Gunawardhena, Manohari
Responsible ADB Department	South Asia Department
Responsible ADB Division	Public Management, Financial Sector and Trade Division, SARD
Executing Agencies	Ministry of Finance Royal Government of Bhutan Thimphu, Bhutan Attention: Director
Timetable	
Concept Clearance	18 Dec 2022
Fact Finding	16 Feb 2021 to 19 Feb 2021
MRM	17 Aug 2021
Approval	22 Oct 2021
Last Review Mission	-
Last PDS Update	22 Oct 2021

Loan 4130-BHU

	Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost		30.00	Cumulative Contract Awards			
ADB		30.00	-	0.00	0.00	%
Counterpart		0.00	Cumulative Disbursements			
Cofinancing		0.00	-	0.00	0.00	%

Project Page <https://www.adb.org/projects/51252-005/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=51252-005>

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