

 Early Warning System

ADB-58120-001

Climate-Resilient Omchhu River Basin Project



Quick Facts

Countries	Bhutan
Specific Location	Phuentsholing
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	B
Voting Date	2025-09-16
Borrower	Government of Bhutan - Phuentsholing Thromde
Sectors	Agriculture and Forestry, Climate and Environment
Investment Type(s)	Grant, Loan
Loan Amount (USD)	\$ 30.00 million
Grant Amount (USD)	\$ 15.00 million
Project Cost (USD)	\$ 55.00 million



Project Description

According to the Bank's website, the proposed Climate-Resilient Omchhu River Basin Project will tackle one of the critical economic development inhibitors of the Phuentsholing area: recurrent flood risk from the Omchhu River exacerbated by unpredictable erosion of its riverbanks, landslides from its upstream hilly slopes, and worsening climate impacts. The project will (i) comprise the Omchhu River in Phuentsholing and its upstream basin, (ii) focus on climate and disaster resilience through an integrated river basin approach to flood and erosion risk management, and (iii) combine structural and nonstructural measures. It will (i) design and build climate-resilient riverbank protection and flood embankment in four priority river reaches, and pilot landslide mitigation measures; (ii) develop holistic measures to reduce landslide debris flows and sediment-related risks; and (iii) strengthen institutional capacity to assess, map, and disseminate multi-hazard risks, including from the gender equality and social inclusion perspective; enabling better land-use planning and management on risk-sensitive land; investigating geological and geotechnical conditions; monitoring and mitigating risks; and enhancing the forecasting and early warning systems and disaster preparedness. The project will benefit about 9,300 people and ultimately enable riverfront development. The executing agency will be the Phuentsholing Thromde, and the implementation period will be 6 years from October 2025.

Phuentsholing Thromde (municipality) (PT) will be the executing and implementing agency of the project, including for implementing works within the Dungkhag Administration (DA) administrative boundary. PT will be responsible for all procurement activities (works, goods and services).



Early Warning System Project Analysis

Environmental Aspects (category B): The project is not located within or close to any protected area or internationally recognized key biodiversity area. Most works will be within the river and along its banks with limited footprints. Most adverse impacts anticipated under the project will be during construction which includes increased siltation, noise, and waste and spoils generation. Detailed assessment has been conducted through an initial environmental examination (IEE) anticipated to be disclosed on ADB's website by end of June 2025. Mitigation measures have been included in the environmental management plan (EMP) of the IEE. All bid documents for works will include the EMP and the environment monitoring plan. The PMU will ensure that measures set therein are enforceable under the works contracts.

Involuntary Resettlement (category C): The river protection works within PT administrative area will be carried out within the available land owned by PT / government. Existing settlements along the river are reasonably away from the corridor of intervention and the available land owned by PT / government is not used by any non-titled users for any commercial/economic purposes.

Indigenous Peoples (category C):

The project does not have any impact on indigenous peoples. Bhutan population is socio-culturally closely associated with one of the primary ethnic groups, Ngalong, Sharchop or Lhotshampa. The absence of Indigenous Peoples in the project area was confirmed during the due diligence process.



Investment Description

- Asian Development Bank (ADB)

The project is estimated to cost \$55 million.

The government has requested (i) a concessional loan of \$30.0 million from ADB's ordinary capital resources, with a 32-year term, including a grace period of 8 years; an interest rate of 1.0% per year during the grace period and 1.5% per year thereafter; and such other terms and conditions set forth in the draft loan and project agreements; and (ii) a grant not exceeding \$15.0 million from ADB's Special Funds resources (Asian Development Fund) to help finance the project. The government will provide counterpart funding of \$10 million to cover financial charges during implementation and part of the works and office operations costs.



Contact Information

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ACCESS TO INFORMATION

You can submit an information request for project information at: <https://www.adb.org/forms/request-information-form>

ADB has a two-stage appeals process for requesters who believe that ADB has denied their request for information in violation of its Access to Information Policy. You can learn more about filing an appeal at: <https://www.adb.org/site/disclosure/appeals>

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: <http://www.adb.org/site/accountability-mechanism/main>.



Bank Documents

- [Climate-Resilient Omchhu River Basin Project: Gender Assessment and Action Plan](#)
- [Climate-Resilient Omchhu River Basin Project: Initial Environmental Examination](#)
- [Climate-Resilient Omchhu River Basin Project: Procurement Plan](#)
- [Climate-Resilient Omchhu River Basin Project: Project Administration Manual](#)
- [Climate-Resilient Omchhu River Basin Project: Report and Recommendation of the President](#)
- [Climate-Resilient Omchhu River Basin Project: Social Safeguard Due Diligence Report](#)
- [Grant Agreement \(Special Operations\) for Grant 1038-BHU: Climate-Resilient Omchhu River Basin Project](#)
- [Loan Agreement \(Ordinary Operations \[Concessional\]\) for Loan 4634-BHU: Climate-Resilient Omchhu River Basin Project](#)
- [Project Agreement for Loan 4634-BHU and Grant 1038-BHU: Climate-Resilient Omchhu River Basin Project](#)