



Nepal: Electricity Grid Modernization Project

Project Name	Electricity Grid Modernization Project	
Project Number	54107-001	
Country	Nepal	
Project Status	Proposed	
Project Type / Modality of Assistance	Loan	
Source of Funding / Amount	Loan: Electricity Grid Modernization Project concessional ordinary capital resources lending / Asian Development Fund US\$ 200.00 million	
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth	
Drivers of Change	Governance and capacity development	
Sector / Subsector	Energy - Electricity transmission and distribution	
Gender Equity and Mainstreaming	Effective gender mainstreaming	
Description	<p>The project will finance high-priority electricity grid modernization investments both in transmission and distribution system in Nepal under the following outputs:</p> <p>Output 1: Electricity transmission capacity in project areas strengthened and modernized. The project will finance (i) automation of 40 grid substations throughout the country; (ii) construction of 3 units of modern 132/11 kV grid substations with automation (each with 2x45 megavolt amperes [MVA] capacity) together with 16 km of 132 kV double circuit underground line along Chobhar-Lagankhel-Sinamangal, and 5 km of 66 kV double circuit underground transmission line along Sinamangal-Chabahil in Kathmandu Valley; (iii) upgrading of 237 km of 132 kV transmission lines with more efficient high-temperature-low-sag conductors; and (iv) commissioning of transmission system consisting of 4 automated grid substations with capacity of 290 MVA and 48 km transmission lines in Myagdi and Dhading districts.</p> <p>Output 2: Electricity distribution system in project areas modernized. This will include (i) construction of distribution control center in Kathmandu; (ii) installation of additional 350,000 smart meters in Kathmandu Valley; (iii) construction of 8 substations with automation along with distribution system reinforced and extended in Dhading, Dharan, Morang, Nepalgunj, Parasi, Sindhupalchowk and Surkhet; and (iv) 150,000 new households (including xx women-headed households) connected to the national grid.</p> <p>Output 3: Capacity of NEA and electricity users in project areas strengthened. Considering the importance of continued support to NEA and users, the project will support increasing knowledge of (i) at least 40 eligible NEA staff (including 30% eligible women) on automation of grid substations; (ii) at least 30 eligible NEA staff (including 30% women) on NEA's organizational development; (iii) at least 20 eligible NEA staff (including 30% women) on putting in place improved billing and collection measures; and (iv) at least 2,000 electricity consumers in project areas (40% women and disadvantaged group on safe and efficient use at distribution centers. The project will also support implementation of key actions from NEA's gender equality and social inclusion (GESI) strategy and operational guidelines in its regional offices, to complement corporate level activities covered under a forthcoming project.</p> <p>These outputs will result in the following outcome: access to efficient grid electricity supply in Nepal improved. The project will be aligned with the following impact: investments in industrial and commercial hubs promoted.</p>	
Project Rationale and Linkage to Country/Regional Strategy	Nepal is a landlocked, mountainous country located between the large and fast-growing economies of the People's Republic of China to the north and India to the east, west, and south. Nepal's gross domestic product (GDP) growth averaged 7.3% during FY2017 FY2019. With deepening economic uncertainties because of the coronavirus disease (COVID-19) pandemic, compounded by social and health emergencies, the preliminary estimates from the Central Bureau of Statistics in Nepal show that GDP growth will significantly decline to 2.3% in FY2020. The need to stimulate post-COVID-19 economic recovery by developing Nepal's infrastructure has become more relevant.	
Impact	Investments in industrial and commercial hubs promoted	
Outcome	Access to reliable, efficient grid electricity supply in Nepal improved	
Outputs	Electricity transmission system in project areas strengthened and modernized Electricity distribution system in project areas modernized Capacity of NEA and electricity users in project areas strengthened	
Geographical Location	Nation-wide	
Safeguard Categories		
Environment	B	
Involuntary Resettlement	B	
Indigenous Peoples	B	
Summary of Environmental and Social Aspects		
Environmental Aspects		
Involuntary Resettlement		
Indigenous Peoples		
Stakeholder Communication, Participation, and Consultation		
During Project Design		
During Project Implementation		

Business Opportunities	
Consulting Services	The project will be implemented and supervised by the project management unit under the Project Management Directorate (PMD) of NEA. NEA will assign a dedicated team headed by a project director. Environmental and Social Management Plans and Occupational Health and Safety Plan implementation and monitoring support will be provided to the safeguard unit at PMD. A project supervision consultant will be hired to support NEA in implementing the project. Most of the contracts are expected to be tendered as turnkey for project implementation. Procurement (including consulting services) will follow ADB Procurement Policy (2017, as amended from time to time) and Procurement Regulations for ADB Borrowers (2017, as amended from time to time). The government will ensure proper coordination during implementation of this project.
Procurement	Nepal Electricity Authority (NEA) is the proposed executing and implementing agency which has significant experience in implementing ADB projects and established processes and capacity to handle ADB procurement. While most of the contracts are limited to specific geographical area, the substation automation package involves 40 substations throughout the country but would be easy to implement.

Responsible ADB Officer	Acharya, Jiwan S.
Responsible ADB Department	South Asia Department
Responsible ADB Division	Energy Division, SARD
Executing Agencies	<u>Nepal Electricity Authority (NEA)</u> P. O. Box 5352 Kathmandu Nepal

Timetable	
Concept Clearance	03 Jun 2020
Fact Finding	30 Jun 2020 to 30 Jun 2020
MRM	31 Aug 2020
Approval	-
Last Review Mission	-
Last PDS Update	03 Jun 2020

Project Page	https://www.adb.org/projects/54107-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=54107-001
Date Generated	05 June 2020

ADB provides the information contained in this project data sheet (PDS) solely as a resource for its users without any form of assurance. Whilst ADB tries to provide high quality content, the information are provided "as is" without warranty of any kind, either express or implied, including without limitation warranties of merchantability, fitness for a particular purpose, and non-infringement. ADB specifically does not make any warranties or representations as to the accuracy or completeness of any such information.