

## PRESS RELEASE

The Asian Development Bank has agreed to provide an assistance of US \$ 191.2 million (equivalent to NRs 18.16 billion) to the Government of Nepal for the implementation of South Asia Subregional Economic Cooperation Power System Expansion Project. Of the total assistance LJS \$ 180 million is loan and US \$ 11.20 million is grant (strategic Climate fund). The Loan Agreement and Grant Agreement regarding the implementation of the project were signed between the Government of Nepal and the Asian Development Bank in the Ministry of Finance, today.

The main objective of the project is to increase the power transmission capacity and improve power distribution network in the country. The project also aims at increasing mini grid based renewable energy systems in off-grid areas and to improve the management capacity of Nepal Electricity Authority and Alternative Energy Promotion Centre. Under the power transmission capacity development component an approximately 45 kilometers of 400 kv and 192 kilometers of 220 kv transmission lines along Kali Gandaki Corridor and Marsyangdi-Kathmandu route will be constructed. Likewise, grid substations will be constructed, augmented and replaced in various parts of the country.

The SASEC Power System Expansion project is expected to be completed by 31 December 2021. The total cost of the Project is US \$ 440 million. Of the total cost the Norwegian Grant assistance is US \$ 60 million and European Investment Bank loan is 120 US \$ million. Government and beneficiary community has to contribute US \$ 68.8 million for the project. The renewable energy portion of the SASEC Power System Expansion project will be implemented by Alternative Energy Promotion Centre (AEPC) and the components of power transmission and distribution network improvement activities are to be carried by Nepal Electricity Authority (NEA).

The Loan and Grant Agreements were signed by Mr. Yuba Raj Bhusal, 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.

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, Kathmandu**

**Friday, July 11, 2014**