



Bhutan: Responsive COVID-19 Vaccines for Recovery Project under the Asia Pacific Vaccine Access Facility

Project Name	Responsive COVID-19 Vaccines for Recovery Project under the Asia Pacific Vaccine Access Facility	
Project Number	55083-001	
Country / Economy	Bhutan	
Project Status	Active	
Project Type / Modality of Assistance	Grant Loan	
	Grant 9230-BHU: Enhancing the Accessibility, Efficiency, and Continuity of Essential Health Care and Immunization Services and Strengthening the Disease Surveillance and Management during COVID-19 pandemic in Bhutan	
Source of Funding / Amount	Japan Fund for Prosperous and Resilient Asia and the Pacific	US\$ 3.00 million
	Loan 4199-BHU: Responsive COVID-19 Vaccines for Recovery Project under the Asia Pacific Vaccine Access Facility	
	Concessional ordinary capital resources lending	US\$ 10.00 million
Operational Priorities	OP1: Addressing remaining poverty and reducing inequalities OP2: Accelerating progress in gender equality OP6: Strengthening governance and institutional capacity OP7: Fostering regional cooperation and integration	
Sector / Subsector	Health / Disease control of communicable disease	
Gender	Effective gender mainstreaming	
Description	<p>The project will provide the Government of Bhutan with immediate and flexible financing to support its national coronavirus disease (COVID-19) vaccination program through the Asia Pacific Vaccine Access Facility (APVAX) of the Asian Development Bank (ADB). The APVAX allocation comprises the rapid response component (RRC) to support the purchase of the APVAX-eligible COVID-19 vaccines. The project investment component (PIC) financed by the JFPR grant will strengthen the disease surveillance, while enhancing the accessibility of essential health care services and immunization.</p> <p>The project is aligned with four of the operational priorities of ADB's Strategy 2030: (i) addressing remaining poverty and reducing inequalities; (ii) accelerating progress in gender equality; (iii) strengthening governance and institutional capacity; and (iv) fostering regional cooperation and integration. It is consistent with ADB's country partnership strategy, 2019-2023 for Bhutan, which prioritizes improvements in equity, efficiency, and financial sustainability of the health care system.</p> <p>Bhutan has fully met APVAX access criteria by (i) demonstrating the adverse impacts of the COVID-19 pandemic; (ii) completing a needs assessment, including an updated vaccination allocation and prioritization plan for a booster vaccination program and an incremental medical waste management plan, acceptable to ADB; (iii) providing a letter from the governor confirming the government's commitment to implement the plans and ensuring compliance with revised APVAX eligibility criteria for ADB financing; and (iv) setting up an effective development partner coordination mechanism with a clear role for ADB.</p>	

The pandemic resulted in high costs to Bhutan's overall health, well-being, and economy. After almost 2 years of successful control of COVID-19 through strict border closure and travel restrictions, Bhutan is facing the largest wave of local transmission of COVID-19 because of the highly infectious Omicron variant. The 7-day average of daily new confirmed cases reached its highest peak on 14 April 2022 at 1,717 and dropped to 40 as of 8 May 2022. This may continue to increase further. The crisis is compounded by Bhutan's small health system, health human resources constraints, and insufficient laboratory testing and treatment capacity.

Costs to the economy. The COVID-19 pandemic has severely affected Bhutan's economy. It grew by 5.8% in 2019 but contracted by 10.1% in 2020. It is estimated that Bhutan's economy has grown by 3.5% in 2021. To contain the spread of the virus, the government closed the borders in March 2020 and imposed very strict quarantine and travel restrictions. The most affected sectors were tourism, trade, manufacturing, and services industry. The estimated economic loss because of recent massive lockdowns for combating the Omicron variant infection wave in the first quarter of 2022 is about 1.4% of gross domestic product (GDP).

Impact on poor and vulnerable groups. The COVID-19 pandemic has affected all spheres of life. The impact has been more severe among the poor, informal workers, and vulnerable populations. For instance, almost 32% of tourism sector employees lost their jobs in 2020 alone. Unskilled female employees make up most of the workforce in hotels and restaurants, which depends on the tourism industry to a large extent. The informal sector, which accounted for about 80% of the workforce before the pandemic, comprises home-based workers and self-employed persons as well as a considerable number of unskilled and vulnerable people, such as young school dropouts and migrants from rural areas. The unemployment rate increased to a record high of 5.0% (22.6% among youth) in 2020 from 2.7% in 2019 (11.9% among youth), mainly because of reduced job opportunities and returning overseas workers. Likewise, a reduction of 5%-20% in per capita consumption induced by COVID-19 is expected to result in 2,176-12,362 additional poor, following the poverty headcount rate based on \$1.9/day (adjusted for purchasing power parity).

