

PRESS RELEASE

The Government of Japan through Japan International Cooperation Agency (JICA) has agreed to provide an assistance of Fifteen billion one hundred thirty seven million Japanese Yen (¥15,137,000,000) Equivalent to US\$ 184 million (approximately NRs 13 billion 6 hundred 53 million) to the Government of Nepal for the implementation of TANAHU HYDROPOWER PROJECT. The Exchange of Note regarding the implementation of the project has been signed between the Government of Nepal and the Government of Japan and Loan Agreement to this effect has been signed between Government of Nepal and Japan International Cooperation Agency. Both of the documents were signed and exchanged at the Ministry of Finance today.

The Tanahu Hydropower project is developed on the Seti River near Damuli, Tanahu District and expected to generate 140 MW of electricity all the year round. The total cost of the project is estimated to be US \$ 505 million. Asian Development Bank (ADB), the European Investment Bank (EIB) and Abu Dhabi Fund for Development (ADFD) are the other co-financers of the project.

The objective of the Project is to support development of electricity so as to reduce extreme power shortage especially in the dry winter season. Since Tanahu Hydropower Project is a reservoir type project, the electricity generated by the project is expected to be smooth and uninterrupted. The project is expected to be completed by December 2020 A.D.

The Implementation of this project will help Nepal explore economically and technically viable reservoir projects in the immediate future. Such (storage type) hydropower projects will be essentially helpful in achieving regular power supply throughout the year. Since power is considered as the basic infrastructure of economic development the project is expected to contribute for the increased level of economic activities in the country.

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 Exchange of Note of this agreement has been signed by Mr. Shanta Raj Subedi, Secretary, Ministry of Finance and H. E. Mr. Kunio TAKAHASHI, Ambassador of Japan to Nepal on behalf of their respective Governments.

Similarly, The Loan agreement has been signed by Mr. Madhu Kumar Marasini, Joint Secretary, Ministry of Finance and Mr. Masataka NAKAHARA Director General, South Asia Department JICA, on behalf of the Government of Nepal and Japan International Cooperation Agency, respectively.

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

Ministry of Finance
Singhadurbar
Kathmandu, Nepal
Wednesday, March 13, 2013
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