



1. CPS Data	
Country: Kingdom of Bhutan	
CPS Year: FY15	CAS/CPS Period: FY15 – FY19
CLR Period: FY15 – FY19	Date of this review: January 4, 2021

2. Ratings		
	CLR Rating	IEG Rating
Development Outcome:	<i>Moderately Satisfactory</i>	<i>Moderately Satisfactory</i>
WBG Performance:	<i>Good</i>	<i>Fair</i>

3. Executive Summary

- i. This review of the World Bank Group (WBG) Completion and Learning Review (CLR) covers the period of the Country Partnership Strategy (CPS) FY15-19, as updated in the Performance and Learning Review (PLR) dated May 8, 2017.
- ii. Bhutan is a small, land-locked, lower middle-income country. Between 2015 and 2019 the annual real GDP growth has varied between 6.2 percent and 3.7 percent. The country's economic growth was bolstered in recent years by investments in hydropower. Gross National Income (GNI) per capita is now only ten percent below the threshold for upper middle-income countries. Between 2007 and 2017 the poverty headcount ratio (measured at the US\$3.20 poverty line in 2011 purchasing power parity terms) dropped from 36 to 12 percent of the population.
- iii. The CPS noted that Bhutan needed to sustain macroeconomic stability while creating a business environment to promote private sector growth and job creation. The hydro-led growth had created some short-term macroeconomic imbalances, which called for careful management of fiscal and monetary policies. At the same time, it was critical to provide a better investment climate that would be more conducive to private sector development, diversification of the economy and job creation. Also, Bhutan's large stock of natural capital called for increasing its sustainable contribution to the economy, while protecting the environment and human well-being. Related challenges included rapid urbanization, low agriculture productivity, limited infrastructure, difficult topography, and vulnerability to disaster and climate change. The 2020 Systematic Country Diagnostic (SCD) confirmed these development challenges.
- iv. The CPS focus areas were: (i) improving fiscal and spending efficiency, (ii) increasing private sector growth and competitiveness, and (iii) supporting green development. These areas and their associated objectives were aligned with the government's five-year plans (the CPS period overlapped with the 11th and 12th five-year plans) and the country's development challenges. The program envisaged a lending program with a combination of development policy financing (DPFs) and investment project financing (IPFs), and at the PLR stage included the PforR instrument. In contrast, actual lending was all in the form of DPFs. The CPS divided the analytics and advisory services (ASAs) work into supporting the CPS results areas and building the knowledge base to strengthen policies and institutions. In practice, these broad criteria led to a large ASA program with a lack of clear focus.

CLR Reviewed by: Nils Fostvedt IEGEC Consultant	Peer Reviewed by: Jorge Garcia-Garcia IEGEC Consultant	CLR Review Manager/Coordinator Jeff Chelsky Manager, IEGEC Melissa Metz CLRR Coordinator, IEGEC
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v. During the CPS period, the Bank approved four DPFs in two series for a total of US\$104 million, significantly below the eight operations proposed in the CPS and PLR (including one operation proposed twice), as the possible Program for Results (PforR) and IPF operations were all dropped. The overall loan amounts were significantly below the IDA17 and IDA18 allocations for Bhutan. The CLR notes limited demand for Bank lending, a strong government preference for DPFs, and a reluctance to borrow for technical assistance. The Bank's program was supported by a large number of trust funds, totaling US\$41.5 million over the CPS period, all of which were recipient-executed.

vi. During the CPS period, IFC made two investment commitments for a total net amount of US\$6.5 million, one for a greenfield hazelnut plantation (equity investment) and one for a hotel (loan). An earlier equity investment in a bank for US\$28.9 million was also active during the period, as were short-term trade finance facility lines for US\$9.1 million.

vii. On balance, IEG rates the overall development outcome as **Moderately Satisfactory**. Of the seven objectives, two are rated Achieved, one Mostly Achieved and four Partially Achieved – these ratings reflect several down-ratings on account of inadequate indicators in relation to objectives. Focus Area I is rated Moderately Satisfactory. There was good progress regarding fiscal balance, although these numbers did not pertain to the stated objective of improving spending and fiscal efficiency. There was less progress for strengthening the system for public financial management, but good progress for public procurement. Focus Area II is rated Moderately Unsatisfactory. The indicators did not provide sufficient support for the stated objectives, which has affected negatively the ratings. There was limited progress for the regulatory framework for the business environment, and also for the access by the domestic private sector to financial services, which was not measured by the two indicators for Objective 4. Focus Area III is rated Moderately Unsatisfactory. There was good progress for Objective 7 (natural capital and climate change), and also for Objective 5 (agricultural productivity), but with confusion regarding the baseline and target numbers. The indicators for Objective 6 (urban infrastructure management) were not well designed to measure progress for the stated objective, but on the whole, it is not clear that there was much improvement of the management of urban infrastructure.

viii. On balance, IEG rates the WBG performance as **Fair**. The WBG's program components were well aligned with the government's five-year plans and addressed some important development issues. The lending program was reasonably selective, and the Bank provided substantial ASAs to provide knowledge services partly as the expected IPF and PforR lending did not materialize. Trust funds also contributed to the program, but their large number contributed to fragmentation and increased transactions costs. The results framework had substantial weaknesses such as weak connections between objectives and their supporting indicators, the ASA program was quite diffuse (dispersed across many topic areas), and the actual lending program did not manage to make full use of the available IDA resources. Risks were rightly considered moderate at the time of the CPS, with adequate mitigating measures planned and implemented, except that the risk framework did not consider the possibility that the government might not want to borrow through IPF or PforR instruments. The CLR noted delays in implementing IPFs (approved prior to the CPS period) due to insufficient government capacity, especially in the area of procurement, and delays in the implementation of reform programs from the 2018 elections although policy reform directions remained unchanged. WB and IFC worked in parallel on aspects related to private sector development; there is little evidence of collaboration.

ix. The CLR emphasized a number of findings and lessons with which IEG generally agrees, in particular the following:

- Diversification of Bank financial instruments could have helped achieve greater impact on institutional capacity. IEG adds that for a country with significant institutional weaknesses, the use of IPFs rather than or in addition to DPFs as Bank lending instruments would provide stronger opportunities for institution-building, since DPFs tend to focus largely on policy-related issues, and IPFs have a longer duration that permits closer and sustained



collaboration on institutional issues. In the absence of IPFs, institution-building can also be provided through trust funds and appropriate ASAs.

- The World Bank's knowledge program could have been more strategic and selective in the use of trust fund resources. IEG adds that especially in a country with limited absorptive capacity, the knowledge program needs to be coherent, aligned with absorptive capacity, and linked clearly to the lending program and the key objectives of the results, also where there may be an abundance of resources to fund ASA.

x. In summary, the Bhutan FY15-DY19 CPS supported Bhutan's drive to balance economic growth with good governance, environmental, social and cultural conservation and stewardship as set in its paradigm of Gross National Happiness. To this end the overarching goal of the CPS was to support Bhutan's aspirations to achieve sustainable and inclusive growth. On the whole, the program was selective in terms of objectives, but less so in terms of the many activities through trust funds and ASAs. The focus areas and objectives were well aligned with the country's development challenges and the government's two five-year plans, but the overall actual loan amounts – only DPLs as per the government's preference - were significantly below the IDA17 and IDA18 allocations for Bhutan, while the results framework had significant weaknesses with poorly designed objectives and indicators not aligned with the objectives. There were also only modest synergies in the program between Bank and IFC activities. Under the CPS program there was good progress regarding fiscal balance and natural capital and climate change, but there were delays in the implementation of reform programs from the 2018 elections although policy reform directions remained unchanged. IPFs (approved in the previous CPS period) suffered from insufficient government capacity, especially in the area of procurement.

4. Strategic Focus

Relevance of the WBG Strategy:

1. **Congruence with Country Context and Country Program.** Bhutan is a small, land-locked, lower middle-income country deep in the Himalayan mountains. The FY20 SCD describes the country as a development success story in many respects. Since the early 1980s, average annual growth of gross domestic product (GDP) has been 7.5 percent, helped substantially in recent years by investments in hydropower. Between 2015 and 2019 the annual real GDP growth varied between 6.2 percent and 3.7 percent. Gross National Income (GNI) per capita at US\$3,080 (2018) is now only ten percent below the threshold for upper middle-income countries. Between 2007 and 2017 the poverty headcount ratio (measured at the US\$3.20 poverty line in 2011 purchasing power parity terms) dropped from 36 to 12 percent of the population. The SCD noted that there had also been good progress in shared prosperity, although at a slower pace in recent years. Bhutan's Gini coefficient declined from 38.8 in 2012 to 37.4 in 2017, and its Human Development Index (HDI) rating has been improving modestly – to 0.617 in 2018 from 0.512 in 2005 while its HDI ranking was 134 out of 189 countries in 2018.
2. The CPS noted that Bhutan needed to sustain macroeconomic stability while creating a business environment to promote private sector growth and job creation. The hydro-led growth had created short-term macroeconomic imbalances, which called for careful management of fiscal and monetary policies. At the same time, it was critical to provide a climate more conducive to private sector development, diversification of the economy and job creation. In addition, Bhutan's large stock of natural capital called for increasing its sustainable contribution to the economy, while protecting the environment and human well-being. Related challenges included rapid urbanization, low agriculture productivity, limited infrastructure, difficult topography, and vulnerability to disaster and climate change. The 2020 SCD confirmed these development challenges, while also noting disparities between urban and rural areas and between men and women, and that weak implementation had reduced the effectiveness of well-conceived policies.
3. Bhutan's drive to balance economic growth with good governance, environmental, social and cultural conservation and stewardship is set in its paradigm of Gross National Happiness, with focus



on employment generation and diversifying the economic base. For most of the CPS period the country's 11th five-year plan (2013-2018) applied; this focused on self-reliance and inclusive green socio-economic development. The subsequent 12th plan (2018-23) followed in many ways the priorities of the 11th plan, but with enhanced emphasis on economic diversification and the quality of education and skills.

