

 Early Warning System

ADB-59228-001

Preparing the Strengthening the Banking and Capital Markets Reforms
Program



Quick Facts

Countries	Bhutan
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	C
Voting Date	2025-08-15
Borrower	Government of Bhutan - Ministry of Finance
Sectors	Finance, Technical Cooperation
Investment Type(s)	Grant
Investment Amount (USD)	\$ 0.82 million
Project Cost (USD)	\$ 0.82 million



Project Description

According to the Bank's website, the ensuing project is policy-based lending (PBL) of \$15 million loan, of which, \$10 million will be from the concessional ordinary capital resources loan and \$5 million grant from the Asian Development Fund, to help finance subprogram 1 for general budget support. Strengthening Banking Nonbanking and Capital Markets Development Program that will be designed to strengthen the banking and capital markets of Bhutan. This PBL intends to (i) strengthen banks and nonbanks in terms of ensuring transparency of operations, increasing capital, improving asset quality to lead to efficient and effective financial intermediation; (ii) support capital markets to increase activity, suite of products and leverage to raise sustainable finance; and (iii) improve financial inclusion with strong digital, gender and climate elements. This PBL builds on the initial reforms achieved in several areas under the Financial Market Development Program (FMDP)-subprograms 1 through 3 from 2019-2021 and the activities outlined in the post-program partnership framework of FMDP.

The TA outputs are: (i) stability, governance, and liquidity of the bank and nonbank institutions increased; (ii) liquidity, stability, risk management, and solvency of the bank and nonbank sector strengthened; and (iii) consumer protection, financial inclusion, data warehousing, and risk-based supervision and cybersecurity oversight strengthened. The TA will provide important expertise to implement the reforms in compliance with international norms, complete the comprehensive AQR, establish both the asset management company and credit rating agency, implement a seamless trading and transparency strategy in the securities exchange, develop a sustainability linked bond framework, alignment of banking reporting to the national green taxonomy and financial inclusion activities.



Early Warning System Project Analysis

According to the Technical Assistance Report, the Risk Categories are:

Environment: C

Involuntary Resettlement: C

Indigenous Peoples: C



Investment Description

- Asian Development Bank (ADB)

The program TA will be \$825,000, of which (i) \$700,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-8) and (ii) \$125,000 will be financed on a grant basis by the Finance Sector Development Partnership Special Fund (FSDPSF), administered by ADB.



Contact Information

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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

- [Preparing the Strengthening the Banking and Capital Markets Reforms Program: Technical Assistance Re](#)