

 Early Warning System

WB-P506841

Bhutan Livable and Competitive Cities Program



Quick Facts

Countries	Bhutan
Financial Institutions	World Bank (WB)
Status	Proposed
Bank Risk Rating	A
Voting Date	2025-09-05
Borrower	Government of Bhutan - Ministry of Finance / Ministry of Infrastructure and Transport (MoIT)
Sectors	Infrastructure, Law and Government
Investment Type(s)	Grant, Loan
Loan Amount (USD)	\$ 20.00 million
Grant Amount (USD)	\$ 28.00 million
Project Cost (USD)	\$ 48.00 million



Project Description

According to the Bank's website, the project will aim to enhance livability and climate resilience in the project area through improved infrastructure and service delivery. It will comprise two components: (i) resilient and low-carbon service delivery, piloting key investments, and (ii) urban management, planning, and capacity building.



Early Warning System Project Analysis

Environmental and Social Risk Classification (ESRC): Substantial

Main potential environmental risks and impacts of the project are associated with civil works for upgrading road and water and wastewater facilities under Component 1. During construction these include: i) impacts on terrestrial and aquatic habitats due to vegetation clearance, erosion from terrace cutting and earth excavation, quarrying and materials borrowing, bridge building, construction waste and wastewater disposal, and river siltation; ii) health and safety concerns particularly in view of the limited construction space in crowded urban areas; and iii) other risks such as landslide due to construction activities, which can be exacerbated by climatic events, and vibration impact on structures in particular cultural heritage sites. During operation, the main concerns are associated with traffic safety and noise impacts, waste management practices at bus terminals, and improper operation of water supply and wastewater treatment facilities. While the proposed activities are primarily upgrading and improvements of small to medium-sized infrastructure, in view of these impacts and risks associated with diverse activities to be conducted in a crowded urban area featured with rich cultural heritage, and the weak environmental management capacity of the implementing agencies, the environmental risk is rated Substantial. Component 2 investment planning activities may have downstream ES risks which are not anticipated to be significant, and will be further screened during project preparation and factored into appraisal stage E&S risk classification.

Social risk is rated as substantial. The project activities may involve land acquisition, leading to physical and economic displacement, including permanent or temporary impacts on the livelihoods of affected people. Potential impacts on community health and safety may arise during construction due to terrace cutting and vibrations from civil works, and during operation, primarily due to traffic safety risks in a densely populated urban area. Potential labor-related risks during construction may include occupational health and safety issues, as well as the potential for child labor and forced labor. Issues related to women and persons with disabilities, including the lack of universal access in the design of civil works, urban infrastructure and transport services, need to be addressed, along with risks of Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH), particularly due to labor influx in a dense urban setting. The project will be implemented in areas with significant cultural heritage sites, including national memorials and temples, which could be impacted by vibrations from excavation and heavy equipment use. Additionally, the implementing agencies currently lack adequate capacity in managing social risks and impacts and are new to the relevant Bank's Environmental and Social Framework (ESF) standards.



Investment Description

- World Bank (WB)

Green Climate Fund: US\$ 28.00 million

IDA Credit: US\$ 20.00 million



Contact Information

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ACCESS TO INFORMATION

To submit an information request for project information, you will have to create an account to access the Access to Information request form. You can learn more about this process at: <https://www.worldbank.org/en/access-to-information/request-submission>

ACCOUNTABILITY MECHANISM OF THE WORLD BANK

The World Bank Inspection Panel is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by a World Bank-financed project. If you submit a complaint to the Inspection Panel, they may investigate to assess whether the World Bank is following its own policies and procedures for preventing harm to people or the environment. You can contact the Inspection Panel or submit a complaint by emailing ipanel@worldbank.org. Information on how to file a complaint and a complaint request form are available at: <https://www.inspectionpanel.org/how-to-file-complaint>



Bank Documents

- [Concept Environmental and Social Review Summary \(ESRS\) - Bhutan Livable and Resilient Cities Program](#)