4. **Relevance of Design.** The overarching goal of the CPS was to support Bhutan's aspirations to achieve sustainable and inclusive growth. To this end, the CPS focused on macroeconomic and spending issues, increasing private sector growth and competitiveness, and supporting green development. The focus areas and objectives were well aligned with the country's development challenges and the government's two five-year plans and were maintained at the PLR stage. The WBG program planned a lending program with a combination of DPFs and IPFs, and in the PLR included also a proposed PforR. In contrast, actual lending was more unbalanced with all new operations in the form of DPFs. The proposed interventions would be capable of achieving the CPS objectives and thus to contribute to the country's development goals, but the shift in the lending instruments during program implementation (from a mix of IPF and DPF to exclusively DPF) may have made this somewhat more difficult. The operations that did not materialize for regional connectivity (planned IPF) and financial sector (planned PforR) could well have provided good opportunities for the Bank to address institutional constraints in Bhutan. There were also only modest synergies in the program between Bank and IFC activities. At the PLR stage, some program indicators and milestones were adjusted to reflect implementation challenges – the target for coverage of the credit information bureau was lowered from 50 to 35 percent to take account of a delay in the implementation of ongoing reforms. Looking beyond the CPS objectives, the PLR also stated that the WBG would explore the potential to increase support in the areas of hydropower, dominance of state ownership, and weak private sector. Such efforts would have been appropriate given the country context although they were not within the core CPS areas, but they were not reflected in the implemented program except for a few ASA products and prior actions related to private sector. For ASAs, the CPS divided the analytical work into supporting the CPS results areas and building the knowledge base to strengthen policies and institutions, although all ASAs were generally related to the above-mentioned CPS focus areas. In practice, these broad criteria led to a large and diverse ASA program.

Selectivity

5. The CPS stated that the WBG would exercise selectivity by focusing new interventions in areas that were critical for future growth, with a combination of financing instruments – DPFs to support policy reforms and investment loans (IPFs) to finance trade and transport infrastructure, together with analytical work and technical assistance. On the whole, the program was selective in terms of objectives, but less so in terms of activities through trust funds and ASAs. The ASA and trust fund programs covered issues that were related to the CPS objective but were large and diverse in relation to the lending program and so only moderately selective.

Alignment

6. The overarching goal of the Bhutan CPS (FY15-19) was to support the country's aspirations to achieve sustainable and inclusive growth, noting that the historic drivers of poverty reduction in Bhutan had been increasing commercialization of agriculture, improved road connectivity, and hydropower development. The proposed strategy sought to protect Bhutan's gains in reducing poverty and boosting shared prosperity through continued focus on improving rural livelihoods (where much of the poverty is concentrated) and managing urbanization, while protecting its natural assets. However, only one objective (Objective 5: increased agricultural productivity in remote areas) was directly *focused* on poverty reduction, whereas two objectives could be seen as also strengthening conditions for shared prosperity (Objective 3: improved regulatory framework for business environment, and Objective 4: Increased efficiency and access to financial services).



5. Development Outcome

Overview of Achievement by Objective:

7. Following the IEG-OPCS Shared Approach (SA) for Country Engagement, the assessment of the development outcome is based on the updated results framework at the PLR stage. In line with the approach, this review applies the terms “focus area” and “objective” rather than “results area” and “result” that were used in the CLR.

Focus Area I: Improving Fiscal and Spending Efficiency. The use for the focus area and for objective 1 of the term “efficiency” is not clear, and the term seems not well related to the actual objectives and their indicators. Except as otherwise indicated, the following discussion therefore interprets focus area 1 as “Improving Fiscal Policy and Fiscal Sustainability” – the latter term as per information from the country team. Likewise, Objective 1 is understood to mean “Improved fiscal sustainability”.

8. **Objective 1: Strengthened fiscal efficiency.** This objective was supported by the Fiscal Sustainability and Investment Climate Development Policy Credit (DPC) I and II (FY15 and FY17)¹, Strengthening Fiscal Management and Private Sector Employment Opportunities DPC I and II (FY18 and FY19), and numerous ASA products including Public Finance Think Piece, Debt Management Reform Plan, Macro-Fiscal Monitoring, Analysis and Management Program, Tax Rationalization TA, Bhutan Economic Update, Macro Monitoring and Analysis Program, and Bhutan Development Report. The objective has two indicators:

- Ratio of domestic revenues to total expenditure, at 62 percent (FY19) from baseline of 60 percent (FY13). The domestic revenue to total expenditure was 78.8 percent for FY19, which was well above the very modest improvement targeted in the PLR for FY19.² *Achieved.* Fiscal Deficit at below six percent (FY19) from baseline of below 4.2 percent (FY13). The CLR reports a fiscal surplus to GDP of 0.8 percent for FY19, whereas the IMF World Economic Outlook reports a fiscal surplus of 0.6 percent.³ It should be noted that the PLR modified both the baseline (the PLR explains that this was based on the then latest government data) and the 2019 target (to take account of the then current expansionary fiscal policy while still encouraging a relative tightening of the budget deficit). It was the existence of that policy that explains why the target was most unusually above the revised FY13 baseline. The target of below six percent was also very high – almost double in percentage terms than the highest deficit recorded or expected in recent years (see footnote 3), and on this basis the revision of the target seems more drastic and more accommodating of budget deficits than was necessary at the time or with the benefit of hindsight. The country team has explained that the current account deficits were projected to increase due to delays in hydropower construction, but that the expected expenditure increases did not materialize as much as had been expected. *Achieved.*

9. **IEG rates Objective 1 as Partially Achieved.** Both indicators were achieved according to the latest available data. However, the stated objective – fiscal efficiency – should reasonably be understood as better value for money, which was not addressed by the two indicators. Thus, IEG has understood the objective as improved fiscal policy. The related discussions in the Project Appraisal

¹ The Bhutan FY is July 1-June 30, the same as the WBG’s fiscal year.

² At the PLR stage, the baseline was modified from 65 percent to 60 percent, and the FY19 target from 85 percent to 62 percent.

³ The May 2019 PAD described the government’s fiscal policy as prudent with deficits at or below three percent of GDP. That report noted a deficit of 1.1 percent in FY16, 3.3 percent in FY17 (the highest deficit in recent years), an estimated 1.4 percent deficit in FY18 and a projected 0.7 deficit for FY19.



Documents (PADs) of the DPCs that supported this objective were also more focused on longer term reforms on the revenue side (stabilization fund and the introduction of a goods and services tax (GST)), with little possible impact on revenues for the target year. The related discussions in the PADs also noted several times the government's generally prudent fiscal approach. However, the fiscal deficit target being below (larger deficit than) the baseline indicates that such prudence may have been expected to weaken significantly at some point, and that that was acceptable to the Bank. It is not clear why the Bank would accept such a larger deficit in the context of an objective that aimed to improve fiscal policy and public financial management. The objective as re-formulated by IEG was achieved. However, IEG has downgraded the rating for this objective due to (a) the unclear formulation of the objective, and (b) the changes for the second indicator in the PLR that seem inconsistent with the objective.

10. **Objective 2: Strengthened system for public financial management and procurement performance.** This objective was supported by the PFM multi-donor fund and by several ASAs including the Public Financial Management Report (PEFA-II) and the PFM Reform Strategy and Action Plan. The objective has two indicators:

- Three PEFA indicators: PI-9 Oversight of aggregate fiscal risk from other public sector entities from D+ (2010) to C+ (2019), PI-24 Quality and timeliness of in-year budget reports from D+ (2010) to C+ (2019), and PI-27 Legislative scrutiny of the annual budget law from D+ (2010) to C+ (2019). The latest PEFA report is from 2016. PEFA ratings can be used as indicators, but the PLR should have noted that a later report than 2016 was unlikely. That report used a different framework than the baseline. However, using the earlier framework, the respective ratings for 2016 were B (PI-9), C+ (PI-24) and D+ (PI-27) – so one above target, one at target, and one unchanged and below target. It is in this case acceptable to use the ratings for a much earlier year since there are always a number of years between PEFA exercises. *Mostly Achieved.*
- Procurement time at 65 days (2019) from 110 days (2010). The procurement cycle time using the electronic government procurement system was 60 days as of September 2017, as reported in the November 2018 ISR for the Public Financial Management multi-donor fund. It is not reported whether this cycle time was in practice or in theory. *Achieved.*

11. **IEG rates Objective 2 as Mostly Achieved**, with one objective Achieved and one Mostly Achieved. The CLR notes that the government with the Bank's support has made progress on several key reforms including a PFM reform strategy, improved public documentation, and strengthened public procurement systems, with the Thimphu municipality becoming the first government counterpart to qualify for use of its own procurement system. The indicators measured the objective – several PEFA scores on PFM and shortening the procurement cycle.

12. On balance, **IEG rates Focus Area I as Moderately Satisfactory**, with one objective Mostly Achieved and one Partially Achieved. There was good progress regarding budgetary balance, although these numbers did not pertain directly to the stated objective of improving fiscal efficiency. There was less progress on strengthening the system for public financial management, but good progress for public procurement.

Focus Area II: Increasing Private Sector Growth and Competitiveness

13. **Objective 3: Improved regulatory framework for business environment.** This objective was supported by the Fiscal Sustainability and Investment Climate DPC I and II (FY15 and FY17) and two ASAs: Improving Bhutan Investment Climate and Programmatic TA for Private Sector Competitiveness and Investment Climate Reform. The objective has two indicators:

- Number of days to start a business, to 10 days (2019) from 32 days (2014). It took 12 days to start a business in 2019 as per Doing Business 2020. *Mostly Achieved.*
- Foreign direct private investment, with target of US\$50 million (2019) from baseline of US\$21 million (2014). An indicator in percent of GDP would have been more meaningful. Also, it is a



question whether this is the appropriate indicator, since the WBG's prime concern should be the development of the domestic private sector. The CPF and PLR were not clear whether any or both of these numbers (baseline and target) were supposed to be cumulative over the CPS period or annual, although annual could look the most logical given how the numbers were presented. Also, there are no available numbers for 2019 which was the target year. The CLR treats the target as cumulative for the period, but it would then not be clear how the baseline would be defined. Drawing on the ICRR for the second DPC series, the cumulative amount of FDI 2014-17 was given as US\$146 million (not fully defined), a bit short of the target of US\$150 million for that series. It is not clear why the target under the DPC series should be apparently so very different from the target under the CPS. Finally, the above actual numbers are very different from the World Development Indicators numbers for FDI inflows: 2014 US \$23.5 million, 2015 US\$6.4 million, 2016 US\$11.9 million, 2017 US\$16.5 million, and 2018 only US\$2.6 million, for a 2014-2018 total net FDI inflow of US \$60.9 million, and a last available year (2018) with very little FDI. All these aspects point to a rating of *Partially Achieved*.

