

RGoB and Asian Development Bank Sign Two Landmark Projects to Advance Bhutan's Clean Energy and Resilient Urban Development

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The Royal Government of Bhutan (RGoB) and the Asian Development Bank (ADB) today signed two major development projects marking a significant milestone in Bhutan's efforts to strengthen energy security, accelerate climate-resilient infrastructure, and promote inclusive and sustainable economic development.

- i. The Solar Farm Expansion Project of USD 160.5 million (Loan: USD 160 million and Grant: USD 0.5 million) and
- ii. The Inclusive and Resilient Urban Development Project of USD 13 million (Loan: USD 5.0 million, ADB Grant (Asian Development Fund): USD 5.0 million; and the Japan Fund for Prosperous and Resilient Asia and the Pacific (JFPR) Grant: USD 3.0 million

The agreements were signed by the Ministry of Finance, ADB, Druk Green Power Corporation (DGPC), Bhutan Power Corporation (BPC), National Housing Development Corporation Limited (NHDCL), and Phuentsholing Thromde.

The Solar Farm Expansion Project aims to enhance Bhutan's energy security, climate resilience, and sustainable economic development by increasing solar power generation from climate-resilient, low-carbon renewable energy infrastructure through both public and private sector participation.

The project will add at least **310 MW** of solar generation capacity through three solar farm subprojects, including one developed through a public-private partnership (PPP). It will also support institutional strengthening and workforce development to enable future renewable energy investments and hybrid hydropower-solar operations.

The Inclusive and Resilient Urban Development Project aims to improve municipal infrastructure and essential urban services in Phuentsholing while expanding affordable, climate-resilient housing for low-income and vulnerable households in Thimphu and Phuentsholing. The project will enhance drainage, water supply, sewerage, roads, flood protection infrastructure, and inclusive housing designed to be energy-efficient, disaster-resilient, and accessible.

Together, the two projects are expected to generate substantial economic, social, and environmental benefits. They will enhance energy security, reduce vulnerability to climate risks, improve the quality of urban services, support vulnerable communities, and create employment and investment opportunities across the country.

Speaking at the signing ceremony, the Hon'ble Finance Minister said that the two projects represent a transformative investment in Bhutan's long-term resilience and they reflect shared commitment with ADB to building a greener, more resilient, and more inclusive Bhutan. His excellency also expressed deepest appreciation to the Asian Development Bank for its enduring partnership and reaffirmed commitment to implementing these projects with the standards of diligence and transparency

The signing of these projects underscores the enduring partnership between the Royal Government of Bhutan and the Asian Development Bank and reinforces their shared commitment to advancing Bhutan's sustainable development aspirations under the 13th Five-Year Plan and beyond.
