Project Summary Information

	Date of Document Updated: 05/02/26
Project Name	Nepal: Dudhkoshi Storage Hydroelectric Project
Project Number	P001047
AIIB member	Federal Democratic Republic of Nepal
Sector/Subsector	Energy/ Renewable energy generation- hydropower
Alignment with AIIB's thematic priorities	Green Infrastructure Connectivity and Regional Cooperation Technology-enabled Infrastructure
Status of Financing	Under preparation
Objective	To increase Nepal's supply of climate-resilient renewable electricity through the construction and commissioning of the Dudhkoshi Storage Hydropower Plant.
Project Description	**Component A:** This component will mainly consist of civil work for the construction of the headworks structures, construction of the underground power complex, powerhouse equipment and installation of hydromechanical and electro-mechanical equipment. The dam, with a maximum height of 220 m, will be built. The project consists of two powerhouses, main powerhouse of installed capacity 600 MW will be underground, and an ecological flow power station of 70 MW will be built in the toe of the dam. Subcomponent A1: Construction and Installation of Dam, Intake, and Spillway Subcomponent A2: Construction and Installation of Headrace Tunnel and Main Powerhouse Subcomponent A3: Electrical and Mechanical Works **Component B:** This component will support the implementation of environmental and social (E&S) mitigation and enhancement measures identified in the ESIA, ESMP, RP, IPP, and other safeguard instruments. The component will support community-driven initiatives, and finance activities that extend beyond the direct project footprint and/or beyond contractors' obligations to ensure comprehensive management of ES risks and impacts. The component includes "Safe and Sustainable Landscape" activities in and around the dam, reservoir, and catchment areas, aimed at reducing siltation, enhancing flow regulation, benefiting local communities and affected people, and improving overall hydropower

	performance. Overall, these measures will enhance livelihoods, strengthen climate resilience, and promote long-term environmental and social sustainability. Key interventions, for example, may include biodiversity management and offset programs, watershed and catchment conservation, sediment management, slope stabilization, plantation, community health and safety initiatives beyond the project footprint, local community development activities, eco-tourism, sustainable forest and non-timber forest (NTFP) management, conservation of springs and water sources, protection of cultural heritage, and others. **Component C:** This component will support DKSHEP in implementing/managing and monitoring project activities. It will also support capacity building to ensure the effective implementation of the Project. This component will further cover the cost of consultancy services for construction supervision, as well as other expenses for the management and oversight of the implementation of E&S plans and various activities of the Project.
Expected Results	The project will commission a 670 MW climate resilient Dudhkoshi hydropower plant, enhancing energy security and resilience for Nepal . The expected results and key indicators that will be measured and monitored are: • Renewable power generation capacity installed (in MW). • People provided with new or improved electricity services (number). • Enhanced power generation in dry season (in Gigawatt-hour (GWh/year)). • Construction of dam and powerhouse completed (in percentage). • Electromechanical and hydromechanical installation of power plant completed (in percentage). • Annual Greenhouse Gas (GHG) emission reduction (kiloton (tCO2eq/year). • Number of women-only consultations (number). • Number of direct employments generated during construction (number). • Number of women who complete a training in technical and procurement aspects of hydropower development.
Environmental and Social Category	A
Environmental and Social Information	**Applicable Policy and Categorization.** The Project will be co-financed with the Asian Development Bank (ADB) as lead co-financier. To provide a harmonized approach to addressing the environmental and social (ES) risks and impacts of the Project, and as permitted under AIIB's Environmental and Social Framework (ESF), ADB's Environmental and Social Framework (ESF, 2024) will apply to the Project in lieu of AIIB's ESF. AIIB has reviewed ADB's ESF and is satisfied that (i) it is consistent with AIIB's Articles of Agreement and materially consistent with the provisions of AIIB's ESP, including the Environmental and Social Exclusion List (ESEL) and the relevant Environmental and Social Standards (ESSs), and (ii) the monitoring procedures that are in place are appropriate for the Project. ADB has categorized the Project as High risk, which is equivalent to Category A risk under AIIB's ESP. The categorization reflects the significant potential ES risks and impacts

