



Nepal: Tanahu Hydropower Project

Project Name	Tanahu Hydropower Project																														
Project Number	43281-013																														
Country / Economy	Nepal																														
Project Status	Active																														
Project Type / Modality of Assistance	Grant Loan Technical Assistance																														
Source of Funding / Amount	<table border="1"><tr><td colspan="2">Loan 2990-NEP: Tanahu Hydropower Project</td></tr><tr><td>Asian Development Fund</td><td>US\$ 120.00 million</td></tr><tr><td colspan="2">Loan 2991-NEP: Tanahu Hydropower Project (ADF Hard-term)</td></tr><tr><td>Asian Development Fund</td><td>US\$ 30.00 million</td></tr><tr><td colspan="2">Loan: Tanahu Hydropower Project (ADF Hard Term)</td></tr><tr><td>European Investment Bank</td><td>US\$ 70.00 million</td></tr><tr><td colspan="2">Loan: Tanahu Hydropower Project (ADF Hard-term)</td></tr><tr><td>Japan International Cooperation Agency</td><td>US\$ 184.00 million</td></tr><tr><td>Abu Dhabi Fund</td><td>US\$ 30.00 million</td></tr><tr><td colspan="2">TA 8329-NEP: Support for Sustainable Energy Management and Reforms</td></tr><tr><td>Japan Fund for Prosperous and Resilient Asia and the Pacific</td><td>US\$ 1.50 million</td></tr><tr><td colspan="2">Loan: Tanahu Hydropower Project</td></tr><tr><td>European Investment Bank</td><td>US\$ 15.00 million</td></tr><tr><td colspan="2">Grant: Tanahu Hydropower Project</td></tr><tr><td>KfW</td><td>US\$ 33.55 million</td></tr></table>	Loan 2990-NEP: Tanahu Hydropower Project		Asian Development Fund	US\$ 120.00 million	Loan 2991-NEP: Tanahu Hydropower Project (ADF Hard-term)		Asian Development Fund	US\$ 30.00 million	Loan: Tanahu Hydropower Project (ADF Hard Term)		European Investment Bank	US\$ 70.00 million	Loan: Tanahu Hydropower Project (ADF Hard-term)		Japan International Cooperation Agency	US\$ 184.00 million	Abu Dhabi Fund	US\$ 30.00 million	TA 8329-NEP: Support for Sustainable Energy Management and Reforms		Japan Fund for Prosperous and Resilient Asia and the Pacific	US\$ 1.50 million	Loan: Tanahu Hydropower Project		European Investment Bank	US\$ 15.00 million	Grant: Tanahu Hydropower Project		KfW	US\$ 33.55 million
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Strategic Agendas	Environmentally sustainable growth Inclusive economic growth																														
Drivers of Change	Gender Equity and Mainstreaming Governance and capacity development Partnerships Private sector development																														
Sector / Subsector	Energy / Electricity transmission and distribution - Large hydropower generation																														
Gender	Effective gender mainstreaming																														
Description	The project has three main components: (i) a medium-sized hydropower plant of 140 megawatts (MW) with significant water storage facilities and associated transmission lines to evacuate the generated power; (ii) rural electrification and community development in the project area, and (iii) a reform and restructuring plan for the national utility, the Nepal Electricity Authority (NEA). The project site is in the Seti River in the Tanahu district, about 150 kilometers (km) west of Kathmandu.																														
Project Rationale and Linkage to Country/Regional Strategy	Nepal faces a mounting energy crisis. Supplies fall well short of demand, the main utility operating the system is highly inefficient, the policy environment is weak, and the role of the private sector is far too small. The supply gap is growing, especially during the dry season in winter (November/April). Kathmandu, the main consumption center, has blackouts of 1418 hours a day during this season and load shedding almost every day year-round. Supplies in the rest of the country fare even worse, although an additional problem here is a very low electrification rate. In the meantime, demand for electricity has been growing at 10% annually. This supply gap forces consumers to use diesel generators. These are expensive and very polluting. Rising diesel imports affect the balance of payments, and the doubling of diesel prices over the past 3 years also hurts the income base of people and businesses. The supply problem is becoming one of the biggest obstacles to economic growth. It curtails investment and trade, productivity, job creation, and the quality of life of most citizens. The proposed project is one of a series of similar investments to help overcome this supply problem.																														
Impact	Expanded access to clean and sustainable energy in Nepal																														
Project Outcome																															
Description of Outcome	Increased efficiency and supply of reliable hydropower energy																														
Progress Toward Outcome	Contract for headworks package signed in March 2021. Site mobilization has taken place.																														
Implementation Progress																															
Description of Project Outputs	1. Hydropower plant and transmission system made operational 2. Rural electrification increased 3. Community development program in the project area implemented 4. NEA restructured 5. Other sector reforms undertaken 6. Equity sales scheme for hydropower development initiated																														
Status of Implementation Progress (Outputs, Activities, and Issues)	1. On track to meet target 2. On track to meet target 3. On track to meet target 4. On track to meet target 5. On track to meet target 6. On track to meet target																														

