RECOMMENDATION OF STATUTORY COMMITTEE

TO: The President, International Development Association

Recommendation of the Committee under Section 1(d) of Article V of the Articles of Agreement on the proposed Credit (Additional Financing for Second Urban Development Project) to the Kingdom of Bhutan.

The undersigned Committee constituted under Section 1(d) of Article V of the Articles of Agreement of International Development Association (the Association) hereby submits its recommendation pursuant to said Section in respect of the proposal that the Association grant to the Kingdom of Bhutan (the Recipient), a credit in an amount in various currencies equivalent to eight million one hundred thousand Special Drawing Rights (SDR 8,100,000). The objectives of the Project are: (a) to strengthen the municipal finance and management systems in selected Thromdes; (b) to improve infrastructure services in Thimphu; and (c) to support implementation of the urbanization policies under the Recipient’s Eleventh Five Year Plan.

1. The Committee has carefully studied the merits of the proposal to grant such a credit, and of the purposes to which the proceeds of the credit are to be applied.

2. The Committee is of the opinion that the project toward the financing of which the proceeds of such credit are to be applied comes within the purposes of the Association as set forth in Article I of said Articles of Agreement, and that said project is designed to promote the economic development of the Recipient and is of high developmental priority in the light of the needs of the Recipient.
3. Accordingly, the Committee finds that said project merits financial assistance from the Association, and hereby recommends said project for such assistance.

COMMITTEE

[Signatures]

Senior Vice President and Group General Counsel

[Signatures]

Nominee selected by Governor for Kingdom of Bhutan

[Signatures]

Regional Vice President South Asia

Dated at Washington, D.C.

March 24, 2014