14. For Objective 3 one indicator was Mostly Achieved and one was Partially Achieved. However, the indicators provide only a limited view of the regulatory framework for businesses. The first indicator captures a very narrow aspect of doing business – only an aspect of starting a business, not how the business environment impacts ongoing operations. The second indicator is not a good indication of the quality of the regulatory framework, since growth (or lack of growth) in FDI may have a number of reasons beyond the regulatory framework, including the development of the hydropower industry and global industry trends. The recent SCD notes that the key constraints for Bhutan's private sector development are limited connectivity, lack of skilled manpower, low access to finance (which is also the top constraint identified by businesses in the 2015 Enterprise Survey), and regulatory bottlenecks. The WBG interventions sought to address some of these constraints, including through prior actions for DPFs. The Doing Business (DB) indicators show significant overall improvements for Bhutan, with the country's DB Distance to Frontier improving from 57.47 to 66.0 (with 100 representing the frontier). The DPCs supported reforms in various areas related to Doing the Business indicators that showed improvement. However, the WBG program did not address three of the top four key obstacles to doing business as shown in the Enterprise Survey (2015): labor regulations, tax rates, and the informal sector, although it did address access to finance. On this basis **IEG rates Objective 3 as Partially Achieved**.

15. **Objective 4: Increased efficiency and access to financial services.** The objective was supported by four ASAs including Financial Sector Strategy and Implementation of Financial Sector Development Action Plan and by two IFC AS projects including Financial Infrastructure TA. The objective has two indicators:

- Increase in the share of credit to manufacturing, agriculture, service and tourism, trade and commerce, to 50 percent (2019) from 45 percent (2013). The share of credit to these sectors in total credit was 54.3 percent in 2018. However, this indicator does not measure whether more potential borrowers in these sectors now have access to credit. It measures the sectoral allocation, and it is not possible to determine whether the sectoral allocation achieved represents a more efficient allocation of resources in the economy than previously. *Achieved*.
- Increased coverage of credit information bureau to 35 percent (2019) from 0 percent (2014). The coverage of the Credit Information Bureau was 35.9 percent for adults as of December 2018. However, the formulation of the indicator was unclear whether it referred to individuals or firms – the World Bank's Bhutan country team has confirmed that it referred to adult individuals. *Achieved*.

16. Both the indicators for Objective 4 were Achieved. However, neither of the two indicators measure either efficiency of financial services or access to finance by the private sector. The first measures the allocation of finance by sector and the second measures an input (credit information) on individuals' access to finance (not firms). While the wording of the objective does not specify that this relates to firms, it is expected to contribute to the focus area of private sector growth and



competitiveness. Examining firms' access to finance, no recent data is available on domestic credit to private sector, but the 2018 IMF Article IV report showed that annual growth in credit to the private sector from FY15 through FY17 was 14-15 percent, well above the inflation rate. Regarding the financial system, the 2017 Investment Climate Assessment had noted complex procedures for acquiring loans, high collateral requirements, and restrictive regulations for the use of funds. The WBG program did not address these areas, and there is no clear link between the WBG program and the increases in growth of credit to the private sector. The recent SCD found that the financial infrastructure is still poor, inter alia with an ineffective insolvency regime. On this basis it would seem that the real progress regarding the efficiency of the financial system has been modest. Therefore, **IEG rates Objective 4 as Partially Achieved.**

17. In Focus Area II, IEG rates both objectives as Partially Achieved. There was good progress for some indicators, but these did not provide sufficient support for the stated objectives, which has affected negatively the ratings. There was limited progress for the regulatory framework for the business environment, and also for the access by the domestic private sector to financial services, which was not measured by the two indicators for Objective 4. On balance, therefore, **IEG rates Focus Area II as Moderately Unsatisfactory.**

Focus Area III: Supporting Green Development.

18. **Objective 5: Increased agricultural productivity in targeted remote areas.** The objective was supported by the Remote Rural Community Development Project (FY13) and an ASA for Strategic Agriculture Sector Review for Job Creation and Sustainable Rural Livelihood in Bhutan. The objective has two indicators:

- Cereal yields in targeted irrigation system (MT/ acre) to 1.32 (2019) from 1.1 (2012). The 2018 yield for paddy was 0.97 MT/acre, well below target. However, the country team has informed that the baseline should have been 0.69 MT/acre, so that the percentage increase during the CPS period was 40 percent, rather than the 20 percent expected under the original numbers. On this basis, IEG finds that the indicator can be said to have been *Achieved*.
- Number of female clients who adopted an improved agriculture technology, to 190 (2019) from 0 (2012). 1,300 females had adopted an improved agricultural technology promoted by Bank project in targeted project areas, far above the target of 190. *Achieved*.

19. **IEG rates Objective 5 as Achieved**, with both indicators achieved. In this case the indicators were well aligned with the geographically limited stated objective, although there was significant confusion regarding the numbers for the first indicator. The underlying project (FY13-FY18) had components for rural infrastructure; community, marketing and productive infrastructure; and project management and institutional strengthening. In the ICRR, IEG rated the outcome as Moderately Unsatisfactory, commenting that the project generated a number of positive outcomes in remote rural areas, but that it only partially met its objectives.

20. **Objective 6: Improved urban infrastructure management.** The objective was supported by the Second Urban Development Project (FY10-FY19) and its additional financing together with several ASAs including the Public Transport Access TA for Thimpu and AS projects with IFC's client Thimphu Thromde. The objective has two indicators:

- Number of new households with piped water (target of 20,500 (2019) from baseline of 20,000 (2014)) and sewer connections (target of 250 (2019) from baseline of 0 (2010)), and kilometers of internal roads constructed in the targeted cities (target of 8.24 km (2019) from baseline of 0 km (2010)). As of August 2018, 732 households had new connections to water (increase above target), 510 households had new connections to sewage (increase above target), and 20.4 km of non-rural internal roads had been constructed (also above target). However, the targets were not impressive – in particular a targeted increase for water connections of only 2.5 percent over five years, and only 20 kilometers of road. *Achieved*.



- Upgraded municipal finance systems in four city corporations building permits for service plots with target of 200 (2019) from baseline of 115 (2010). There were 221 building permits issued for local area planning. There is, however, only a weak connection between issuing construction permits and municipal finance systems. Accordingly, although the target was achieved IEG rates the indicator as *Mostly Achieved*.

21. IEG rates the two indicators for Objective 6 as Achieved and Mostly Achieved. However, for the first indicator the linkage between the achievement of some physical investments and the objective of improvement of urban infrastructure management is not clear. In this regard, the CLR states that the government's use of land pooling mechanisms in Local Area Plans reduced the incidence of unplanned and poorly serviced city areas, and that municipal financial management services improved through the digitization of tax records. However, the CLR also raises concerns of the long-term sustainability of operations and maintenance arrangements, and the lack of staff training and capacity to carry forward municipal finance activities. Further, the second indicator does not measure municipal finance systems. On the whole, it is not clear that there was much improvement of the management of urban infrastructure. On this overall basis, **IEG rates Objective 6 as Partially Achieved.**

22. **Objective 7: Improved management of the natural capital and resilience to climate change/disaster risks.** The objective was supported by the Second Phase of the Adaptable Program Lending (APL) (FY11) on Strengthening Regional Cooperation for Wildlife Protection in Asia and Sustainable Financing for Biodiversity Conservation and Natural Resource Management, and by several ASAs including Bhutan Forest Note, Green Growth Policy Note, Disaster and Climate Resilience TA, and the Hydromet Services and Disaster Resilience Regional Project. The objective has three indicators:

- Areas under protected area management at 900,000 ha (2018) from 0 (2013). By December 2018 more than 1.3 million hectares had been brought under enhanced biodiversity protection. *Achieved*.
- Improved disaster preparedness and delivery of weather and climate services, with three-day weather forecasting with verification system (2019) from one day subjective forecasting (2014). As of January 2019, the Smart Met system was operationalized with enhanced weather forecasting capabilities with three-day forecasts. The indicator was appropriate to measure improvement of the delivery of weather and climate services, but only indirectly for improved disaster preparedness, for which a more comprehensive indicator would have been preferable. *Achieved*.
- The number of Hydromet⁴ Services developed, with two by 2019 from 0 earlier. Two hydrometeorology services have been developed – aviation meteorology and agrometeorology. *Achieved*.

23. IEG rates all three indicators under Objective 7 as Achieved. The Bank's projects and several TF activities provided support including capacity-building for biodiversity conservation, sustainable forest management, carbon trading, and wildlife conservation. Two IEG ICRRs both rate the development outcomes as Satisfactory. The three indicators related well to the stated objective, except for the aspect of disaster preparedness. On this basis **IEG rates Objective 7 as Achieved.**

24. On balance, **IEG rates Focus Area III as Moderately Unsatisfactory**, with one objective Mostly Achieved and two Partially Achieved. There was good progress for Objective 7 (natural capital and climate change), but only modest progress for Objective 5 (agricultural productivity), and the indicators for Objective 6 (urban infrastructure management) were not well designed to measure progress for the stated objective, but on the whole, it is not clear that there was much improvement of the management of urban infrastructure.

Overall Assessment and Rating

⁴ Hydrometeorology is a branch of meteorology that deals with water in the atmosphere especially as precipitation.



25. On balance, IEG rates the overall development outcome as **Moderately Satisfactory**. Of the seven objectives, two are rated Achieved, one Mostly Achieved, and four Partially Achieved – these ratings reflect several down-ratings from what the performance on individual indicators would signal, because the indicators were inadequate to measure the objectives. Focus Area I is rated Moderately Satisfactory. There was good progress regarding fiscal balance, although these numbers did not pertain to the stated objective of improving spending and fiscal efficiency. There was less progress for strengthening the system for public financial management, but good progress for public procurement. Focus Area II is rated Moderately Unsatisfactory. The indicators did not provide sufficient support for the stated objectives, which has affected negatively the ratings. Both objectives are rated Partially Achieved. There was good progress for some indicators, but these did not provide sufficient support for the stated objectives, which has affected negatively the ratings. There was limited progress for the regulatory framework for the business environment, and also for the access by the domestic private sector to financial services, which was not measured by the two indicators for Objective 4. Focus Area III is rated Moderately Satisfactory. There was good progress for Objective 7 (natural capital and climate change) and for Objective 5 (agricultural productivity), but with confusion regarding the indicator baseline and target numbers. The indicators for Objective 6 (urban infrastructure management) were not well designed to measure progress for the stated objective, but on the whole, it is not clear that there was much improvement of the management of urban infrastructure.

