



PRESS RELEASE

Nepal and Germany Sign Grant Agreement for Power Distribution Strengthening Programme (PoDiSP)

The Ministry of Finance (MoF), on behalf of Government of Nepal and the Embassy of the Federal Republic of Germany, on behalf of the Government of the Federal Republic of Germany have signed a grant Agreement for the implementation of the **Power Distribution Strengthening Programme (PoDiSP)** in Nepal. The Government of the Federal Republic of Germany agrees to extend 10 million Euros (approximately NPR 1.46 billion) as grant assistance to Nepal.

The Agreement was signed and exchanged today at the Ministry of Finance, Kathmandu. **His Excellency, Dr. Thomas Prinz**, Ambassador of Germany to Nepal, and **Mr. Dhani Ram Sharma**, Joint Secretary, International Economic Coordination Cooperation Division, Ministry of Finance, signed and exchanged the Agreement on behalf of their respective governments.

The **PoDiSP** aims to strengthen Nepal's electricity distribution infrastructure and introduce climate-friendly technologies to ensure a more reliable and efficient power supply. The focus areas for development will be key regions in Nepal, including **Bharatpur** (Bagmati Province), **Butwal-Bhairahawa** (Lumbini Province), and **Pokhara** (Gandaki Province).

The programme will support the **Nepal Electricity Authority (NEA)** in preparing a detailed feasibility study and in upgrading the existing power distribution systems with modern, climate-smart technologies. The initiative is designed to improve energy efficiency and power reliability, ensuring sustainable access to electricity for the targeted areas. This project will be implemented as a German Financial Cooperation (FC) through **KfW**, Germany's development bank, and will be integrated into the Government of Nepal's budgetary system, being reflected in the **red book** for its official execution. The programme will commence in 2025.

During the signing ceremony, **Joint Secretary Sharma** emphasized that this support would greatly enhance the reliability of the power supply across the targeted regions. He extended his sincere gratitude to the Government of Germany for its continued commitment to strengthening Nepal's energy sector.

Ambassador Dr. Prinz expressed his satisfaction at the opportunity to support Nepal in enhancing the electricity distribution system, using modern and climate-friendly technologies to ensure energy efficiency. He further remarked that this agreement would deepen the longstanding and cooperative relationship between Germany and Nepal.

The Government of Nepal has expressed its sincere appreciation to the Government of Germany for its continued support and its critical role in fostering Nepal's socio-economic development.

The signing ceremony was attended by senior officials from the Ministry of Finance, the Nepal Electricity Authority, the German Embassy in Kathmandu and KfW Nepal.

Ministry of Finance,
Singha Durbar, Kathmandu

November 19, 2024

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