Early Warning System

ADB-53307-001

Rural Finance Sector Development Program

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Quick Facts

Countries	Bhutan
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	C
Voting Date	2020-12-11
Borrower	Government of Bhutan
Sectors	Finance, Technical Cooperation
Investment Type(s)	Advisory Services, Loan
Investment Amount (USD)	$ 21.00 million
Loan Amount (USD)	$ 20.00 million
Grant Amount (USD)	$ 1.00 million

Project Description

According to the bank's website, "The program will support BDBL to transform into a viable and efficient financial intermediary focusing on rural CSIs. The program will also support BDBL to expand non-collateral based financing to rural CSIs as well as business development support and financial literacy training with gender inclusive outreach targets. The program has three outputs: Output 1: BDBL restructured and strengthened; Output 2: Non-collateral based rural cottage and small industry financing expanded; and Output 3: Business development support and financial literacy training extended to rural cottage and small industries."

The Rural Finance Sector Development Program aims to promote the access to finance of rural cottage and small industries (CSIs) in Bhutan. It supports the restructuring of Bhutan
Development Bank (BDB) to significantly enhance its rural CSI finance outreach. It will also support BDB to expand non-collateral-based financing to rural CSIs as well as business
development support and financial literacy training with gender-inclusive targets. The program will take a sector development program modality. The program is aligned with the Asian Development Bank country partnership strategy for Bhutan, 2019–2023, which is committed to diversifying the finance sector and promoting financial inclusion.

Early Warning System Project Analysis

The ADB categorized the project E&S risks as follows:

Environment - FI;
Involuntary Resettlement - FI-C;
Indigenous Peoples - FI-C.

Investment Description

- Asian Development Bank (ADB)

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- Bhutan Development Bank (BDB) (Financial Intermediary)

Private Actors Description

As stated on the company's website, Bhutan Development Bank Limited (BDB) was incorporated by the Royal Charter, in January 1988, with assistance of the Asian Development Bank (ADB) to function as a development finance institution (DFI). BDB is registered as a company under the Companies Act (2000 and licensed under the Financial Institutions Act 1992).BDB now functions as a domestic development bank with cheque facilities after obtaining its banking license in March,2010.

Contact Information

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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

- ADB Boosts Its Funding for Bhutan’s Phuentsholing Township Development and Loan to Finance Rural Cot
- ADB to Enhance Access to Finance of Rural Industries in Bhutan
- Project Disclosure PDF [Original Source]

Other Related Projects

- ADB-53307-002 Diagnostic Study and Strategy Development for Rural Finance Sector Development