



Project Data Sheet

Project 56010-001

Project Name Fiscal Sustainability and Green Recovery Program (Subprogram 1)
Project Number 56010-001
Country / Economy Bhutan
Project Status Active
Project Type / Modality of Assistance Loan
Technical Assistance

Loan 4229-BHU: Fiscal Sustainability and Green Recovery Program (Subprogram 1)

Source of Funding / Amount Concessional ordinary capital resources lending US\$ 37.35 million
TA 6971-BHU: Fiscal Sustainability and Green Recovery Program (Subprogram 1)
Technical Assistance Special Fund US\$ 1.00 million

Operational Priorities OP1: Addressing remaining poverty and reducing inequalities
OP2: Accelerating progress in gender equality
OP3: Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability
OP5: Promoting rural development and food security
OP6: Strengthening governance and institutional capacity

Sector / Subsector **Public sector management** / Public expenditure and fiscal management

Gender Effective gender mainstreaming

Description The coronavirus disease (COVID-19) severely impacted economic activities and fiscal balance in Bhutan. Economic growth was decelerating even before the onset of the pandemic. In response to the crippling effects on lives, livelihoods, and healthcare, the government announced a series of fiscal and monetary relief measures to mitigate the impact on economy and households. The government has outlined its medium-term post-pandemic strategy for a sustained, inclusive, and green economic recovery in the upcoming 13th Five-Year Plan. The proposed program aims to support the government's post-pandemic economic vision by strengthening domestic resource mobilization (DRM), promoting private sector development, and supporting foundation for green economic recovery over the medium term.

Project Rationale and Linkage to Country/Regional Strategy

Bhutan's gross domestic product (GDP) growth averaged 5.5% between FY2011 and FY2019. National poverty rate decreased from 23.0% in 2007 to 8.2% in 2017. Large state-led investment in hydropower sector sustained high-growth rate and impressive poverty reduction over the last 2 decades. The overall macroeconomic framework remains sound with high GDP growth rate, modest inflation rate, low fiscal deficit, macroprudential-focused monetary policy, and adequate foreign exchange reserves. The country's risk of debt distress is assessed as moderate. Bhutan is expected to graduate from United Nation's least developed country category in 2023 and it aspires to become a high-income country by 2030 with targeted per capita income of \$12,375. It implies a \$10 billion economy with an annual real GDP growth rate of 10.0% over the next 10 years, much higher than \$2.5 billion economy in FY2021 and an average 5.4% growth rate between FY2011-FY2019.

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

Thimphu

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

Procurement not applicable

Responsible ADB Officer Sapkota, Chandan

Responsible ADB Department South Asia Department

Responsible ADB Division Public Management, Financial Sector and Trade Division, SARD

Executing Agencies *Ministry of Finance*

Timetable

Concept Clearance	02 Jun 2022
Fact Finding	03 May 2022 to 23 May 2022
MRM	12 Aug 2022
Approval	17 Oct 2022
Last Review Mission	-
Last PDS Update	17 Oct 2022

Loan 4229-BHU

Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
17 Oct 2022	18 Oct 2022	26 Oct 2022	31 Dec 2022	-	31 Dec 2022

Financing Plan

Loan Utilization

	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	37.35	Cumulative Contract Awards			
ADB	37.35	07 Jan 2023	37.35	0.00	100%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	07 Jan 2023	37.35	0.00	100%

TA 6971-BHU

Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
17 Oct 2022	01 Nov 2022	01 Nov 2022	30 Sep 2025	-	-

Financing Plan/TA Utilization

Cumulative Disbursements

ADB	Cofinancing	Counterpart		Project Sponsor	Others	Total	Date	Amount
		Gov	Beneficiaries					
1,000,000.00	0.00	0.00	0.00	0.00	0.00	1,000,000.00	07 Jan 2023	8,035.69

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