Objectives	CLR Rating	IEG Rating
Focus Area I: Improving Fiscal and Spending Efficiency	Moderately Satisfactory	Moderately Satisfactory
<i>Objective 1: Strengthened fiscal efficiency</i>	Achieved	Partially Achieved
<i>Objective 2: Strengthened system for public financial management and procurement performance</i>	Mostly Achieved	Mostly Achieved
Focus Area II: Increasing Private Sector Growth and Competitiveness	Moderately Satisfactory	Moderately Unsatisfactory
<i>Objective 3: Improved regulatory framework</i>	Mostly Achieved	Partially Achieved
<i>Objective 4: Increased efficiency and access to financial services</i>	Achieved	Partially Achieved
Focus Area III: Supporting Green Development	Satisfactory	Moderately Satisfactory
<i>Objective 5: Increased agricultural productivity in targeted remote areas</i>	Achieved	Achieved
<i>Objective 6: Improved urban infrastructure management</i>	Achieved	Partially Achieved
<i>Objective 7: Improved management of the natural capital and resilience to climate change/disaster risks</i>	Achieved	Achieved

6. WBG Performance

Lending and Investments

26. At the beginning of the CPS period, the outstanding lending volume was US\$47 million for five projects, including one regional IPF project for wildlife protection and four IPF operations for urban development (two projects), decentralized rural development, and remote rural communities' development. All five operations were closed during the CPS period. During this period, the Bank approved four DPFs for a total of US\$104 million, significantly below the eight projects⁵ proposed in the CPF and/or PLR as the proposed PforR and IPF operations did not materialize. The overall loan amounts were significantly below the IDA17 and IDA18 allocations for Bhutan – the IDA17 allocation was US\$56 million of which only US\$44 million were used, and the IDA18 allocation was US\$104

⁵ This includes a Regional Connectivity project that was proposed twice.



million of which US\$60 million had been used as of July 2019. The CLR notes limited demand for Bank lending, a strong government preference for DPFs, and a reluctance to borrow for technical assistance. The Bank's program was supported by a large number of trust funds – a total of 22 such funds (all recipient-executed trust funds) for a total of US\$41.5 million were active during the CPS period, with five funds at US\$4 million or higher. Nine of these funds addressed environmental and disaster management issues. Overall, this program was well aligned with the objectives of the CPS, which were fairly broad. This alignment was supported by the trust funds and ASAs in the absence of the expected IPFs.

27. During the review period, three projects were closed and validated by IEG, with two rated Satisfactory and one rated Moderately Unsatisfactory. Only one of these was rated for risk to development outcome – that risk was rated Significant. Three projects constitute a very small sample for comparative purposes with other and much larger samples. However, the average outcome rating (Moderately Satisfactory or higher) for Bhutan's three projects was 66.7 percent (or 69.8 percent weighted by value), lower than the averages for the South Asia region (82 percent and 91.6 percent) and Bank-wide (76.4 percent and 84.2 percent). During the CPS period, an average of 90.9 percent of projects (77.2 percent weighted by value) of the Bhutan portfolio was considered at risk, a much higher percentage than for the South Asia region (24.4 percent and 22.1 percent) and the Bank-wide portfolio (23.4 percent and 21.9 percent). The CLR noted implementation delays for IPFs from insufficient government capacity, especially in the area of procurement,⁶ and delays in the implementation of reform programs from the 2018 elections.

28. During the CPS period, IFC made two investment commitments (both approved at the time of the PLR) for a total net amount of \$6.5 million, one for a greenfield hazelnut plantation (equity investment) and one for a hotel (loan). An earlier equity investment in a bank for US\$28.9 million was also active during the period, as were short-term trade finance facility lines for US\$9.1 million. All of these engagements provided support for the CPS objectives regarding private and financial sectors. The PLR expected IFC to support private sector growth by sharpening its focus on financial inclusion, SME development, tourism, housing and diversification to other sectors and services, but noted rightly that given market realities in Bhutan, IFC's investment program was likely to remain modest for the rest of the CPS period. This was the case in practice, as no additional investment was made after the PLR.

29. During the evaluation period, IEG prepared one validation (EvNote) of an IFC Expanded Project Supervision Report (XPSR) for an IFC investment project, rating the project Mostly Unsuccessful for Development Outcome on account of lower than expected business performance.

30. MIGA did not underwrite any political risk guarantees during the review period.

Analytic and Advisory Activities and Services

31. During the CPS period, the Bank delivered 45 ASA products, which covered a wide range of areas including macro-fiscal, transport, public financial management, agriculture/rural, hydropower, and financial sector. In late 2018, the program also delivered a number of policy notes for the new government. The program contained products relevant to the Bank's program (which had fairly broad objectives) and government priorities, but the program was also very large for a small economy and quite dispersed between sectors. The CLR expressed concern that the ASA program and the related large number of trust funds were not sufficiently selective, and that this may have contributed to a fragmentation of the Bank's support. In this regard, the PLR noted that the large number of ASA and trust-funded activities had stretched the capacity of both Bhutanese counterparts and the Bank Group, and that the Bank program needed to be tailored to the small-country context and to avoid ad hoc activities not linked to the strategic areas of engagement. It is not clear whether this conclusion

⁶ However, the PLR noted that "Thimphu City Corporation became eligible under the World Bank's APA to use the city's own procurement system and regulations in World Bank-financed projects. It is the first government counterpart in the world to qualify for use of its own procurement system."



was acted upon – after a slowdown in activities in FY18, probably in part due to the change of government, 13 ASA products were delivered in FY19.

32. During the CPS period, IFC approved three AS projects aligned with aspects of the CPS program – two in the financial sector and one for a public-private partnership (PPP) parking project – amounting to US\$1.9 million. The CLR reports that IFC technical assistance to the finance sector helped introduce global best practices in risk management, environmental and social policy, and corporate governance, and that IFC technical assistance to Thimphu municipality led to the first PPP concession to help reduce traffic congestion. IEG validated two PCRs during the CPS period, with both rated Mostly Successful.

Results Framework

33. The results framework as designed and implemented (and as modified modestly in the PLR) broadly reflected the World Bank Group's interventions in Bhutan. However, as also noted in the CLR there was significant room for improvements. Focus Area 1 and Objective 1 used a term (fiscal efficiency) that was not clear and not associated with the indicators. Likewise, the reference to efficiency of financial services in Objective 4 was unclear. In many cases the indicators were not sufficient to measure the objectives (including for Objectives 1, 3, 4, and 6), while several indicators could also have been formulated more precisely. Finally, most indicator targets were set for 2019, without recognition of the time it may take for the required numbers to become available, and some indicators were not monitored by the supporting projects.

Partnerships and Development Partner Coordination

34. The CPS noted that donors maintained an active presence in Bhutan and that the Bank would explore partnerships in common areas of engagement to maximize impact and avoid aid fragmentation. Discussions at both the PLR stage and in the CLR indicate that the Bank reasonably succeeded in this regard with respect to its own operations, but there were no indications of broader aid coordination efforts during the CPS period except for Bank participation in a donor roundtable meeting hosted by the government. With respect to IFI coordination, the CLR mentioned coordination with IMF on macro issues; with the ADB on hydropower, financial, and private sector development; and between IFC and ADB on the hazelnut plantation and the Credit Information Bureau. However, the CLR did not assess the quality of such coordination or provide details to enable further validation by IEG.

Safeguards and Fiduciary Issues

35. Three projects were completed and validated by IEG during the CPS period. Environmental and social safeguards policies were triggered in two operations, respectively from the agriculture and the environment and natural resources practices. The CLR reports satisfactory compliance with safeguards throughout the portfolio. Also, the projects' ICRs and ICRRs note that the application of safeguards contributed to successful implementation of all operations and with no significant issues. On the positive side, safeguards contributed to increased mobility and economic empowerment of communities. No Inspection Panel investigation was conducted in Bhutan during the CLR implementation period.

Ownership and Flexibility

36. The WBG's operating environment in Bhutan was relatively stable during the CPS period, and the government seems to have been reasonably committed to the objectives of the CPS program, although its institutional capacity was at times weak, and this affected the implementation of IPF operations. Also, the government's strong preference for the DPF instrument rather than IPFs or PforRs led to an unbalanced lending program, which was smaller than was possible under the IDA allocations. The substantial trust fund program - US\$41 million - was substantially larger than under the preceding CPS period and was equivalent to almost 40 percent of the actual lending of US\$104 million. The WBG demonstrated flexibility in accommodating the government's preference for DPFs and in expanding the use of trust funds (all RETFs) and knowledge services as some planned lending operations did not materialize, thus effectively (although perhaps not formally) substituting

one set of tools for the other. However, in the process the knowledge program including the trust funds may have contributed to a fragmentation of the Bank's support and increased transactions costs.

WBG Internal Cooperation

37. Under the joint WBG CPS program, IDA was expected to work with the government on policy reforms to create an enabling environment for businesses, while IFC would continue to facilitate private investments. The PLR and CLR both indicate that this division of labor worked reasonably as intended. The CLR also finds that going forward, additional collaboration should be explored to address the country's persistent challenges in expanding the private sector, improving productivity, and diversifying the economy.

Risk Identification and Mitigation

38. The CPS rightly identified that the most significant potential risks could emerge from political resistance to reforms, macroeconomic imbalances stemming from internal and external factors,⁷ weak local implementation capacity, and vulnerability to natural disasters and climate change, although it did not recognize political resistance to further use of the IPF and PforR instruments. The program responded to the capacity risks through the use of technical assistance resources. However, the dispersion of technical assistance activities may have reduced the impact in this regard. Other risk mitigating measures were the DPF preparation planned for the beginning of the political cycle with sufficient time to build consensus for reforms, government actions to curb credit growth, planned actions to adjust prudential regulations, and strengthening disaster management and climate resilience as key government priorities. During the CPS period, the Bank also used a variety of instruments to help the country manage environmental, natural disaster and climate related risks, including a regional IDA project on wildlife conservation, several trust funds, and technical assistance activities relating to hydromet modernization, disaster management and climate services. IEG rated the outcome of the regional wildlife conservation project phase 2 for Bhutan as Substantial.

Overall Assessment and Rating

39. On balance, IEG rates the WBG performance as **Fair**. The WBG's program components were well aligned with the government's five-year plans and addressed some important development issues. The lending program was reasonably selective, and the Bank provided substantial ASAs to provide knowledge services partly as the expected IPF and PforR lending did not materialize. Trust funds also contributed to the program, but their large number contributed to fragmentation and increased transactions costs. The results framework had substantial weaknesses such as weak connections between objectives and their supporting indicators, the ASA program was quite diffuse (dispersed across many topic areas), and the actual lending program did not manage to make full use of the available IDA resources. Risks were rightly considered moderate at the time of the CPS, with adequate mitigating measures planned and implemented, except that the risk framework did not consider the possibility that the government might not want to borrow through IPF or PforR instruments. The CLR noted delays in implementing IPFs (approved prior to the CPS period) due to insufficient government capacity, especially in the area of procurement, and delays in the implementation of reform programs from the 2018 elections although policy reform directions remained unchanged.