	associated with large dam construction, land acquisition and involuntary resettlement, impacts on Indigenous Peoples, and biodiversity alteration. **Environmental and Social Instruments.** The Dudhkoshi Jalvidyut Company Limited (DKJVCL) has prepared a draft Environmental Impact Assessment (EIA), Resettlement Plan (RP), and Indigenous Peoples Plan (IPP) in compliance with national regulations. These instruments are being reviewed considering ADB ES Policies and standards. During appraisal, an Environmental and Social Impact Assessment (ESIA), Environmental and Social Management Plan (ESMP), Cumulative Impact Assessment (CIA), and Biodiversity Impact Assessment with an associated management plan as well as Offset Strategy will be prepared/updated and disclosed prior to appraisal/financing approval. Additional instruments, including a GESI Action Plan, Stakeholder Engagement Plan (SEP), Labor Management Procedures (LMP), and Dam Safety Plan, will also be prepared. **Environment Aspects.** The Project involves construction of a 220-meter-high dam and associated facilities within a geologically fragile Himalayan region. It will result in inundation of forest and agricultural land, potentially affecting terrestrial, aquatic, and avian biodiversity. Although legally protected areas, such as Sagarmatha National Park, lie more than 25 km away, nearby community forests and the riverine corridor provide habitats for species of conservation value. Key environmental risks include impacts on aquatic ecology and fisheries due to altered flow regimes and reduced environmental flow (e-flow), sedimentation, muck disposal, and vibration-induced slope instability. The area is also prone to seismic activity, landslides, and Glacial Lake Outburst Floods (GLOFs), necessitating Dam Safety and Climate Risk Assessments. Likely mitigation measures may include maintaining minimum e-flows, implementing sediment and waste management plans, stabilizing slopes, and establishing an appropriate biodiversity management and monitoring program. The findings of the CIA may further inform basin-level risk management and mitigation measures. **Social Aspects.** As per the preliminary assessment, for the hydropower component, the land acquisition will affect permanently 2,405 hectares (ha) of land out of which 1,155 ha land is privately owned, 517 ha is Government land, and 694 ha is covered by forest areas. Approximately 3,300 households will be affected, of which 290 households will be physically and economically displaced. The total project-affected Indigenous Peoples (IP) households is 1,245 of which 171 will be physically displaced. Land acquisition and involuntary resettlement (IR) impact associated with the transmission line(s) and access roads are being assessed with land acquisition and resettlement frameworks being prepared. According to ADB requirements, a Panel of Experts (POE) with IP and IR expertise will be appointed to support and advise the borrower. As the dam is in a remote area with IP groups' presence and land-based livelihoods, the mitigation measures for households impacted by IR shall include land-based livelihood restoration measures in addition to cash compensation. Downstream and catchment area impacts shall also be assessed and mitigation measures developed.

	Indigenous Peoples. Out of the approximately 3,300 affected households, an estimated 245 are Indigenous Peoples households of which 171 households are expected to be also physically displaced. The broad community support (BCS) for the Project will be ascertained as per ADB ESF (2024) requirements and the whole process of seeking BCS and agreements between the IP communities and the borrower should be documented. In the case of the co-financing of the Project, including the World Bank which requires seeking free, prior, and informed consent (FPIC), the safeguard documents will need to properly demonstrate how both BCS and FPIC requirements are met. The POEs should include the IP experts, and the Project preparation and meaningful consultations shall be conducted with IP communities and IP organizations. **Occupational Health and Safety, Labor and Employment Conditions.** Construction activities, including tunneling, dam work, and operations on steep mountain slopes, present high occupational health and safety (OHS) risks. The Project will require robust OHS management, with contractors required to comply with good international practice standards on worker safety, fair employment, and grievance redress. DKJVCL may establish an Environmental and Social Management Unit (ESMU) and engage supervision and safeguard consultants to ensure compliance and continuous monitoring. **Stakeholder Engagement, Consultation and Information Disclosure.** The Project will require the borrower to establish procedures for engagement of stakeholders and affected communities and require all its service providers to comply with the procedures. An integrated and comprehensive SEP will be developed and implemented at the outset to sensitize civil society, affected communities and other stakeholders on the impact and benefits of the proposed Project. In line with AIIB's Policies applicable to Category A projects, relevant environmental and social information, including draft E&S assessment documents, will be disclosed at least 60 calendar days prior to consideration of the Bank's financing for approval, in accessible formats and appropriate language(s), with continued disclosure of updated E&S information during project implementation. **Grievance Redress Mechanism (GRM).** GRM is being developed and will be operational prior to construction, ensuring accessible, transparent, and gender-sensitive processes for addressing grievances. There will be a separate grievance mechanism for the workers. The Project will establish a project-level GRM to receive and resolve project-related grievances in accordance with the requirements of ADB's ESF. The information of established GRM and the Independent Accountability Mechanism (IAM) applied to the Project will be timely disclosed in an appropriate manner. **Monitoring and Reporting Arrangement.** DKJVCL will oversee the monitoring and evaluation of the project's implementation and prepare progress reports regularly based on agreed format. AIIB and ADB will jointly conduct field

	monitoring missions during the implementation of ES instruments. More details will be determined and reflected in the updated PSI after ES due diligence.			
Cost and Financing Plan	Estimated total financing: USD2.32 billion. Indicative financing plan: AIIB USD200 million; Asia Development Bank USD550 million; World Bank USD200 million; EIB USD500 million; OFID USD100 million; SFD USD100 million; GoN & NEA USD670 million.			
Borrower/Investee Company/Counterparty/Guaranteed entity	Nepal			
Guarantor	Not Applicable			
Implementing Entity/Sponsor	Nepal Electricity Authority (NEA); Dudhkoshi Jalvidyut Company Limited (DKJVCL)			
Estimated date of loan closing	September 2034			
Contact Points:	**AIIB**	**ADB**	**Borrower**	**DKJVCL**
Name	Barsha Pandey	Jiwan Acharya	Dhani Ram Sharma	Basanta Shrestha
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Date of Concept Decision	February 11, 2026			
Estimated Date of Appraisal Decision	July, 2026			
Estimated Date of Financing Approval	September, 2026			

Independent Accountability Mechanism	Pursuant to AIIB's agreement with ADB, AIIB will rely on ADB's Independent Accountability Mechanism to handle complaints relating to ES issues that may arise under the project. Consequently, in accordance with AIIB's Policy on the Project affected People's Mechanism (PPM), submissions to the PPM under this project will not be eligible for consideration by the PPM. Information on ADB's Accountability Mechanism is available at: https://www.adb.org/who-we-are/accountability-mechanism.