



Nepal: Electricity Grid Modernization Project – Additional Financing

Project Name	Electricity Grid Modernization Project – Additional Financing	
Project Number	54107-002	
Country	Nepal	
Project Status	Proposed	
Project Type / Modality of Assistance	Loan	
Source of Funding / Amount	Loan: Electricity Grid Modernization Project Additional Financing	
	concessional ordinary capital resources lending / Asian Development Fund	US\$ 45.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration	
Drivers of Change	Governance and capacity development	
Sector / Subsector	Energy - Electricity transmission and distribution	
Gender Equity and Mainstreaming	Effective gender mainstreaming	
Description	<p>ADB approved the Electricity Grid Modernization Project (the project) amounting to \$156 million on 26 November 2020 financed by ADB's concessional OCR. The legal agreements were signed on 30 December 2020, and the project became effective on 4 February 2021. The original loan closing date is 30 September 2026.</p> <p>The outcome of the ongoing project is to improve reliability, efficiency, and financial sustainability of electricity supply in Nepal. The ongoing project includes three main outputs: (i) electricity transmission capacity in project areas strengthened and modernized (output 1); (ii) electricity distribution system in project areas strengthened and modernized (output 2); and (iii) capacity of Nepal Electricity Authority (NEA) to implement its Corporate Development Plan strengthened (output 3). The executing agency for the project is NEA.</p> <p>The proposed additional financing is for NEA to further improve transmission and distribution network in the country (output 1 and 2) and is programmed to be delivered in 2021 as Electricity Grid Modernization Project Additional Financing in ADB's Country Operations Business Plan (COBP) 2021-2023 for Nepal.</p>	
Project Rationale and Linkage to Country/Regional Strategy	<p>The additional financing for NEA is proposed to further improve transmission and distribution system in the country. Government has sought assistance from ADB to enhance the capacity of critical transmission and distribution network to improve electricity supply in the selected load centers. These investments [which could not be accommodated in the ongoing project due to lack of readiness at the time] are needed to ensure delivery of increasing requirement of power and meet customer demand in an efficient and reliable manner. The proposed additional scope is strongly linked to the ongoing project's scope and can be efficiently implemented under the same implementation arrangements. The overall project scope is aligned with the government's 2018 white paper in which government's vision for the energy sector has been articulated. It is also aligned with the ADB's country partnership strategy (CPS) for Nepal, 2020-2024 and supports the government's development objective of accelerated and inclusive economic growth.</p>	
Impact	<p>Reliable and efficient electricity for all achieved (White Paper on Energy, Water Resources and Irrigation Sector's Current Status and Roadmap for Future)</p> <p>NEA developed as modern and sustainable corporate entity that provides reliable services to its customers (NEA's Corporate Development Plan)</p> <p>NEA Annual reports</p>	
Outcome	Reliability, efficiency, and financial sustainability of electricity supply in Nepal improved.	
Outputs	<p>Electricity transmission capacity in project areas strengthened and modernized</p> <p>Electricity distribution system in project areas strengthened and modernized</p> <p>Capacity of NEA to implement its corporate development plan strengthened</p>	
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	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. There is 1 contract for project supervision .
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. There are 6 contracts including one for project supervision and all are below \$20m. There are contractors and consulting firms easily available and expected to receive good response during the bidding.

Responsible ADB Officer	Acharya, Jiwan S.
Responsible ADB Department	South Asia Department
Responsible ADB Division	Energy Division, SARD
Executing Agencies	Nepal Electricity Authority Sanepa, Lalitpur Nepal

Timetable	
Concept Clearance	11 Mar 2021
Fact Finding	08 Mar 2021 to 12 Mar 2021
MRM	02 Apr 2021
Approval	-
Last Review Mission	-
Last PDS Update	11 Mar 2021

Project Page	https://www.adb.org/projects/54107-002/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=54107-002
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