Asian Development Bank (ADB) has agreed to provide a loan assistance of SDR 41.127 million (approximately US$ 65 million or Rs. 4714 million) and a grant assistance of US$ 4.5 million (approximately Rs. 326 million) totalling about Rs. 5040 million to the Government of Nepal for the implementation of Energy Access and Efficiency Improvement Project. The agreements to this effect were signed between the Government of Nepal and the Asian Development Bank at the Ministry of Finance, Kathmandu, today.

The project consists of three main categories; Energy Access, Clean Energy and Capacity Building with seven components; Facilitating Access to Clean Energy, Energy Access Quality Enhancement, Clean Energy Improvement, Supply-side Energy Efficiency Improvement, Energy Efficiency in Lighting, Renewable Energy for Street Lighting and Capacity Building. The major project activities include construction of Middle Marshyangdi-Damauli-Marshyangdi TL, construction of second circuit of Butwal-Kohalpur TL, construction and expansion of Chapali and Matatirtha grid sub-stations, installation of capacitor banks, construction of primary distribution sub-stations and switching stations. Similarly, rehabilitation of two small-scale hydropower plants, distribution of about 1 million CFLs, installation of 1000 solar and solar-wind streetlights, and providing expert services to Nepal Electricity Authority (NEA). This project will support the Government of Nepal's long term vision to provide universal coverage using grid-based and off-grid supplies by 2027. It is hoped that the proposed loan and grant assistances will address the urgent needs attributed to the electricity supply crisis in Nepal, to a large extent. In the short term, the transmission network strengthening will add supply capacity by increasing evacuation of power from hydropower stations in the mid western region and allow increased energy imports across the eastern border, and in the medium term, it will allow cross border energy trade. Moreover, the project will also lead to improve the financial performance of Nepal Electricity Authority. The Nepal Electricity Authority is the implementing agency and the project is expected to be completed by September 30, 2014.

The agreement was signed by Mr. Rameshore Prasad Khanal, Secretary, Ministry of Finance and Mr. Barry Hitchcock, Country Director, ADB, Kathmandu on behalf of the Government of Nepal and the ADB, respectively. At the same ceremony, the project agreements related to the Project were also signed by Dr. Jivendra Jha, Managing Director, Nepal Electricity Authority and Mr. Barry Hitchcock, Country Director, ADB, Kathmandu.

The Government of Nepal has expressed its sincere appreciation to the ADB for this assistance and also for the keen interest and continued support in the socio-economic development of Nepal.

Ministry of Finance
Singhadurbar,
Kathmandu, Nepal
March 11, 2010 Thursday

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