Design

40. The results framework had weaknesses such as unclear objectives and weak connections between objectives and their supporting indicators, but remained in effect throughout the period, with just some modifications of indicator targets in the PLR. Risks were rightly considered moderate at the

⁷ The CPS noted among the macroeconomic risks Bhutan's concentrated export base, rupee-reserves mismatch, bulky hydro-related debt service payments, the trade structure, and that aggregate demand pressures could re-emerge.



time of the CPS, except that the risk framework did not consider explicitly the possibility that the government might not want lending through IPF or PforR instruments.

Implementation

41. The program was implemented largely as planned in terms of objectives, but not in terms of lending instruments, a shift that was not well recognized in the PLR. The average outcome rating for Bhutan's completed projects was lower than for the South Asia region, but captured only three operations. The CLR noted implementation delays for IPFs from insufficient government capacity, especially in the area of procurement, and delays in the implementation of reform programs from the 2018 elections. The PLR noted rightly that given market realities in Bhutan, IFC's investment program was likely to remain modest. During the CPS period, the Bank delivered 45 ASA products, which covered a wide range of areas. The program contained products relevant to the Bank's program and government priorities, but the program was very large for a small economy and also quite fragmented. The CLR reports satisfactory compliance with safeguards throughout the portfolio. Risk mitigation measures were used appropriately during implementation.

7. Assessment of CLR Completion Report

42. The CLR is well organized, concise, and clear. It identified the issue of the government's preference for DPFs but could have discussed this issue and its implications in some more detail. It could also have identified the several weaknesses in the results framework discussed above.

8. Findings and Lessons

43. In summary, the Bhutan FY15-DY19 CPS supported Bhutan's drive to balance economic growth with good governance, environmental, social and cultural conservation and stewardship as set in its paradigm of Gross National Happiness. To this end the overarching goal of the CPS was to support Bhutan's aspirations to achieve sustainable and inclusive growth. On the whole, the program was selective in terms of objectives, but less so in terms of the many activities through trust funds and ASAs. The focus areas and objectives were well aligned with the country's development challenges and the government's two five-year plans, but the overall actual loan amounts – only DPLs as per the government's preference - were significantly below the IDA17 and IDA18 allocations for Bhutan, while the results framework had significant weaknesses with poorly designed objectives and indicators not aligned with the objectives. There were also only modest synergies in the program between Bank and IFC activities. Under the CPS program there was good progress regarding fiscal balance and natural capital and climate change, but there were delays in the implementation of reform programs from the 2018 elections although policy reform directions remained unchanged. IPFs (approved in the previous CPS period) suffered from insufficient government capacity, especially in the area of procurement.

44. The CLR emphasized a number of findings and lessons with which IEG generally agrees, in particular the following:

- Diversification of Bank financial instruments could have helped achieve greater impact on institutional capacity. IEG adds that for a country with significant institutional weaknesses, the use of IPFs rather than or in addition to DPFs as Bank lending instruments would provide stronger opportunities for institution-building, since DPFs tend to focus largely on policy-related issues, and IPFs have a longer duration that permit closer and sustained collaboration on institutional issues. In the absence of IPFs, institution-building can also be provided through trust funds and appropriate ASAs.
- The World Bank's knowledge program could have been more strategic and selective in the use of trust fund resources. IEG adds that especially in a country with limited absorptive capacity, the knowledge program needs to be coherent, aligned with absorptive capacity, and linked clearly to the lending program and the key objectives of the results, also where there may be an abundance of resources to fund ASA.



IEG
INDEPENDENT
EVALUATION GROUP

CLR Review
Independent Evaluation Group



Annex Table 1: Summary of Achievements of CPS Objectives – Bhutan

Annex Table 2: Bhutan Planned and Actual Lending, FY15-FY19 (US\$, millions)

Annex Table 3: Advisory Services & Analytics for Bhutan, FY15-19

Annex Table 4: Bhutan Active Trust Funds in FY15-19 (US\$, millions)

Annex Table 5 IEG Project Ratings for Bhutan, FY15-19 (US\$, millions)

Annex Table 6: IEG Project Ratings for Bhutan and Comparators, FY15-19

Annex Table 7: Portfolio Status for Bhutan and Comparators, FY15-19

Annex Table 8: List of IFC Investments in Bhutan (US\$, millions)

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Annex Table 10: List of MIGA Projects Active in Bhutan, FY15-19 (US\$, millions)

Annex Table 11: Economic and Social Indicators for Bhutan, FY15-18

Annex Table 12: Total Net Disbursements of Official Development Assistance and Official Aid for Bhutan (US\$, millions)



Annex Table 1: Summary of Achievements of CPS Objectives – Bhutan

	CPS FY15-FY19: Focus Area I: Improving Fiscal and Spending Efficiency	Actual Results	IEG Comments
Major Outcome Measures	1. CPS Objective: Strengthened fiscal efficiency		
	<p>Indicator 1: Ratio of domestic revenues to total expenditure</p> <p>Baseline: 60 percent (FY2013) Target: 62 percent (FY2019)</p>	<p>The supporting projects did not monitor the indicator.</p> <p>The Ministry of Finance (MOF) reports that for FY19, domestic revenues were 34,707,670 Nu. while total expenditures were 44,054,133 Nu. The ratio of domestic revenue to total expenditure was 78.8% in FY19.</p> <p>Achieved</p>	<p>The objective was supported by the Fiscal Sustainability and Investment Climate DPC I and II (P147806, FY15; P157469, FY17), Strengthening Fiscal Management and Private Sector Employment Opportunities DPC I and II (P164290, FY18; P168166, FY19) and the following ASAs: Public Finance Think Piece (P152382, FY15), Debt Management Reform Plan (P166637, FY18), Macro-Fiscal Monitoring, Analysis and Management Program (P152381, FY18), Tax Rationalization TA (P156989, FY16), Bhutan Economic Update (P163844, FY18; P164960, FY19), Macro Monitoring and Analysis Program (P165006, FY19), and Bhutan Development Report (P161253, FY19).</p> <p>At the PLR stage, the baseline and target were revised from the original: <i>Baseline: 65 percent (FY2013)</i> <i>Target: 85 percent (FY2019)</i></p>
	<p>Indicator 2: Fiscal Deficit</p> <p>Baseline: below 4.2 percent (FY2013) Target: below 6.0 percent (FY2019)</p>	<p>The CLR reports that fiscal surplus to GDP was 0.8 percent in FY2019. IEG could not verify this information.</p> <p>The supporting projects did not monitor the indicator.</p> <p>The Statistical Year Book (2019) of the National Statistics Bureau reports that for 2016/2017 the overall balance was - 5,344.862 million Nu. while nominal GDP was 148,678.93 in 2016 and 164,627.92 in 2017 (the latest available year). The fiscal deficit</p>	<p>The objective was supported by the Fiscal Sustainability and Investment Climate DPC I and II (P147806, FY15; P157469, FY17) and Strengthening Fiscal Management and Private Sector Employment Opportunities DPC I and II (P164290, FY18; P168166, FY19)</p> <p>At the PLR stage, the baseline and target were revised from the original:</p>



	CPS FY15-FY19: Focus Area I: Improving Fiscal and Spending Efficiency	Actual Results	IEG Comments
		<p>as a share of GDP was -3.41% in 2016/2017.</p> <p>The IMF WEO reports that Bhutan experienced a fiscal surplus of 0.6% in FY19.</p> <p>Achieved</p>	<p><i>Baseline: below 5 percent (FY2013)</i></p> <p><i>Target: below 3 percent (FY2019)</i></p> <p>The indicator did not include a unit of measurement (e.g. % of GDP).</p>
2. CPS Objective: Strengthened systems for public financial management and procurement performance			
	<p>Indicator 1: PEFA PI-9. Oversight of aggregate fiscal risk from other public sector entities D+ (2010) to C+ (2019); PI-24. Quality and timeliness of in-year budget reports D+ (2010) to C+ (2019); PI-27 Legislative scrutiny of the annual budget law D+ (2010) to C+ (2019)</p>	<p>The 2016 PEFA report used a different framework compared to the baseline of the indicator. Annex 4 reports the 2016 scores using the 2011 framework:</p> <ul style="list-style-type: none"> • PI-9: B • PI-24: C+ • PI-27: D+ <p>P162196 was approved after the 2016 PEFA report and does not monitor the indicator. The November 2018 ISR: S of P162196 reports that as of June 2018, Annual Performance Agreements have been published at least annually and the Budget Situation Reports have been prepared within 4 weeks from the quarter end.</p> <p>Mostly Achieved</p>	<p>The objective was supported by the PFM-MDF Financed Strengthening Public Financial Management Project (P162196, FY18) and the following ASAs: Public Financial Management Report (PEFA-II) (P153989, FY17) and BT PFM Reform Strategy and Action Plan (P165361, FY19) and Alternative Procurement Arrangements (APA) Assessment of Thimphu Thromde Bhutan (P159261, FY18).</p>
	<p>Indicator 2: Procurement time Baseline: 110 days (2010) Target: 65 days (2019)</p>	<p>The November 2018 ISR: S of P162196 reports that the procurement cycle time using the e-GP system was 60 days as of September 2017. This is the project baseline. The project target is to reduce procurement time by at least 5 days by January 2021.</p> <p>Achieved</p>	<p>The objective was supported by the PFM-MDF Financed Strengthening Public Financial Management Project (P162196, FY18)</p>
	CPS FY15-FY19: Focus Area II: Increasing Private Sector Growth and Competitiveness	Actual Results	IEG Comments
Major Outcome Measures	3. CPS Objective: Improved regulatory framework for business environment		
	<p>Indicator 1: Number of days to start a business</p>	<p>The IEG ICRR: S of the DPC series reports that it took 12 days to start a business in 2018.</p>	<p>The objective was supported by the</p>



