Bhutan: South Asia Subregional Economic Cooperation Green Power Investment Program

**Project Name**: South Asia Subregional Economic Cooperation Green Power Investment Program

**Project Number**: 48489-003

**Country / Economy**: Bhutan

**Project Status**: Proposed

**Project Type / Modality of Assistance**: Loan

**Source of Funding / Amount**

<table>
<thead>
<tr>
<th>Source of Funding / Amount</th>
<th>MFF Facility Concept: South Asia Subregional Economic Cooperation Green Power Investment Program</th>
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<tbody>
<tr>
<td>Ordinary capital resources</td>
<td>US$ 227.94 million</td>
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<tr>
<td>Concessional ordinary capital resources lending / Asian Development Fund</td>
<td>US$ 92.06 million</td>
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**Strategic Agendas**

- Environmentally sustainable growth
- Inclusive economic growth
- Regional integration

**Drivers of Change**

- Gender Equity and Mainstreaming
- Knowledge solutions
- Partnerships
- Private sector development

**Sector / Subsector**

Energy / Energy sector development and institutional reform

**Gender**

- Some gender elements

**Description**

The proposed multitranche financing facility totaling of $320 million will support the development of run-of-river hydropower plant and transmission system facilities in the eastern region of Bhutan. The power generated from the plant can be supplied through the eastern grid network system for dual purposes of export and domestic consumption.

**Project Rationale and Linkage to Country/Regional Strategy**

The proposed investment program is a multitranche financing facility (MFF) to support development of the Nyera Amari run-of-river hydropower plant and a transmission system. The power generated from the plant can be supplied through the eastern grid network system for dual purposes of export and domestic consumption. This approach will make a geographical balance in development support from the Asian Development Bank (ADB), following the Dagachhu hydropower plant (126 MW) in the western region, and the Nikachhu hydropower plant (118 MW) in the central region. While the eastern region has the highest population among the regions, it has been less developed in overall infrastructure, and is more likely to be poor than other regions. The government of Bhutan aims for balanced regional development, which is to ensure that inclusive development is equitably spread across the country.

The government regards its continued hydropower development as the country's economic key driver that will help maximize local, national, and regional development impacts. Hydropower generation contributes to one-fifth of the country's gross domestic product. Out of Bhutan's installed generation capacity (1,614 MW), about 75% is exported to India after meeting domestic electricity demand. The hydropower exports account for one-third of government revenue; they are primary source for government spending on socioeconomic development for social services such as health, education, and rural development. Hydropower development forms the foundation of the economy and social system in Bhutan.

**Impact**

Cross-border power trading expanded.

**Outcome**

Clean hydropower supply for power export and domestic consumption increased.

**Outputs**

(i) Hydropower plant's first stage constructed,
(ii) Eastern grid network strengthened, and
(iii) Hydropower plant's second stage constructed.

**Geographical Location**

**Summary of Environmental and Social Aspects**

**Environmental Aspects**

- Involuntary Resettlement

**Indigenous Peoples**

Category C

**Stakeholder Communication, Participation, and Consultation**

**During Project Design**

**During Project Implementation**

**Business Opportunities**

**Consulting Services**

It is unknown whether any project implementation consultants would be hired under this loan.

**Procurement**

The Nyera Amari hydropower plant will be developed with two stages by a project's special purpose company to be established by DGPC. Therefore, DGPC is the executing agency, and the project company will be the implementing agency. For the transmission, BPC will be the executing and implementing agency. Procurement packages will come later.

**Responsible ADB Officer**

Ogino, Kaoru

**Responsible ADB Department**

South Asia Department

**Responsible ADB Division**

Energy Division, SARD
**Executing Agencies**

- Bhutan Power Corporation  
  PO Box 589  
  Thimpu, Bhutan  
- Druk Green Power Corporation  
  Bhutan  

<table>
<thead>
<tr>
<th>Timetable</th>
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<tbody>
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<td>Concept Clearance</td>
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<td>05 Dec 2018</td>
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**Project Page**  
https://www.adb.org//projects/48489-003/main

**Request for Information**  
http://www.adb.org/forms/request-information-form?subject=48489-003

**Date Generated**  
28 September 2023

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