



Nepal: Electricity Transmission Expansion and Supply Improvement Project

Project Name	Electricity Transmission Expansion and Supply Improvement Project																
Project Number	41155-013																
Country / Economy	Nepal																
Project Status	Active																
Project Type / Modality of Assistance	Grant Loan Technical Assistance																
Source of Funding / Amount	<table border="1"><tr><td>Grant 0270-NEP: Electricity Transmission Expansion and Supply Improvement Project</td><td></td></tr><tr><td>Asian Development Fund</td><td>US\$ 19.00 million</td></tr><tr><td>Grant 0271-NEP: Electricity Transmission Expansion and Supply Improvement Project</td><td></td></tr><tr><td>Government of Norway</td><td>US\$ 25.00 million</td></tr><tr><td>Loan 2808-NEP: Electricity Transmission Expansion and Supply Improvement Project</td><td></td></tr><tr><td>Asian Development Fund</td><td>US\$ 56.00 million</td></tr><tr><td>TA 7923-NEP: Gender-Focused Capacity Development in Clean Energy</td><td></td></tr><tr><td>Technical Assistance Special Fund</td><td>US\$ 250,000.00</td></tr></table>	Grant 0270-NEP: Electricity Transmission Expansion and Supply Improvement Project		Asian Development Fund	US\$ 19.00 million	Grant 0271-NEP: Electricity Transmission Expansion and Supply Improvement Project		Government of Norway	US\$ 25.00 million	Loan 2808-NEP: Electricity Transmission Expansion and Supply Improvement Project		Asian Development Fund	US\$ 56.00 million	TA 7923-NEP: Gender-Focused Capacity Development in Clean Energy		Technical Assistance Special Fund	US\$ 250,000.00
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TA 7923-NEP: Gender-Focused Capacity Development in Clean Energy																	
Technical Assistance Special Fund	US\$ 250,000.00																
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration																
Drivers of Change	Gender Equity and Mainstreaming Governance and capacity development Partnerships																
Sector / Subsector	Energy / Electricity transmission and distribution - Energy efficiency and conservation - Energy sector development and institutional reform																
Gender	Effective gender mainstreaming																
Description	The project will improve the reliability of energy supply in Nepal and strengthen the transmission infrastructure needed to promote Nepal's capacity for cross-border energy trade. It will provide support in three critical areas in the electricity supply industry, which has experienced severe underinvestment: (i) electricity transmission capacity expansion, (ii) strengthening of distribution systems including those along the Tamakoshi (Khimti)-Kathmandu transmission line, and (iii) rehabilitation of selected small hydropower plants.																
Project Rationale and Linkage to Country/Regional Strategy	The current available generating capacity of 705 megawatts (MW) in Nepal comes predominantly from hydropower. At system peak time, up to 400 MW of load is shed countrywide, depending on variations in available water resources and transmission limitations. Six hydropower projects totaling 592 MW are presently under construction. Another six projects with a total capacity of 1,335 MW are planned or proposed in the near to medium term. Limited transmission capacity in Western region of Nepal has restricted additional electricity imports through the western border with India. The first large-scale cross-border transmission line with India between Dhalkebar (Nepal) and Muzaffarpur (India), with a capacity of 1,000 MW, is at an advanced stage of preparation. This will enable Nepal to import electricity from India initially and later facilitate hydropower export. However, the full benefits of this critical regional connection can be harnessed only when adequate strengthening of the related transmission infrastructure within Nepal is undertaken.																
Impact	Increased access to reliable supply of electricity																
Project Outcome																	
Description of Outcome	Improved electricity supply																
Progress Toward Outcome	Subprojects are at different stages of implementation and expected to ensure achievement of the outcome.																
Implementation Progress																	
Description of Project Outputs	Increased electricity transmission Expanded electricity distribution Enhanced electricity generation Efficient project management																
Status of Implementation Progress (Outputs, Activities, and Issues)	<ol style="list-style-type: none">1. Increased electricity transmission: Second circuit stringing of Kohalpur - Mahendranagar 132 kV transmission line has been completed. It is under operation along with the associated substations. Tamakoshi (New Khimti) - Kathmandu 220/400 kV and 132 kV transmission lines are under construction.2. Expanded electricity distribution: All packages under distribution component (i) Part B Lot 1: Augmentation of Distribution Services (East), (ii) Part B Lot 2: Augmentation of Distribution Services (West), and (iii) Part B Lot 3: Upgradation of Distribution Lines are completed and under operation.3. Enhanced electricity generation: Sundarijal hydropower plant (960 kilowatts) is under operation after successful rehabilitation.4. Efficient project management: Work completed and data collection is ongoing for electrification. Training programs have been completed with 80% women and marginalized groups.																
Geographical Location	Nation-wide, Amuwa, Bagmati Zone, Bahrabise, Belbari, Bheri Zone, Bhimeshwar, Bhurigaun, Butwal, Chandragadhi1, Chapali, Dhading, Gaddachauki, Gaur, Gorkha, Janakpur Zone, Jorpati, Kanchanpur, Kathmandu, Khimti, Kohalpur, KrishnaNagar1, Mahakali Zone, Mahendranagar, Mirmi, Nijgarh, Parasi, Seti Zone, Sundarijal, Syanja, Taulihawa																
Safeguard Categories																	
Environment	B																