CPS FY15-FY19: Focus Area II: Increasing Private Sector Growth and Competitiveness	Actual Results	IEG Comments
<p>Baseline: 32 days (2014) Target: 10 days (2019)</p>	<p>Mostly Achieved</p>	<p>Fiscal Sustainability and Investment Climate DPC I and II (P147806, FY15; P157469, FY17) and the following ASAs: Improving Bhutan Investment Climate (P153221, FY18) and Programmatic TA for Private Sector Competitiveness and Investment Climate Reform (P165685, FY19)</p> <p>The Doing Business 2020 report indicate that it takes 12 days to start a business in Bhutan for 2019.</p> <p>At the PLR stage, the target was revised from the original: <i>7 days (2019)</i></p>
<p>Indicator 2: Foreign direct Private investment</p> <p>Baseline: US\$21 million (2014) Target: US\$50 million (2019)</p>	<p>The IEG ICRR: S of the DPC series reports that the cumulative level of FDI reached US\$ 146 million from 2014-2017 over the project baseline of US\$100 million in 2013.</p> <p>The WDI reports the following FDI inflows (US\$ millions):</p> <ul style="list-style-type: none"> • 2013: 20.4 • 2014 23.5 • 2015: 6.4 • 2016: 11.9 • 2017: -16.5 • 2018: 2.6 <p>For a total of US\$ 28.3 million for the period 2014-2018,</p> <p>Given the lack of clarity in the definition of the indicator and the information from the ICRR of the DPC series, IEG can verify that cumulative FDI using the WDI was only US\$28.3 million (2014-2018).</p> <p>Partially Achieved</p>	<p>The objective was supported by the Fiscal Sustainability and Investment Climate DPC I and II (P147806, FY15; P157469, FY17).</p> <p>The indicator is unclear if it refers to cumulative FDI. or annual FDI. Moreover, the supporting project is also vague whether the \$140 million is in addition to the baseline of \$100 million or the cumulative FDI between 2014-2017 which does not match data from the WDI.</p>
<p>4. CPS Objective: Increased efficiency and access to financial services</p>		
<p>Indicator 1: Increase in the share of credit to manufacturing,</p>	<p>The CLR reports that 53.3% of the loan portfolio to the manufacturing, agriculture,</p>	<p>The objective was supported by the following ASAs: Programmatic TA for Private</p>



	CPS FY15-FY19: Focus Area II: Increasing Private Sector Growth and Competitiveness	Actual Results	IEG Comments
	<p>agriculture, service and tourism, trade and commerce</p> <p>Baseline: 45 percent (2013) Target: 50 percent (2019)</p>	<p>services and tourism, and trade and commerce sectors. IEG could not verify this information.</p> <p>The Statistical Year Book (2019) of the National Statistics Bureau reports that the total lending (outstanding) of financial institutions in Bhutan was Nu 119.45 billion as of 2018, of which:</p> <ul style="list-style-type: none"> • Agriculture: Nu 5.86 billion • Service and Tourism: Nu 28.74 billion • Manufacturing: Nu 13.92 billion • Trade and Commerce: Nu. 16.34 billion <p>The share of the select industries to the total was 54.3% in 2018.</p> <p>Achieved</p>	<p>Sector Competitiveness and Investment Climate Reform (P165685, FY19), Financial Sector Strategy (P147461, FY16), Institutional and Organization Review of the RMA (P159068, FY16), and the Implementation of Financial Sector Development Action Plan (P161711, FY18). The following IFC AS projects supported the objective: Financial Infrastructure Project Bhutan (600756), AS to IFC client BNB (599522, 602068)</p>
	<p>Indicator 2: Increased coverage of credit information bureau:</p> <p>Baseline: 0 percent (2014) Target: 35 percent (2019)</p>	<p>The IEG ICRR: S of the DPC series reports that coverage for adults of the Credit Information Bureau was 35.9% as of December 2018.</p> <p>Achieved</p>	<p>The objective was supported by the Fiscal Sustainability and Investment Climate DPC I and II (P147806, FY15; P157469, FY17)</p> <p>At the PLR stage, the target was revised from the original: <i>50 percent (2019)</i></p> <p>The indicator is unclear whether the target refers to individuals or firms.</p>
	CPS FY15-FY19: Focus Area III: Supporting spatial and green development	Actual Results	IEG Comments
	5. CPS Objective: Increased agricultural productivity in targeted remote areas		
Major Outcome Measures	<p>Indicator 1: Cereal yields in targeted irrigation system (MT/acre)</p> <p>Paddy: Baseline: 1.1 (2012) Target: 1.32 (2019).</p>	<p>The ICR: MU of P123820 reports that the productivity of paddy in targeted irrigation systems was 2.4 MT/ha as of May 2018, from a project baseline of 1.7 MT/ha in 2012 or a 41% increase. However, the</p>	<p>The objective was supported by the Remote Rural Community Development Project (P123820, FY13) and the ASA Strategic Agriculture Sector Review for Job Creation and</p>



CPS FY15-FY19: Focus Area III: Supporting spatial and green development	Actual Results	IEG Comments
	<p>2018 yield for paddy converts to 0.97 MT/acre. This is below the baseline. Productivity of 1.7 MT/ha in 2012 converts to a baseline of 0.69, not 1.1 as reported in the PLR.</p> <p>Not Achieved</p>	<p>Sustainable Rural Livelihood in Bhutan (P165766, FY19)</p> <p>At the PLR stage, the baseline and target were revised from the original: <i>Paddy: Baseline: 2.20 (2012); Target: 2.60 (2017). Maize: Baseline: 1.70 (2012); Target: 2 (2017)</i></p>
<p>Indicator 2: Number of female clients who adopted an improved agriculture technology</p> <p>Baseline: 0 (2012) Target: 190 (2017)</p>	<p>The IEG ICRR: MU of P123820 reports that there were 189 women who adopted an improved agriculture technology as of May 2018.</p> <p>The April 2019 ISR: S of P155513 reports that 1,300 females adopted an improved agricultural technology promoted by the project in targeted project areas as of February 2019.</p> <p>Achieve</p>	<p>The objective was supported by the Remote Rural Community Development Project (P123820, FY13) and the Food Security and Agriculture Productivity Project (P155513, FY17)</p>
6. CPS Objective: Improved urban infrastructure management		
<p>Indicator 1: Number of new households with piped water and sewage connections and kilometers of internal roads constructed in the targeted cities</p> <p>Water: Baseline: 20,000 (2014) Target: 20,500 (2019)</p> <p>Sewage: Baseline: 0 (2010) Target: 250 (2019)</p> <p>Roads: Baseline: 0 km (2010) Target: 8.34 km (2019)</p>	<p>The ICR: MS of P090157 reports that as of August 2018, the following number of households had new connections to:</p> <ul style="list-style-type: none"> • Water: 732 • Sewage: 510 <p>In addition, 20.4 kms of non-rural internal roads were constructed as of August 2018.</p> <p>Achieved</p>	<p>The objective was supported by the Second Urban Development Project (P090157, FY10) and its additional financing (P145392, FY14) and the following ASAs: Public Transport Access TA for Thimphu (P156611, FY19), Bhutan Urban Policy Notes (P165222, FY19) and the AS projects with IFC's client Thimphu Thromde (600671, 599164)</p> <p>At the PLR stage, the target was revised from the original: <i>Water: Target: 20,850 (2019); Sewage: Target: 850</i></p> <p>Target for Sewage does not include target year in the PLR but is available in the CPS.</p>
<p>Indicator 2: Upgraded municipal finance systems in four city</p>	<p>The ICR: MS of P090157 reports that there were 221 building permits issued for Local Area</p>	<p>The objective was supported by the</p>



CPS FY15-FY19: Focus Area III: Supporting spatial and green development	Actual Results	IEG Comments
<p>corporations Building permits for service plots</p> <p>Baseline: 115 (2010) Target: 200 (2019)</p>	<p>Planning. However, the connection between the issuance of construction permits and municipal upgrade systems.</p> <p>Mostly Achieved</p>	<p>Second Urban Development Project (P090157, FY10) and its additional financing (P145392, FY14).</p> <p>At the PLR stage, the target was revised from the original: <i>250 (2019)</i></p>
<p>7. CPS Objective: Improved management of the natural capital and resilience to climate change/disaster risks</p>		
<p>Indicator 1: Areas under protected area management (ha)</p> <p>Baseline: Zero (2013) Target: 900,00 ha (2018)</p>	<p>The ICR: S of P126193 reports that the indicator was dropped during restructuring in October 2015.</p> <p>The IEG ICRR: S of P127490 reports that over 1.3 million hectares brought under enhanced biodiversity protection as of December 2018.</p> <p>Achieved</p>	<p>The objective was supported by the Second Phase of the Adaptable Program Loan (APL) on Strengthening Regional Cooperation for Wildlife Protection in Asia (P126193, FY11), Sustainable Financing for Biodiversity Conservation and Natural Resource Management (P127490, FY13) and the following ASAs: Bhutan - Forest Note "Managing Forests for Sustainable Economic Development" (P170393, FY19), Minerals for Development Bhutan (P158727, FY17), Green Growth Opportunities for Bhutan (Policy Note) (P144356, FY15), Disaster Risk Management and Climate Resilience in Bhutan (P148430, FY16), Sustainable Development of Hydropower (P156263, FY16)</p> <p>The indicator target is not clear whether the target is 900.00 ha or 900,000 ha</p>
<p>Indicator 2: Improved Disaster preparedness and delivery of weather and Climate Services</p> <p>Baseline: 1-day subjective weather forecasting (2014) Target: 3-day weather forecasting with verification system (2019)</p>	<p>The January 2019 ISR: MS of P154477 reports that the Smart Met system was operationalized as of January 2019. The Smart met system enhanced the weather forecasting capabilities of the National Center for Hydrology and Meteorology (NCHM). The project did not monitor the forecasting capabilities of NCHM (e.g. 3-day forecast). The NCHM is capable</p>	<p>The objective was supported by the Hydromet Services and Disaster Resilience Regional Project (P154477, FY17)</p>



	CPS FY15-FY19: Focus Area III: Supporting spatial and green development	Actual Results	IEG Comments
		of 3-day forecast and is verified through the analysis of the accuracy of their forecasts (Report on Weather Research and Forecasting Verification 2018-209) Achieved	
	Indicator 3: The number of Hydromet Services developed Baseline: 0 Target: 2 (2019)	The January 2019 ISR: MS of P154477 reports that 2 hydromet services have been developed: Aviation meteorology services initiated and enhanced weather forecasting capacity with operationalization of Smart Met system. Achieved	The objective was supported by the Hydromet Services and Disaster Resilience Regional Project (P154477, FY17)



Annex Table 2: Bhutan Planned and Actual Lending, FY15-FY19 (US\$, millions)

Project ID	Project name	Proposed FY	Approval FY	Closing FY	Proposed Amount	Proposed Amount	Approved IDA Amount
Project Planned Under CPS/PLR FY14-19					CPF	PLR	
P147806**	BT: 2nd DPC Series	2015	2015	2016	20		20
DROPPED	Regional Connectivity	2016			13		
P157469	Development Policy Credit 2 - Fiscal Sustainability & Investment Climate	2017	2017	2018	20	24	24
P164290	Bhutan Programmatic DPC Series - Strengthening Fiscal Management & Private Sector Employment	2018	2018	2019		30	30
P168166	Bhutan - DPC2 -Strengthening Fiscal Mgt & Private Sector Employment Opportunities	2019	2019	2020	20	30	30
DROPPED	Hydropower TA	2018				4	
DROPPED	Regional Connectivity Project	2018				25	
DROPPED	P4R financial Sector	2019					
Total Planned					73	113	104
Additional Projects during the CPS Period			Approval FY	Closing FY	Proposed Amount	Proposed Amount	Approved IDA Amount
	None						
Total Additional							0
Projects Approved before the CPS period and on-going during the CPS period			Approval FY	Closing FY			Approved IDA Amount
P145392	AF for Bhutan 2nd Urban Development Proj		2014	2019			17
P123820	BT: Remote Rural Communities Development		2013	2018			9
P090157	BT: Urban Development-II		2010	2019			12
P087150	BT: Decentralized Rural Development		2005	2015			7
Total On-going							45
REGIONAL PROJECT			Approval FY	Closing FY			Approved IDA Amount
P126193	REG: Wildlife Protection Phase 2: Bhutan		2011	2017			2

Source: Bhutan CPS and CPSPR, WB Business Intelligence Table 2a.1, 2a.4 and 2a.7 as of 3/06/2020.

