

## **Press Release OPEC Fund extends first US\$50 million loan to Bhutan to boost hydropower**

October 23, 2024: The OPEC Fund for International Development (the OPEC Fund) has signed its first loan agreement with the Kingdom of Bhutan, marking a historic milestone in the partnership. The US\$50 million loan will support the development of two small hydropower plants, aimed at strengthening Bhutan's energy security.

OPEC Fund President Abdulhamid Alkhalifa said at the signing during the 2024 World Bank/IMF Annual Meetings in Washington, DC: "Our first-ever loan to Bhutan marks a significant milestone in our partnership and reflects the OPEC Fund's commitment to supporting Bhutan's development priorities. By supporting the development of the Gamri and Begana hydropower plants, we are contributing to Bhutan's sustainable energy future. These new renewable energy sources will not only bolster the national grid but also improve livelihoods and strengthen the local economy."

Finance Minister Lekey Dorji said: "Bhutan is a nation blessed with abundant natural resources, particularly in hydropower. By diversifying our energy sources, Bhutan is reducing its dependency on imported fossil fuels, stabilizing energy costs and promoting job creation in green sectors. At the same time, pursuing development of renewable energy resources supports Bhutan's commitment to remaining carbon neutral and contributes to our global climate goals."

Nestled in the Himalayas between India and China, Bhutan has enormous hydropower potential, boasting over 35,000 MW of clean renewable energy from more than 150 sites nationwide. The country has so far developed just 7 percent of its hydropower potential. The two new plants — Gamri (45 MW) in the east of the country and Begana (25 MW) in the west — will mainly cover local demand through mini grids, but will have the option to plug into Bhutan's main grid, which already exports energy to neighboring India and Bangladesh. The facilities are expected to improve power reliability for around 50,000 households in key regions including Trashigang — the most densely populated area of the country and the primary route for trade with India and the capital Thimphu.

### **About the OPEC Fund**

The OPEC Fund for International Development (the OPEC Fund) is the only globally mandated development institution that provides financing from member countries to non-member countries exclusively. The organization works in cooperation with developing country partners and the international development community to stimulate economic growth and social progress in low- and middle-income countries around the world. The OPEC Fund was established in 1976 with a distinct purpose: to drive development, strengthen communities and empower people. Our work is people-centered, focusing on financing projects that meet essential needs, such as food, energy, infrastructure, employment (particularly relating to MSMEs), clean water and sanitation, healthcare, and education. To date, the OPEC Fund has committed about US\$27 billion to development projects in over 125 countries with an estimated total project cost of more than US\$200 billion. The OPEC Fund is rated AA+/Outlook Stable by Fitch and AA+, Outlook Stable by S&P. Our vision is a world where sustainable development is a reality for all.