Involuntary Resettlement	B
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	The initial environment examinations were prepared following ADB's Safeguard Policy Statement (2009), the governments environmental impact assessment guidelines, and related national policies and legislation. Public consultation and information disclosure requirements have been met. Alignment of transmission lines has avoided any environmentally and ecologically sensitive areas. Out of the total length of the Tamakoshi (Khimti)-Kathmandu line, 16 kilometers have been reported to pass through some forest areas in Chanrawati Watershed area. Any loss of vegetation within the right-of-way will be directly offset by reforestation activities consistent with the requirements of the government. The NEA will ensure that ongoing reforestation initiatives within the Chanrawati Watershed will not be affected. Installation of the second circuit for the Kohalpur-Mahendranagar line did not have any significant impacts as existing right-of-way. Decommissioned equipment and materials from the rehabilitation of distribution substations and the small hydropower plants did not cause any risk to community health and safety as these will be stored on site until they can be safely reused and redistributed to other substations. Disposal of unusable equipment will comply with national and international requirements such as the Stockholm Convention. The environmental management plan (EMP) includes mitigation measures, monitoring, and adequate budgetary provisions for its implementation. The EMP will be part of the bidding documents and the NEA will supervise the construction contracts and EMP implementation. Monitoring reports will be submitted semiannually by the NEA to ADB. EMPs will be updated if unanticipated impacts are identified during implementation. Third-party services will be utilized for monitoring and mitigation activities as necessary. Initial Environmental Examination (IEE) is approved for Tamakoshi-Kathmandu 220/400kV Transmission Line Project by Government Of Nepal.
Involuntary Resettlement	A detailed resettlement plan will guide the resettlement process and describe the nature of impacts, range of and eligibility for entitlements, income and livelihood restoration, rehabilitation assistance, and compensation for losses incurred. The resettlement plan details the institutional arrangements for implementation, a procedure for grievance redress, a structure for periodic and regular monitoring and reporting of project activities, detailed cost and budget estimates, and a time-bound implementation schedule. The resettlement plan will be updated as needed and publicly disclosed to interested stakeholders on the ADB and NEA websites.
Indigenous Peoples	No adverse impacts on indigenous groups are expected from project activities. People using or living along the transmission line will be temporarily impacted and restricted to using affected land for agricultural purposes. Affected persons will be eligible for compensation in line with ADB's Safeguard Policy Statement requirements. Project-affected peoples will be consulted on a regular basis as needed, in a timely, open, transparent, and culturally sensitive manner and in the local language.

