

PRESS RELEASE

The Asian Development has agreed to provide loan assistance of Nineteen million Five hundred eighteen thousand Special Drawing Rights (SDR 19,518,000) equivalent to US\$ 150 million (approximately NRs 12 billion 9 hundred 51 million) to the Government of Nepal for the implementation of TANAHU HYDROPOWER PROJECT. The Loan Agreement regarding the implementation of the project was signed between Government of Nepal and the Asian Development Bank today. Likewise, the project agreement was signed between Asian Development Bank and the Nepal Electricity Authority and the Tanahu Hydropower Limited on the same occasion at the Ministry of Finance.

The objective of the Project is to support development of electricity so as to reduce extreme power shortage especially in the dry winter season. The Tanahu Hydropower Project will be developed on the Seti River near Damuli, Tanahu District. The project is expected to generate 140 MW of electricity all the year round. The total cost of the project is estimated to be US \$ 505 million. Japan International Cooperation Agency (JICA) as one of the cofinancers has already concluded a loan agreement with GoN, the European Investment Bank (EIB) and Abu Dhabi Fund for Development (ADFD) are the other co-financers of the project.

Since Tanahu Hydropower Project is a reservoir type project, the electricity generated by this is expected to be smooth and uninterrupted. The project is designed to be completed by December 2020 A.D. Since power is considered as the basic infrastructure of economic development, the hydropower development is the only best alternative we do have so far. In this context the project is expected to contribute for the increased level of economic activities in the country via more and regular electricity supply.

Government of Nepal through a subsidiary loan agreement will on-lend the total loan to Nepal Electricity Authority (NEA) and NEA will provide the assistance to Tanahu Hydropower Limited (THL) for the implementation of the project.

The Loan Agreement has been signed by Mr. Shanta Raj Subedi, Secretary, Ministry of Finance and Mr. Kenichi YOKOYAMA, Country Director, the Asian Development Bank on behalf of the Government of Nepal and the Asian Development Bank respectively.

Similarly, The Project Agreement was signed by Kenichi YOKOYAMA, Country Director, ADB and Mr. Rameshor Yadav, Managing Director, Nepal Electricity Authority (NEA) and Mr. Mahesh Prasad Acharya, Managing Director, Tanahu Hydropower Limited on behalf their respective organizations.

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

**Ministry of Finance
Singhadurbar**

Monday, April 22, 2013

वैशाख ९, २०७० ।