Impact on women. The impact of the pandemic has been disproportionately heavier on Bhutanese women. Increased unemployment, loss of income, limited economic opportunities, and being confined at home caused increased cases of domestic violence, mental health problems, and an increased burden of household work. In 2020, the unemployment rate for women was 6% compared with 4.1% for men. The impact on women's health is also significant. Women in rural areas reported fewer mean healthy days per month even before the pandemic. They have a 17% higher unmet demand for family planning than women in urban areas. The pandemic-related restrictions and lockdowns have further impeded the delivery of health care services, particularly maternal and child health services, obstetrics, and immunization programs. In addition, women in Bhutan, particularly in rural regions, may not be able to access health care services because of the increased burden of household responsibilities from frequent lockdowns.

Impact on the health system. The COVID-19 pandemic has exposed the weaknesses of Bhutan's health system in surveillance and diagnostic capacity, service delivery, infection prevention and control, and health financing protection. One of the critical gaps in the health care provision is the lack of tertiary and specialized care capacity whereby patients need to be referred abroad for treatment. The incremental number of confirmed cases of COVID-19 patients because of the ongoing Omicron variant infection wave has been overwhelming Bhutan's limited health system. Health human resources constraints have been worsened by the incremental workload of COVID-19 testing and treatment, which has interrupted routine health care services and care for chronic diseases such as diabetes, hypertension, tuberculosis, and HIV. The accessibility of essential health care services in high-risk districts and remote areas has also been severely curtailed because of lockdowns and travel restrictions. The impact of the COVID-19 pandemic on health sector expenditure has been significant. The Ministry of Health (MOH) budget increased by 47.9% from FY2019 to FY2021 to combat the spread of COVID-19 in the country.

Negative health, social, and economic effects of the COVID-19 pandemic mitigated.

Project Rationale and Linkage to Country/Regional Strategy

Impact

Project Outcome

Description of Outcome Eligible population safely vaccinated against COVID-19 and delivery of PHC services and routine immunization programs improved

Progress Toward Outcome

Implementation Progress

Description of Project Outputs Safe and effective COVID-19 vaccines delivered
Accessibility of PHC and immunization services and disease surveillance capacity improved

Status of Implementation Progress (Outputs, Activities, and Issues)

Geographical Location Nation-wide

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

Consulting Services Engaging 2 Individual consultants using competitive selection (ICS).

Procurement Under the RRC, the output will finance the procurement of safe and effective COVID-19 vaccines for (i) the initial two-dose regimen of COVID-19 vaccination for children aged 5-11; and (ii) additional doses of COVID-19 vaccines for the entire eligible population, following the NVDP and its update.
All procurement of goods, works and services will be undertaken in a manner consistent with the simplified and expedient procedures permitted under ADB's Procurement Policy (2017, as amended from time to time) and the Procurement Regulations for ADB Borrowers: Goods, Works, Nonconsulting, and Consulting Services (2017, as amended from time to time). Following ADB's APVAX policy (footnote 13), ADB's member country procurement eligibility requirements will be waived for Output 1 (loan), and universal procurement will apply. For Output 2 (JFPR grant), which is exclusively financed by JFPR, ADB member country procurement eligibility restrictions will still apply.

Responsible ADB Officer Khetrapal, Sonalini

Responsible ADB Department Sectors Group

Responsible ADB Division Human and Social Development Sector Office (SG-HSD)

Executing Agencies *Ministry of Finance*

Timetable

Concept Clearance	01 Jan 2023
Fact Finding	18 Mar 2022 to 23 Mar 2022
MRM	19 May 2022
Approval	29 Jul 2022
Last Review Mission	-
Last PDS Update	26 Nov 2022

Grant 9230-BHU

Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
29 Jul 2022	05 Aug 2022	18 Aug 2022	31 Dec 2025	-	-

Financing Plan

Grant Utilization

Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage	
Project Cost	3.00	Cumulative Contract Awards			
ADB	0.00	25 Apr 2024	0.00	0.02	1%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	3.00	25 Apr 2024	0.00	0.42	14%

Status of Covenants

Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	Unsatisfactory	Partly satisfactory	-	-	-	Unsatisfactory

Loan 4199-BHU

Milestones

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
29 Jul 2022	05 Aug 2022	18 Aug 2022	31 Dec 2025	-	-

Financing Plan

Loan Utilization

Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage	
Project Cost	12.15	Cumulative Contract Awards			
ADB	10.00	25 Apr 2024	3.05	0.00	30%

Counterpart	2.15	Cumulative Disbursements				
Cofinancing	0.00	25 Apr 2024	3.03	0.00		30%

Status of Covenants

Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	Unsatisfactory	Partly satisfactory	-	-	-	Unsatisfactory

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