

InfraCo Asia and Butwal Power Company hold groundbreaking ceremony for Nepal Hydropower Project

Nepal, 24 March 2017

A groundbreaking ceremony in eastern Nepal has been held to mark the commencement of the construction of InfraCo Asia's first hydropower project in the country.

InfraCo Asia Development Pte. Ltd. and Butwal Power Company (BPC), were proud to stage a well-attended groundbreaking ceremony on **Thursday 23 March 2017** at the future site of the 37.6MW run-of-river 'Kabeli A' hydropower project in eastern Nepal. Representatives of the government of Nepal attended, as well as representatives of the government of the United Kingdom, which provides funding support through InfraCo Asia with the governments of Australia and Switzerland. InfraCo Asia is a part of the Private Infrastructure Development Group (PIDG).

"We are pleased to provide the necessary development expertise and leadership capital to support Nepal in developing its renewable energy sector, and pleased to work closely in partnership with the Butwal Power Company." InfraCo Asia CEO, Allard Nooy, said.

"The successful development of Kabeli A and subsequent hydropower projects in the pipeline will establish a model for developing and financing infrastructure in Nepal's challenging development environment," Mr Nooy said.

InfraCo Asia is contributing **US\$8m** towards the Kabeli A project development costs as a Joint Venture Partner. The total project cost of **US\$99.5m** will be funded through both domestic and foreign debt and equity, including support from the World Bank, the International Finance Corporation (including the Canadian Climate Change Program), Nepal's Hydroelectricity Investment and Development Company Ltd. (HIDCL) and NIC Asia Bank, as well as funding from InfraCo Asia's sister facility, InfraCo Asia Investments, and further investment by BPC. In 2012, the project utilised a grant amount of US\$87,000 provided by the Technical Assistance Facility (TAF), also a part of PIDG. The grant assisted with costs associated with technical pre-feasibility assessments and related capacity building.

The project company, Kabeli Energy Limited (KEL), is majority owned by the joint venture company formed by InfraCo Asia and its Nepalese project partner, BPC, in 2012 to jointly develop identified hydropower projects. Mr Pradeep Kumar Shrestha, of the Panchakanya Group of industries in Nepal chairs KEL and represents the Butwal Power Company. Mr Sher Singh Bhat was recently appointed as the project company's Chief Executive Officer.

Equicap Asia Management Pvt Ltd, as InfraCo Asia's contracted developer, is managing all project development activities, in close cooperation with BPC.

“We are proud to be able to lead the project to this stage and enable Nepal to unlock its vast hydropower potential and create better access for its population to reliable, affordable, clean energy. It has been three years of diligent work, and it gives us immense pleasure to be able to successfully enter the implementation phase of this project.” Equicap Asia Managing Director, Mr Vivek Gupta, said.

Development impact

Kabeli A, once developed, will play a vital role in bolstering Nepal’s capacity to provide reliable, sustainable energy to its people. The project will generate an additional 205GWh of electricity per year. Currently, only around 48 per cent of the population of Nepal has reliable access to electricity. Peak demand on the Integrated Nepal Power System (INPS) of more than 1300MW is met with just under 850MW of installed capacity. As a consequence, frequent blackouts make it a struggle for households and businesses to function efficiently. While capacity shortfall is currently eased by the import of around 400MW of power from India, the Kabeli A project will make an important contribution towards increasing Nepal’s installed power generation capacity and reducing dependency on imported power.

“This project is an excellent example of a successful partnership of international and local investors with multinational development agencies to help the development of Nepal. It can set a model for the development of other projects here in Nepal,” Mr Padma Jyoti, Chair of BPC, said.

An estimated 1.6 million people, or 320,000 households (those with an existing connection to the grid) will benefit from improved access to affordable, reliable electricity once the Kabeli A project reaches commercial operation. The project will create an estimated sixty long-term jobs, significantly boosting employment opportunities in this underdeveloped rural region of Nepal.

Construction

Zhejiang Hydropower Construction and Installation Company (ZHCIC) from China has been awarded the Civil and Hydro-Mechanical works for the project. Under a limited notice, ZHCIC team has been mobilised for initial construction activities. Chongqing Water and Turbine Works from China will be implementing the Electro-Mechanical works for the project.

About Butwal Power Company

1. Butwal Power Company (BPC), is a leader in Nepal's power sector, engaged in the operation and maintenance of power plants, consulting on the engineering of hydro power and infrastructure projects and repairing hydro-mechanical and electro-mechanical equipment for power plants.
2. Butwal Power Company owns and operates a distribution network as a distribution licensee in 4 districts of Western Nepal.
3. Government of Nepal owns a 9.2 per cent stake in Butwal Power Company and it is a listed company on the Nepal Stock Exchange.

About InfraCo Asia

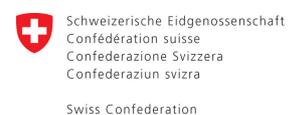
1. InfraCo Asia Development Pte Ltd (InfraCo Asia) is a commercially managed infrastructure development and investment company of the Private Infrastructure Development Group (PIDG) .
2. Headquartered in Singapore, it aims to stimulate greater private sector investment in infrastructure in South and South East Asia. InfraCo Asia funds high-risk infrastructure development activities by taking an equity stake with a focus on socially responsible and commercially viable infrastructure projects that contribute to economic growth, social development and poverty reduction. At the appropriate time, either as close as possible to financial close and/or commercial operation, InfraCo Asia aims to (partially or fully, as appropriate) exit each project. It does this through the sale of its stake to the private sector in order to catalyse private sector investment and participation into the projects and countries it is involved in.
3. InfraCo Asia is currently funded by three members of PIDG – the Australian Department of Foreign Affairs and Trade (DFAT), the Swiss State Secretariat for Economic Affairs (SECO) and the UK Department for International Development (UKAid).

About PIDG

1. The [Private Infrastructure Development Group](#) (PIDG) encourages and mobilises private investment in infrastructure in the frontier markets of sub-Saharan Africa, south and south-east Asia, to help promote economic development and combat poverty.
2. Between 2002 - 2015 PIDG supported 133 infrastructure projects to financial close, of which 56 are fully operational.
3. PIDG is a multilateral organisation, funded by donors from seven countries (UK, Switzerland, Australia, Norway, Sweden, Netherlands, Germany) and the World Bank Group.



InfraCo Asia is supported by



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