*LIR: Latest internal rating. MU: Moderately Unsatisfactory. MS: Moderately Satisfactory. S: Satisfactory. HS: Highly Satisfactory.

** Rating from Parent Project

No Rating



Annex Table 3: Advisory Services & Analytics for Bhutan, FY15-19

Proj ID	ASA	Fiscal year	Practice
P156611	Public transport access TA for Thimphu	2019	Transport
P161253	Bhutan Development Report	2019	Macroeconomics, Trade and Investment
P164960	Bhutan Economic Update	2019	Macroeconomics, Trade and Investment
P165006	Bhutan Macro Monitoring and Analysis Program	2019	Macroeconomics, Trade and Investment
P165222	Bhutan Urban Policy Notes	2019	Urban, Resilience and Land
P165361	BT PFM Reform Strategy and Action Plan	2019	Governance
P165685	Bhutan Programmatic TA for Private Sector Competitiveness and Investment Climate Reform	2019	Finance, Competitiveness and Innovation
P165766	Strategic Agricultural Sector Review for Job creation and Sustainable Rural Livelihood in Bhutan.	2019	Agriculture and Food
P166520	Bhutan: Health Sector Support Program	2019	Health, Nutrition & Population
P167153	Design of Cat DDO and Climate Fund for Bhutan	2019	Urban, Resilience and Land
P168528	Bhutan Development Update	2019	Macroeconomics, Trade and Investment
P170217	Bhutan Human Capital Conference	2019	Education
P170393	Bhutan - Forest Note "Managing Forests for Sustainable Economic Development"	2019	Environment, Natural Resources & the Blue Economy
P152381	Bhutan Macro-Fiscal Monitoring, Analysis and Management Program	2018	Macroeconomics, Trade and Investment
P153221	Improving Bhutan Investment Climate	2018	Macroeconomics, Trade and Investment
P159917	BH: Hydropower Sustainability Support	2018	Energy & Extractives
P160388	Property Registration	2018	Other
P161711	Bhutan: Implementation of Financial Sector Development Action Plan	2018	Finance, Competitiveness and Innovation
P163844	Bhutan economic update Spring 2015	2018	Macroeconomics, Trade and Investment
P166637	Bhutan Debt Management Reform Plan	2018	Macroeconomics, Trade and Investment
P149065	Bhutan Trade and Transport Facilitation	2017	Transport
P150701	BHUTAN: Improving Capacity of the Government to Implement Infrastructure PPPs (Phase II)	2017	Finance, Competitiveness and Innovation
P152108	Stewardship Planning for Bhutan's Cultural Heritage Bill Implementation and Review of Bhutan's Tourism Policy	2017	Urban, Resilience and Land
P152474	Bhutan poverty and shared prosperity NLTA	2017	Poverty and Equity
P153989	BT: Public Financial Management Report (PEFA-II)	2017	Governance
P158583	Bhutan PA on Poverty & Social Protection	2017	Poverty and Equity
P158584	BT: Green Data Center Strategy	2017	Transport
P158727	Minerals for Development - Bhutan	2017	Energy & Extractives
P159525	TA Targeted Household Poverty Programme	2017	Social Protection & Jobs
P147461	Bhutan Financial Sector Strategy	2016	Finance, Competitiveness and Innovation



Proj ID	ASA	Fiscal year	Practice
P148430	Disaster Risk Management and Climate Resilience in Bhutan	2016	Urban, Resilience and Land
P150078	Bhutan #A060 Financial Sector Development Implementation Plan	2016	Finance, Competitiveness and Innovation
P152382	Public finance think piece	2016	Macroeconomics, Trade and Investment
P152774	Roads and bridges asset management TA	2016	Transport
P153004	In-depth Labor Market Analysis	2016	Social Protection & Jobs
P156263	Sustainable Development of Hydropower	2016	Energy & Extractives
P156989	Bhutan Tax Rationalization Technical Assistance	2016	Macroeconomics, Trade and Investment
P159068	Bhutan: Institutional and organization review of the RMA	2016	Finance, Competitiveness and Innovation
P150103	BT Financial Sector Review	2015	Finance, Competitiveness and Innovation
P154673	BT: Updating the ICT Roadmap	2015	Transport
P152924	Bhutan: Recommendations on Mining Policy	2015	Energy & Extractives
P150315	EV and Green Transport Initiative	2015	Transport
P144356	Green Growth Policy Note Bhutan	2015	Environment, Natural Resources & the Blue Economy
P145640	Improving Disaster Management Capacity	2015	Urban, Resilience and Land
P148265	Supporting Bhutan's SPL strategy	2015	Social Protection & Jobs

Source: WB BI Reporting as of 3/3/2020 and ASA Standard Report Monitoring as of 2/25/2020

Annex Table 4: Bhutan Active Trust Funds in FY15-19 (US\$, millions)

Project ID	Project name	TF ID	Approval FY	Closing FY	Approved Amount
P154477	Hydromet Services and Disaster Resilience Regional project	TF B0586	2019	2022	0.5
P163172	Bhutan: Supporting Minerals Management Policy Reform	TF A7016	2018	2020	0.3
P150177	Bhutan REDD Readiness	TF A6108	2018	2020	4.8
P162196	PFM-MDF FINANCED STRENGTHENING PUBLIC FINANCIAL MANAGEMENT PROJECT	TF A5549	2018	2021	4.0
P143795	Bhutan Community-Based Rural Entrepreneurship Project	TF A6795	2017	2021	1.3
P154477	Hydromet Services and Disaster Resilience Regional project	TF A3513	2017	2019	0.5
P154477	Hydromet Services and Disaster Resilience Regional project	TF A3511	2017	2021	1.8
P154477	Hydromet Services and Disaster Resilience Regional project	TF A3507	2017	2021	1.5
P155513	Food Security and Agriculture Productivity Project	TF A4224	2017	2023	8.0
P161338	Bhutan BLSS Economic Census	TF A4200	2017	2020	0.7



Project ID	Project name	TF ID	Approval FY	Closing FY	Approved Amount
P159600	Preparation of Strategic Program for Climate Resilience	TF A4475	2017	2021	1.5
P150177	Bhutan REDD Readiness	TF 19030	2015	2020	3.8
P155150	Bhutan Institutional Capacity Development of the Royal Audit Authority Project	TF A0417	2015	2019	0.3
P153973	Bhutan Regional Trade and Transport	TF A0099	2015	2016	0.5
P151226	Bhutan updating of National Statistics Development Strategy	TF 17693	2015	2016	0.1
P146331	BT: CIRT & Policy and Regulatory Issues in the Telecom Sector	TF 16531	2014	2017	0.4
P127490	Sustainable Financing for Biodiversity Conservation and Natural Resources Management	TF 14705	2014	2019	4.1
P131088	Strengthening intergovernmental fiscal systems and capacity building	TF 14439	2014	2017	0.3
P144054	Improving Resilience to Seismic Risk	TF 14121	2013	2018	1.3
P132231	Strengthening Public Financial Management in Bhutan	TF 13185	2013	2017	0.7
P130457	Thimpu Strategic Cultural Heritage and sustainable Tourism Plan	TF 11760	2013	2015	0.3
P087150	Decentralized Rural Development Project	TF 98827	2011	2015	5.0
Total					41.5

Source: Client Connection as of 3/06/2020

*RETF only

** IEG Validates RETF that are 5M and above

Annex Table 5 IEG Project Ratings for Bhutan, FY15-19 (US\$, millions)

Exit FY	Proj ID	Project name	Total Evaluated	IEG Outcome	IEG Risk to DO
2016	P147806	BT: 2nd DPC Series	20.1	SATISFACTORY	SIGNIFICANT
2018	P123820	BT: Remote Rural Communities Development	8.7	MODERATELY UNSATISFACTORY	#
2019	P127490	BT; Biodiversity Conservation**	0.0	SATISFACTORY	#
Total			28.8		

Source: AO Key IEG Ratings as of 3/6/2020

Note: IEG Risk to DO rating was dropped in July 2017 following the reform of the simplified ICRs but a narrative evaluation for Risk to Development Outcome was kept.

** GEF



Annex Table 6: IEG Project Ratings for Bhutan and Comparators, FY15-19

Region	Total Evaluated (\$M)	Total Evaluated (No)	Outcome % Sat (\$)	Outcome % Sat (No)	RDO % Moderate or Lower Sat (\$)	RDO % Moderate or Lower Sat (No)
Bhutan	28.8	3	69.8	66.7	-	-
SAR	20,364.8	150	91.6	82.0	52.4	41.1
World Bank	107,328.0	1,095	84.2	76.4	43.1	39.3

Source: WB AO as of 3/06/2020

Annex Table 7: Portfolio Status for Bhutan and Comparators, FY15-19

Fiscal year	2015	2016	2017	2018	2019	Ave FY15-19
Bhutan						
# Proj	3	2	3	2	1	2
# Proj At Risk		2				2
% Proj At Risk	-	100.0	-	-	-	90.9
Net Comm Amt (\$M)	58.4	38.4	62.4	59.4	30.0	49.7
Comm At Risk (\$M)		38.4				38.4
% Commit at Risk		100.0				77.2
SAR						
# Proj	206	215	228	232	248	226
# Proj At Risk	58	49	54	46	69	55
% Proj At Risk	28.2	22.8	23.7	19.8	27.8	24.4
Net Comm Amt (\$M)	43,454.3	48,475.6	47,785.6	52,308.0	53,445.0	49,094
Comm At Risk (\$M)	10,821.3	8,273.2	11,632.3	10,477.1	12,938.6	10,829
% Commit at Risk	24.9	17.1	24.3	20.0	24.2	22.1
World						
# Proj	1,402	1,398	1,459	1,497	1,570	1,465
# Proj At Risk	339	336	344	348	346	343
% Proj At Risk	24.2	24.0	23.6	23.2	22.0	23.4
Net Comm Amt (\$M)	191,907.8	207,350.0	212,502.9	229,965.6	243,812.2	217,108
Comm At Risk (\$M)	44,430.7	42,715.1	50,837.9	48,148.8	51,949.5	47,616
% Commit at Risk	23.2	20.6	23.9	20.9	21.3	21.9

