



Project Summary Information

Date of Document Updating: May 18, 2021	
Project Name	Nepal Distribution System Upgrade and Expansion Project
Document Code	PD000086-PSI-NPL
Country	Nepal
Sector/Subsector	Energy/Power Distribution
Status of Financing	Approved
Project Description	<p>The Project comprises 21 geographically distinct subprojects within the Government's Electrification Program for Western Nepal, together consisting of the following three components:</p> <ul style="list-style-type: none"> • Component 1: Construction of 33kV supply lines and 33/11kV substations (including upgrade of existing facilities where needed). This component comprises activities relating to (i) the construction of new primary substations and related facilities, and (ii) the extension to the 33kV network providing supply to these substations. In some instances, where needed, the existing 33kV lines would be augmented by the increase of conductor size or number of circuits. • Component 2: Construction of 11kV lines, distribution transformers, low-voltage (LV) supply lines including consumer connections. This component comprises activities related to the new power distribution facilities required to bring the power supply to the end consumers. It consists of new 11kV feeders, installation of distribution transformers, development of the LV network and service connections to consumers. • Component 3: Capacity Building, Project Implementation Support, and Technical Assistance. This component focuses on improving the capacity of NEA's distribution planning and analyzes the network performance of the proposed project components. This component will also support the independent supervision and monitoring of project implementation. AIIB will support technical assistance, utilizing the geographical information systems (GIS) planning software already acquired and financed under AIIB's Project Preparation Special Fund.
Objective	The project objective is to increase access to and improve quality and efficiency of electricity supply in selected areas of Western Nepal.
Expected Results	The project objective will be measured by: (i) the numbers of new residential connections (households) and beneficiaries (including females); (ii) the number of new non-residential connections (commercial and industrial); (iii) the numbers of

	existing residential connections (households) and beneficiaries (including females) with improved quality of service; and (iv) energy saved from loss reduction (in GWh).		
Environmental and Social Category	Category B		
Environmental and Social Information	<p>AIIB's Environmental and Social Policy (ESP), including the Environment and Social Standards, and Environmental and Social Exclusion List, is applicable to the Project. The Project has been assigned a Category B in accordance with the ESP.</p> <p>The final Environmental and Social Management Framework (ESMF) has been disclosed in English by AIIB and NEA. The Nepali translation of the Executive Summary of the ESMF, the Resettlement Planning Framework (RPF) and the Indigenous Peoples Planning Framework (IPPF), and Entitlement Matrix is also disclosed. These documents are disclosed on the following websites:</p> <ul style="list-style-type: none"> • AIIB website: https://www.aiib.org/en/projects/proposed/2018/power-distribution-system-upgrade-expansion.html • NEA website: https://www.nea.org.np/publications <p>Some land acquisition will be required for the construction of proposed substations and for securing the right-of-way for distribution lines. Potential social impacts include economic displacement of both titled and non-titled land owners resulting from the land acquisition, as well as potential impacts to the livelihoods of Indigenous Peoples. Both the RPF and IPPF will guide the preparation of site-specific Resettlement Action Plans (RAPs) and Indigenous Peoples Plans (IPPs).</p>		
Cost and Financing Plan		Project Cost and Financing	Amount (USD million)
		AIIB Loan	112.3
		AIIB Special Fund (grant)	1.0
		Government of Nepal	32.0
		Nepal Electricity Authority (NEA)	11.8
		Total	157.1
Borrower	Nepal		
Implementing Entity	Nepal Electricity Authority (NEA)		
Estimated date of loan closing	June 2025		

Contact Points:	AiIB	Borrower	Implementation Organization
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Date of Concept Decision	May 9, 2018		
Date of Appraisal Decision	September 24, 2019		
Date of Financing Approval	December 12, 2019		

Independent Accountability Mechanism	<p>The Project-affected People's Mechanism (PPM) has been established by the AiIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AiIB's failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through Project-level Grievance Redress Mechanisms or AiIB Management's processes.</p> <p>For information on how to make submissions to the PPM, please visit: https://www.aiib.org/en/policies-strategies/operational-policies/policy-on-the-project-affected-mechanism.html.</p>
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