

PRESS RELEASE

The World Bank has agreed to provide total of about Rs. 2 Arba.51 Crore (USD 22.5 million) as loan assistance to the Government of Nepal for the implementation of Power Sector Reform and Sustainable Hydropower Development Project.

The loan assistance covers World Bank's assistance of USD 20 million and South Asia Water Initiative Multi donor Trust Fund of USD 2.5 million for the implementation of Power Sector Reform and Sustainable Hydropower Development Project. The project aims at strengthening the capacity of the agencies involved in power sector particularly in planning and preparing hydropower and transmission line projects following international standards and best practices and improving the readiness of the power sector agencies in regulatory and institutional reforms.

The project consists of three components namely, (i) preparation of hydropower and transmission line investment projects, (ii) studies and preparations for policy recommendation and (iii) sector reform and capacity building for safeguard management and hydropower development.

The activities of the first component range from preparation of detailed engineering design and bid documents for the Upper Arun Hydropower Project (335MW) and the Ikhuwa Khola Hydropower Project (30MW) along with environment and social impact assessment and hiring the panel of experts for this purpose. It also aims at implementing the activities such as feasibility studies and preparation of basic designs, route survey, environmental and social impact assessments and bid documents for Transmission line projects.

The second component of this project focuses on the activities like integrated water resource planning and management to guide sustainable hydropower development in the selected river basins using basin wide approach through Water and Energy Commission Secretariat (WECS). This component also includes the improvement of regulatory and institutional framework of water resources management and hydropower development by updating the Water Resource related acts, preparation of NEA's power expansion by updating the generation master plan, establishment and operationalization of power trading company and restructuring of NEA for improved distribution business management and efficiency including installation of smart meters at consumers premises.

The third component aims at supporting WECS for conducting strategic environment and social assessments for basin wide approach for hydropower development planning, preparing various regulations and procedures for such assessments, building capacity for managing the social and environment issues related to transmission lines and carrying out project management activities.

The project will be implemented by Ministry of Energy, WECS and NEA in line with the project objectives and components it has covered.

Mr. Baikuntha Aryal Joint Secretary, Ministry of Finance and Mr. Takuya Kamata, Country Manager, WB Nepal signed the agreements today in the Ministry of Finance on behalf of Government of Nepal and World Bank respectively.

Government of Nepal has expressed its sincere appreciation to World Bank and for its continued support in the socio-economic development of Nepal.

4 February 2072

Ministry of Finance,
Singh Durbar, Kathmandu