



Bhutan: Alternative Energy Development Pilot Project

Project Name	Alternative Energy Development Pilot Project	
Project Number	53365-001	
Country	Bhutan	
Project Status	Proposed	
Project Type / Modality of Assistance	Grant	
Source of Funding / Amount		
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth	
Drivers of Change	Governance and capacity development Partnerships	
Sector / Subsector	Energy - Renewable energy generation - solar	
Gender Equity and Mainstreaming	Effective gender mainstreaming	
Description	The proposed grant will provide reliable and sustainable electricity to the rural households through harnessing solar power which will contribute to poverty reduction, and gender equality. The main objective of the project is to demonstrate the viability of solar power through a pilot project and develop an enabling regulatory framework with due consideration given to the rural poverty.	
Project Rationale and Linkage to Country/Regional Strategy	Bhutan is one of the smallest, but fastest-growing economies in the world. Its annual average economic growth of 7.6 percent between 2007 and 2017 far exceeds the average global growth rate of 3.2 percent. This high growth has contributed to reducing poverty. Poverty rate in Bhutan declined from 12% in 2012 to 8.2% in 2017. Despite this significant decrease in the national poverty rate, poverty in rural areas (11.9%) is significantly higher than urban areas (0.8%). To continue the economic growth and dwindle the poverty, the Royal Government of Bhutan has implemented poverty alleviation programs in the poorest villages.	
Impact	Energy security of the society increased by providing reliable and sustainable electricity supply and promoting alternative renewable energy resources	
Outcome	Viability and sustainability of solar power as an alternative energy and income source demonstrated in pilot rural villages	
Outputs	1. Regulatory framework for solar photovoltaic (PV) power purchase prepared 2. Grid adequacy assessed and small-scale solar PV system pilot-tested 3. Energy based livelihood skills enhanced	
Geographical Location	Nation-wide	
Safeguard Categories		
Environment		C
Involuntary Resettlement		C
Indigenous Peoples		C
Summary of Environmental and Social Aspects		
Environmental Aspects		
Involuntary Resettlement		
Indigenous Peoples		
Stakeholder Communication, Participation, and Consultation		
During Project Design		
During Project Implementation		
Business Opportunities		
Consulting Services	The project preparation is supported by TA8311-REG: Enhancing Gender Equality Results in South Asia. Individual consultants have been and will be fielded to undertake preliminary due diligence. The DRE successfully implemented the previous projects and has a proper track record in implementing and administering ADB projects. Advanced contracting will be explored for procurement of the consulting firm. It is estimated that contract around 10% of the proposed grant amount may be awarded as advanced contract. The government and EA were advised that ADB's approval of advance contracting in principle does not commit ADB to finance any part of the project. In addition, the borrower should undertake the advance contracting at its own risk and ADB reviews the borrower's process.	
Procurement	Proposed procurement classification is Category B. DRE has considerable procurement experience and adequate arrangements are in place for the project. The design phase will include detailed procurement capacity and risk assessment, and identification of contracting packages.	
Responsible ADB Officer	Yoojung Jang	
Responsible ADB Department	South Asia Department	
Responsible ADB Division	Energy Division, SARD	

Timetable	
Concept Clearance	20 Dec 2019
Fact Finding	28 Feb 2020 to 28 Feb 2020
MRM	-
Approval	-
Last Review Mission	-
Last PDS Update	20 Dec 2019

Project Page	https://www.adb.org/projects/53365-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=53365-001
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