Geographical Location

Nation-wide, Bharatpur, Central Region, Damauli, Dharampani, Lumbini Zone, Majhkot, Mid Western, Narayani Zone, Rapti Zone, Tanahun, Western Region

Safeguard Categories

Environment	A
Involuntary Resettlement	A
Indigenous Peoples	A

Summary of Environmental and Social Aspects

Environmental Aspects	Please see: http://www.adb.org/Documents/RRPs?id=43281-013-3
Involuntary Resettlement	Please see: http://www.adb.org/Documents/RRPs?id=43281-013-3
Indigenous Peoples	Please see: http://www.adb.org/Documents/RRPs?id=43281-013-3

Stakeholder Communication, Participation, and Consultation

During Project Design	Please see: http://www.adb.org/Documents/RRPs?id=43281-013-3
During Project Implementation	

Business Opportunities

Consulting Services	At the request of the government and THL, consultants under Part D will be recruited directly by ADB under the Guidelines on the Use of Consultants (2010, as amended from time to time). The project's construction period is projected at 7 years, which includes about 1.5 years for project site development (building access roads and a bridge to reach the main construction site) and the execution of safeguard plans.
Procurement	Procurement packages will be split into four parts: part A will cover main headworks; part B will procure equipment and other powerhouse facilities; part C will secure transmission and rural electrification lines; and part D will include project supervision and other technical expertise. Part B components will be procured by JICA. Parts A and C will follow international competitive bidding in line with ADB Procurement Guidelines (2010, as amended from time to time). Because of joint cofinancing, procurement under Part A will require a waiver. This is because it involves funding from ADFD and EIB and thus potentially procurement from non-ADB member countries.

Responsible ADB Officer	Acharya, Jiwan S.
Responsible ADB Department	Sectors Group
Responsible ADB Division	Energy Sector Office (SG-ENE)
Executing Agencies	Ministry of Energy Nepal Electricity Authority (NEA) Tanahu Hydropower Limited

Timetable

Concept Clearance	25 Sep 2012
Fact Finding	13 Aug 2012 to 27 Aug 2012
MRM	23 Oct 2012
Approval	21 Feb 2013
Last Review Mission	-
Last PDS Update	16 Sep 2022

Loan 2990-NEP

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
21 Feb 2013	22 Apr 2013	29 Aug 2014	30 Jun 2021	30 Jun 2026	-

Financing Plan			Loan Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	191.00		Cumulative Contract Awards			
ADB	120.00		26 Jan 2024	85.90	0.00	81%
Counterpart	71.00		Cumulative Disbursements			
Cofinancing	0.00		26 Jan 2024	54.38	0.00	51%

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	Satisfactory	Satisfactory	Partly satisfactory	Partly satisfactory	-	Satisfactory

Loan 2991-NEP

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
21 Feb 2013	22 Apr 2013	29 Aug 2014	30 Jun 2021	30 Jun 2026	-

Financing Plan			Loan Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	30.00		Cumulative Contract Awards			
ADB	30.00		26 Jan 2024	25.56	0.00	98%
Counterpart	0.00		Cumulative Disbursements			
Cofinancing	0.00		26 Jan 2024	9.94	0.00	38%

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	Satisfactory	Satisfactory	Partly satisfactory	Partly satisfactory	-	Satisfactory

TA 8329-NEP

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
21 Feb 2013	22 Mar 2013	22 Mar 2013	31 May 2015	31 Dec 2016	30 Jun 2017

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
0.00	1,500,000.00	0.00	0.00	0.00	0.00	1,500,000.00	26 Jan 2024	1,433,527.37

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	Satisfactory	Satisfactory	Partly satisfactory	Partly satisfactory	-	Satisfactory

Project Page <https://www.adb.org/projects/43281-013/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=43281-013>

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