Stakeholder Communication, Participation, and Consultation

During Project Design	Consultations were conducted during project preparation with relevant stakeholder groups (i.e., Ministry of Energy, Nepal Electricity Authority, local authorities, civil society groups, the communities living around the facilities funded under the loan, electricity consumers who benefitted from the project and any associations representing them) through field visits and workshops.
During Project Implementation	Regular meetings with the executing agency and implementing agency-Nepal Electricity Authority (NEA), and contractors of critical packages jointly with NEA are being done. Regular missions to review the progress, identify the issues and ways to resolve them are being carried out. Under TA, stakeholder communication, participation and consultation are being done.

Business Opportunities

Consulting Services	A consulting firm has been recruited, using ADB's Quality and Cost-Based Selection (QCBS) method, to provide support for the 220/400kV Tamakoshi (Khimti)-Kathmandu Transmission Line and capacity building for staff of the Nepal Electricity Authority. Consultant for the design and implementation of Part C (i.e., the rehabilitation of Sundarijal HPP (640KW) and Tinau HPP (1MW) has been recruited based on the procedures acceptable to ADB for recruiting individual consultants. Recruitment of a consulting firm, Project Supervision Consultant using ADB's Consultants' Qualifications Selections (CQS) method and recruitment of individual consultant, Social Safeguard Expert using Individual Consultant Selection method have been completed. A national NGO and an international Technical Advisor have been engaged under the TA project in accordance with ADB Guidelines on the Use of Consultants (2010, as amended from time to time).
Procurement	All procurement to be financed under the ADB will be carried out in accordance with ADB's Procurement Guidelines. International competitive bidding procedures are/ will be used for all the components. All the contracts have been awarded.

Responsible ADB Officer	Shah, Grishma
Responsible ADB Department	South Asia Department
Responsible ADB Division	Nepal Resident Mission
Executing Agencies	Nepal Electricity Authority (NEA)

Timetable

Concept Clearance	26 Jan 2021
Fact Finding	22 Aug 2011 to 26 Aug 2011
MRM	06 Oct 2011
Approval	15 Nov 2011
Last Review Mission	-
PDS Creation Date	02 Sep 2010
Last PDS Update	16 Sep 2022

Grant 0270-NEP

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
15 Nov 2011	23 Mar 2012	21 Jun 2012	31 Dec 2017	31 Dec 2023	-

Financing Plan		Grant Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	19.00	Cumulative Contract Awards			

ADB		19.00	25 Apr 2023	19.01	0.00	100%
Counterpart		0.00	Cumulative Disbursements			
Cofinancing		0.00	25 Apr 2023	17.92	0.00	94%

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

Grant 0271-NEP

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
15 Nov 2011	23 Mar 2012	21 Jun 2012	31 Dec 2017	31 Dec 2023	-

Financing Plan			Grant Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	53.05	Cumulative Contract Awards				
ADB	0.00	25 Apr 2023	0.00	25.01	100%	
Counterpart	28.05	Cumulative Disbursements				
Cofinancing	25.00	25 Apr 2023	0.00	17.62	70%	

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

Loan 2808-NEP

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
15 Nov 2011	23 Mar 2012	21 Jun 2012	31 Dec 2017	31 Dec 2023	-

Financing Plan			Loan Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	56.00	Cumulative Contract Awards				
ADB	56.00	25 Apr 2023	46.23	0.00	98%	
Counterpart	0.00	Cumulative Disbursements				
Cofinancing	0.00	25 Apr 2023	38.48	0.00	82%	

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

TA 7923-NEP

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
15 Nov 2011	21 Dec 2011	21 Dec 2011	28 Feb 2015	31 Dec 2015	31 May 2016

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
250,000.00	0.00	0.00	0.00	0.00	0.00	250,000.00	25 Apr 2023	207,595.49

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others

Rating	Satisfactory	Satisfactory	Satisfactory	Satisfactory	-	Satisfactory
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Project Page	https://www.adb.org/projects/41155-013/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=41155-013
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