Source: WB AO as of 3/06/2020

Agreement type: IBRD/IDA Only



Annex Table 8: List of IFC Investments in Bhutan (US\$, millions)

Investments Committed in FY15-FY19

Project ID	Cmt FY	Project Status	Primary Sector Name	Project Size	Orig Cmt-IFC Bal	Net Commitment (LN)	Net Commitment (EQ)	Total Net Commitment (LN+EQ)
36273	2016	Closed	Agriculture and Forestry	9.0	3.0	-	3.0	3.0
35528	2015	Closed	Accommodation & Tourism Services	3.5	3.5	3.5	-	3.5
Sub-Total				12.5	6.5	3.5	3.0	6.5

Investments Committed pre-FY50 but active during FY15-FY19

Project ID	CMT FY	Project Status	Primary Sector Name	Project Size	Orig Cmt-IFC Bal	Net Commitment (LN)	Net Commitment (EQ)	Total Net Commitment (LN+EQ)
30510	2013	Active	Finance & Insurance	28.9	28.9	-	28.9	28.9
Sub-Total					28.9	-	28.9	28.9
TOTAL				12.5	35.4	3.5	31.9	35.4

Source: IFC-MIS Extract as of 1/13/2020

Note: IFC Investment Commitments excludes Short Term Finance

Annex Table 9: List of IFC Advisory Services in Bhutan (US\$, millions)

Advisory Services Approved in FY15-19

Project ID	Project Name	Impl Start FY	Impl End FY	Project Status	Primary Business Area	Total Funds Managed by IFC
602068	BNB Phase II	2017	2019	CLOSED	FIG	0.13
600756	Financial Infrastructure Project Bhutan	2016	2019	ACTIVE	EFI	1.60
600671	Thimphu Parking Post Transaction Advisory Support	2015	2016	CLOSED	CPC-PPP	0.13
Sub-Total						1.9

Advisory Services Approved pre-FY15 but active during FY15-19

Project ID	Project Name	Impl Start FY	Impl End FY	Project Status	Primary Business Area	Total Funds Managed by IFC
599522	TA to Bhutan National Bank	2014	2016	CLOSED	FIG	0.16
599164	Thimphu Parking Project	2013	2015	CLOSED	CPC-PPP	0.67
Sub-Total						0.83
TOTAL						2.7

Source: IFC AS Portal Data as of 1/13/2020



Annex Table 10: List of MIGA Projects Active in Bhutan, FY15-19 (US\$, millions)

Project ID	Project Title	Project Status	Fiscal Year	Sector	Investor Country	Max Gross Issuance
	No Projects					
	Total					-

Source: MIGA with Project Brief as of 3/6/2020

Annex Table 11: Economic and Social Indicators for Bhutan, FY15-18

Series Name					Bhutan	SAR	World
	2015	2016	2017	2018	Average 2015-2018		
Growth and Inflation							
GDP growth (real annual %)	6.6	8.1	4.7	3.0	5.6	7.2	2.8
GDP per capita growth (annual %)	5.4	6.8	3.4	1.8	4.4	5.9	1.7
GNI per capita, PPP (current international \$)	8,090.0	8,590.0	9,000.0	9,250.0	8,732.5	6,345.4	16,760.7
GNI per capita, Atlas method (current US\$)	2,520.0	2,650.0	2,800.0	2,970.0	2,735.0	1,707.3	10,655.2
Inflation, consumer prices (annual %)	4.5	4.3	3.9	2.7	3.9	4.1	1.9
Composition of GDP (%)							
Agriculture, value added (% of GDP)	14.4	14.4	15.0	15.9	14.9	16.2	3.5
Industry, value added (% of GDP)	42.5	42.6	41.8	38.3	41.3	25.9	25.4
Services, value added (% of GDP)	38.6	38.3	38.1	39.9	38.7	49.3	65.1
Gross fixed capital formation (% of GDP)	55.7	56.4	52.1	47.2	52.9	27.4	23.5
External Accounts							
Exports of goods and services (% of GDP)	34.4	29.6	30.1	30.8	31.2	18.2	29.3
Imports of goods and services (% of GDP)	67.8	55.8	52.7	55.9	58.0	22.3	28.6
Current account balance (% of GDP)	(27.4)	(28.8)	(22.1)	(20.3)	-24.7		
External debt stocks (% of GNI)	104.9	112.6	112.6	109.2	109.8		
Total debt service (% of GNI)	6.9	5.6	3.7	3.9	5.0	2.4	
Total reserves in months of imports	9.6	9.4	9.9	7.8	9.2	7.6	12.2
Fiscal Accounts ¹							
General government revenue (% of GDP)	28.8	29.9	27.2	30.0	29.0		
General government total expenditure (% of GDP)	27.3	31.0	30.6	32.0	30.2		
General government net lending/borrowing (% of GDP)	1.5	(1.1)	(3.4)	(2.0)	-1.2		
General government gross debt (% of GDP)	95.7	109.2	108.0	102.4	103.8		
Health							
Life expectancy at birth, total (years)	70.4	70.8	71.1	..	70.8	68.9	72.2
Immunization, DPT (% of children ages 12-23 months)	99.0	98.0	98.0	97.0	98.0	86.2	86.0



Series Name					Bhutan	SAR	World
	2015	2016	2017	2018	Average 2015-2018		
People using safely managed sanitation services (% of pop)	..	..	..	..			43.9
People using at least basic drinking water services (% of pop)	96.8	97.2	97.2	..	97.1	91.6	89.2
Mortality rate, infant (per 1,000 live births)	27.5	26.5	25.6	24.8	26.1	36.8	30.2
Education							
School enrollment, preprimary (% gross)	22.8	28.0	29.0	34.4	28.6	23.2	49.9
School enrollment, primary (% gross)	104.2	102.7	101.3	100.1	102.1	109.7	103.5
School enrollment, secondary (% gross)	84.0	85.3	87.9	90.1	86.8	69.1	75.5
School enrollment, tertiary (% gross)	..	..	..	15.6		23.4	37.5
Population							
population, total	727,876	736,709	745,568	754,394	741,136.8	1,781,952,154	7,467,978,056
population growth (annual %)	1.2	1.2	1.2	1.2	1.2	1.2	1.1
Urban population (% of total)	38.7	39.4	40.2	40.9	39.8	33.4	54.6
Rural population (% of total pop)	61.3	60.6	59.8	59.1	60.2	66.6	45.4
Poverty							
Poverty headcount ratio at \$1.90 a day (2011 PPP) (% of pop)	..	..	1.5	..	1.5		10.0
Poverty headcount ratio at national poverty lines (% of pop)	..	..	8.2	..	8.2		
Rural poverty headcount ratio at national poverty lines (% of rural pop)	..	..	..	..
Urban poverty headcount ratio at national poverty lines (% of urban pop)	..	..	..	..
GINI index (World Bank estimate)	..	..	37.4	..	37.4		

Source: WB Databank World Development Indicators 2/27/2020

*International Monetary Fund, World Economic Outlook Database, October 2019

Annex Table 12: Total Net Disbursements of Official Development Assistance and Official Aid for Bhutan (US\$, millions)

Development Partners	2015	2016	2017	2018
All Donors, Total	97.28	51.6	118.54	100.47
DAC Countries, Total	37.16	30.75	42.37	27.7
Australia	7.12	4.1	8.6	4.4
Austria	1.82	1.6	2.18	1.04
Canada	1.45	0.12	0.1	0.05
Czech Republic	..	0.03	..	..
Denmark	-0.04	-0.03	-0.03	0
Finland	0.36	0.28	0.13	0.19
France	0.02	0.02	0.02	0.02
Germany	0.8	0.57	0.63	0.69
Hungary	..	..	0	..



Development Partners	2015	2016	2017	2018
Italy	0.05	0.01	0	0.04
Japan	16	19.79	27.54	17.84
Korea	0.72	0.71	0.63	0.53
New Zealand	..	0.13	0.31	0.32
Norway	3.57	0.35	0.18	0.09
Portugal	..	..	0	..
Sweden	0.06	0.1	0.13	0.03
Switzerland	4.11	2.69	1.19	1.42
United Kingdom	0.12	0.08	0.46	0.34
United States	1	0.2	0.29	0.67
Multilaterals, Total	59.16	19.74	74.52	72.76
EU Institutions	1.84	6.3	5.73	15.04
Regional Development Banks, Total	24.27	3.36	28.08	21.18
Asian Development Bank, Total	24.27	3.36	28.08	21.18
Asian Development Bank [AsDB]	24.27	3.36	28.08	21.18
United Nations, Total	5.21	5.78	4.38	4.56
Food and Agriculture Organisation [FAO]	..	..	..	0.25
IFAD	0.86	1.27	0.22	1.41
UNAIDS	..	0	..	..
UNDP	0.69	0.86	0.53	0.51
UNFPA	0.94	0.73	0.55	0.54
UNICEF	1.35	1.01	1.24	0.89
WFP	0.2	0.02	0.04	0.02
World Health Organisation [WHO]	1.18	1.88	1.8	0.94
World Bank Group, Total	21.29	-0.37	29.68	30.49
World Bank, Total	21.29	-0.37	29.68	30.49
International Development Association [IDA]	21.29	-0.37	29.68	30.49
Other Multilateral, Total	6.53	4.68	6.66	1.49
Global Alliance for Vaccines and Immunization [GAVI]	0.33	0	0.04	0.08
Global Environment Facility [GEF]	3.79	3.45	5.14	0.22
Global Fund	2.41	1.23	1.49	1.19
Non-DAC Countries, Total	7.18	14.93	9.91	48.88
Israel	..	..	..	0
Kuwait	0.03	..	..	..
Lithuania	..	..	0	0
Thailand	0.84	1	1.61	..
Turkey	0.08	0.1	..	..
United Arab Emirates	..	..	0.03	..
Private Donors, Total	1.15	1.89	0.52	0.63



Development Partners	2015	2016	2017	2018
Bill & Melinda Gates Foundation	1.15	0.39	0.18	0.51
Carnegie Corporation of New York	..	..	0.34	..
Ford Foundation	..	..	..	0.12
MAVA Foundation	..	1.5	..	..

Source: OECD Stat. DAC2a as of 3/06/2020
Data only available until FY18