

## **Press Release**

The Asian Development bank has agreed to provide an additional loan assistance of US Dollar 25 million (equivalent to NRs 2.42 billion) to the Government of Nepal for the implementation of Melamchi Water Supply Project(MWSP). An agreement to this effect was signed and exchanged at the Ministry of Finance, Kathmandu, today.

The Project is a comprehensive water supply project aiming to improve the health and well-being of the people in Kathmandu Valley .It will alleviate the shortage of potable water in the Kathmandu Valley by diverting water from the Melamchi river to the Kathmandu Valley.

With this additional financing, ADB's contribution to Melamchi Water Supply Project has gone up to \$ 162 million which is 45.6 % of total cost \$ 355.4 million of the Project. Other financiers of the Project are Japan, Nordic Development Fund, OPEC Fund for International Development and the Government. The Project is expected to be completed by 30 December 2016.The construction of Melamchi Water Supply Project includes physical infrastructure and institutional reforms in the water sector critical to improving Kathmandu Valley's water supply. Melamchi tunnel is a key component of the Project, and its success impacts the progress of several other project components . The agreed loan for additional financing is needed to meet cost overrun due to higher amount of the new contract for the Melamchi tunnel (27.5 KM) which was awarded to MURatori E Cemaentisti (CMC) di ravenna of Italy in 15 July 2013 after the termination of earlier contract.

The MWSP is executed by the Ministry of Urban Development and implemented by the Melamchi Water Supply Development Board (MWSDB) and Kathmandu Upatyaka Khanepani Limited (KUKL). MWSDB is responsible for the Melamchi River Water diversion Subproject (subproject 1) and KUKL is responsible for water utility for Kathmandu valley water supply and sanitation subproject (subproject 2).

Mr. Madhu Kumar Marasini, Joint Secretary, International Economic Cooperation Coordination Division, Ministry of Finance and Mr. Kenichi Yokoyama, Country Director, Resident Mission, Nepal signed the agreements on behalf of Government of Nepal and Asian Development bank, respectively .

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

Ministry of Finance  
Singh durbar,  
Kathmandu, Nepal  
April 7, 2014  
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