

SBF Project Implementation Monitoring Report

Nepal: Nepal Distribution System Upgrade and Expansion Project

1. Project Information

Project ID:	000086	Investment Number:	L0086A
Member:	Nepal	Region:	Southern asia
Sector:	Energy	Sub-sector:	Electricity transmission and distribution
AIB Financing Type:	Loan: 112.3 USD million	Co-financier(s):	Stand-alone
E&S category:	B	Borrower:	Nepal
Red Flags Assigned:	0	Monitoring Regime:	Regular Monitoring
Implementing Agency:	National Electricity Authority (NEA)		
Project Team Leader:	Pratyush Mishra		
Project Team Members:	Haiyan Wang, Senior Finance Officer Irish Fe Aguilar, Social Development Specialist Amy Chua Fang Lim, Environmental Specialist Liu Yang, Counsel - Investment Operations Jurminla Jurminla, Procurement Specialist Yogesh Malla, Financial Management Specialist		
Completed Site Visits by AIB:	Feb, 2021 E&S site visit by AIB consultant		
Planned Site Visits by AIB:	None. Site visits by AIB will be subject to the prevailing pandemic situation and based on the project management requirements		

2. Project Summary and Objectives

The project comprises 21 subprojects in separate geographic locations in western Nepal, each consisting of the following three components.

- Component 1: Construction of 33 kilo Volt (kV) supply lines and 33/11kV substations (including upgrade of existing facilities where needed)
- Component 2: Construction of 11kV lines, distribution transformers and low voltage supply lines
- Component 3: Capacity Building and Project Implementation Support

The objective of the project is to increase access to and improve quality and efficiency of electricity supply in selected areas of western Nepal.

The primary beneficiaries of the Project are: (i) new consumers, both residential and non-residential, who will have access to grid-electricity, and (ii) existing consumers who are already connected to the grid and will be provided with additional loads and a better quality of electricity supply.

3. Key Dates

Approval:	Dec. 12, 2019	Signing:	May. 18, 2020
Effective:	Nov. 10, 2020	Restructured (if any):	
Orig. Closing:	Jun. 30, 2025	Rev. Closing (if any):	

4. Disbursement Summary (million)

Currency:	USD		
a) Committed:	112.3	b) Cancellation (if any):	
c) Disbursed:	0.28	d) Most recent disbursement: (amount / date)	0.28, Nov. 10, 2020
e) Undisbursed:	112.02	f) Disbursement Ratio(%) ¹ :	0.2

¹ Disbursement Ratio is defined as the volume (i.e. the dollar amount) of total disbursed amount as a percentage of the net committed volume, i.e., $f = c / (a - b)$

5. Project Implementation Update

Technical designs have been finalized and E&S site visits completed. Preparation of reports of the E&S visits is in progress. Bid documents are expected to be prepared once these to activities are completed

Components	Physical Progress	Environmental & Social Compliance	Procurement
<p>Component 1: Construction of 33kV supply lines and 33/11kV substations (including upgrade of existing facilities where needed).</p> <p>This component comprises activities facilitating the enhancement of the network below transmission (sub-transmission). It consists of the construction of new 33/11kV primary substations and the extension of 33kV lines to the 33kV network to supply these new substations. In some instances, where needed, the existing 33kV lines would be augmented by the increase of conductor size or number of circuits.</p>	Construction yet to commence	Preparation of reports of the E&S visits is in progress. This is expected to be completed by Q3/Q4 2021	Bid documents will be prepared once the E&S visit reports are completed
<p>Component 2: Construction of 11kV lines, distribution transformers, low-voltage (LV) supply lines including consumer connections.</p> <p>This component comprises activities related to the new power distribution facilities required to bring the power supply to the ultimate consumers. It consists of new 11kV feeders, installation of distribution transformers, development of the LV network and service connections to consumers.</p>	Construction yet to commence	Preparation of reports of the E&S visits is in progress. This is expected to be completed by Q3/Q4 2021	Bid documents will be prepared once the E&S visit reports are completed
<p>Component 3: Capacity Building and Project Implementation Support</p> <p>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 finance an independent project supervision and monitoring support that the PIU needs for project implementation. AIIB will finance technical assistance, utilizing the geographical information systems (GIS) planning software already acquired using the PSF.</p>	N/A	N/A	Bid documents for the supervision consultant are under preparation

Financial Management:

The loan was declared effective on November 10, 2020. So far there has been no disbursement or expenditures incurred by the project. There are no IUFs or audit reports outstanding.

