

World Bank Backs Bhutan's Largest Hydropower Project to Boost Clean Energy, Jobs, and Regional Trade

January 26, 2026



The World Bank Group's Boards of Executive Directors have approved a major financing package to support the Kingdom of Bhutan's energy transition and economic development through the 1,125 MW Dorjilung Hydroelectric Power Project in eastern Bhutan.

Located on the Kurichhu River, the Dorjilung project will generate more than 4,500 GWh of clean electricity annually, increasing Bhutan's total power generation by 40 percent and energy exports by 42 percent. The project is designed to close Bhutan's seasonal energy gap, reducing reliance on costly winter energy imports while enabling surplus electricity exports to India during summer and monsoon periods.

The additional revenues and savings are expected to create fiscal space for increased social spending and long-term investments that benefit Bhutan's population, while reinforcing the country's carbon-negative development pathway.

"This project is a national priority and will be transformational for Bhutan," said Lyonpo Lekey Dorji, Finance Minister of the Royal Government of Bhutan. "It will deliver clean electricity, spur economic growth, and advance our carbon-negative commitment, while its innovative financing structure ensures public finances remain sustainable."

Dorjilung will be Bhutan's largest hydropower project developed under a public-private partnership, marking a strategic shift toward diversified and sustainable hydropower financing. The World Bank Group's \$815 million financing package is expected to mobilise around \$900 million in private investment, setting

a precedent for future hydropower development in Bhutan and beyond.

“The World Bank Group is bringing the full strength of its institutions to support Dorjilung,” said Xavier Furtado, World Bank Group Country Manager for Bhutan. “This package minimises sovereign borrowing, catalyses private sector participation, and carefully balances public and private risk, offering a model for sustainable hydro development.”

Beyond clean energy, the project will create thousands of jobs during construction and operation, stimulate local businesses, and support livelihoods in Mongar and Lhuentse districts, areas that face higher poverty and out-migration. It will also improve roads and access to markets and essential services for surrounding communities.

The financing package includes grants and credits from the International Development Association (IDA), enclave loans from the International Bank for Reconstruction and Development (IBRD), and IFC financing to Dorjilung Hydro Power Limited, a special-purpose vehicle jointly owned by Bhutan’s Druk Green Power Corporation and India’s Tata Power.