Early Warning System

# ADB-51252-005

## Financial Market Development Program (Subprogram 3)

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### Quick Facts

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|---|---|
| **Countries** | Bhutan |
| **Financial Institutions** | Asian Development Bank (ADB) |
| **Status** | Approved |
| **Bank Risk Rating** | C |
| **Voting Date** | 2021-10-22 |
| **Borrower** | Kingdom of Bhutan |
| **Sectors** | Finance |
| **Investment Type(s)** | Loan |
| **Investment Amount (USD)** | $ 30.00 million |
| **Loan Amount (USD)** | $ 30.00 million |

## Project Description

According to Asian Development Bank (ADB) documents, 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.

PROJECT RATIONALE AND LINKAGE TO COUNTRY/REGIONAL STRATEGY

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.

## Investment Description

- Asian Development Bank (ADB)

## Contact Information

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|---|---|
| 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<br>Royal Government of Bhutan<br>Thimphu, Bhutan<br>Attention: Director |

ACCESS TO INFORMATION

You can submit an information request for project information at: https://www.adb.org/forms/request-information-form

ADB has a two-stage appeals process for requesters who believe that ADB has denied their request for information in violation of its Access to Information Policy. You can learn more about filing an appeal at: https://www.adb.org/site/disclosure/appeals

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main.

**Bank Documents**

- Financial Market Development Program (Subprogram 3): Report and Recommendation of the President [Original Source]
- Project Disclosure PDF [Original Source]