6. Status of the Grievance Redress Mechanism (GRM)

NEA is in the process of establishing a project-level grievance redress mechanism (GRM) in accordance with the requirements of AIIB's ESP for the Project. The GRM will include a procedure to receive and facilitate resolution of project-affected peoples' concerns, complaints and grievances about any irregularities in application of the ESMF or site-specific instruments. The GRM would not preempt legal access to the courts or the project-affected people's mechanism for resolution of grievances. The GRM will operate at three levels: (i) Tier 1 will be established at the municipality level and led by the municipality chief; (ii) Tier 2 will be led by the Project Manager; and (iii) Tier 3 will be established at each district and led by Chief District Officer. NEA is in the process of securing confirmation for the participation of said local officials in the Project GRM. Status will be monitored closely and updated in the PIMR. No complaints have been received.

7. Results Monitoring

It is too early to provide any actual results. The objective of the project is to increase access to and improve quality and efficiency of electricity supply in selected areas of western Nepal.

Baseline Year: Dec. 31, 2019 End Target Year: Dec. 31, 2030

Project Objective Indicators #1

New households connected to electricity; people provided with new electricity service (including female beneficiaries) (Number)

Year	Target	Actual	Others, if any
Dec. 31, 2023	6,533; 28,744 (14,660)	N/A	
Dec. 31, 2024	32,852; 144,549 (73,720)	N/A	

Project Objective Indicators #2

New commercial & industrial connections provided (Number)

Year	Target	Actual	Others, if any
Dec. 31, 2023	427	N/A	
Dec. 31, 2024	2,137	N/A	

Project Objective Indicators #3

Existing households with improved service quality; people provided with improved service quality (including female beneficiaries) (Number)

Year	Target	Actual	Others, if any
Dec. 31, 2023	4,400; 19,360 (9,874)	N/A	
Dec. 31, 2024	44,000; 193,600 (98,736)	N/A	

Project Objective Indicators #4

Energy saved from loss reduction (GWh/annum)

Year	Target	Actual	Others, if any
Dec. 31, 2023	1.5	N/A	
Dec. 31, 2024	15.3	N/A	

Project Objective Indicators #5

Additional capacity provided to the distribution system (MVA)

Year	Target	Actual	Others, if any
Dec. 31, 2023	10	N/A	
Dec. 31, 2024	150	N/A	

Intermediate Result Indicators #1

33/11kV substations constructed (Number)

Year	Target	Actual	Others, if any
Dec. 31, 2023	2	N/A	
Dec. 31, 2024	21	N/A	

Intermediate Result Indicators #2

33kV lines constructed (Km)

Year	Target	Actual	Others, if any
Dec. 31, 2023	35	N/A	
Dec. 31, 2024	468	N/A	

Intermediate Result Indicators #3

11kV lines constructed (Km)

Year	Target	Actual	Others, if any
Dec. 31, 2023	200	N/A	
Dec. 31, 2024	1945	N/A	

Intermediate Result Indicators #4

Distribution transformers installed (Number)

Year	Target	Actual	Others, if any
Dec. 31, 2023	310	N/A	
Dec. 31, 2024	3779	N/A	

Intermediate Result Indicators #5

Service connections made (Number)

Year	Target	Actual	Others, if any
Dec. 31, 2023	6960	N/A	
Dec. 31, 2024	34800	N/A	

Intermediate Result Indicators #6

Existing 11 kV lines supplied from new networks

Year	Target	Actual	Others, if any
Dec. 31, 2023	1	N/A	
Dec. 31, 2024	2	N/A	

Remarks: