PRESENT STATUS

Main Construction Packages:

The Package-1 Contractor M/S CMC di Ravenna, Italy failed to report to the Site even after the issuance of Commencement Date by THL. THL issued the Notice to Correct (NTC-01) on 28 January 2019 pursuant to Conditions of Contract and having received no response thereafter, issued another Notice to Correct (NTC-02) on 5 February 2019. Despite the issuance of repeated notices, the contractor failed to remedy until 15 February 2019 (i.e. 28 days from the date of Commencement Date). After consultation with the Legal Advisor Corbett & Company and subsequent concurrence from the ADB & EIB, the employer issued the Notice of Termination to the Contractor on 19 February 2019.

The Package 2 Contractor M/S Sinohydro Cooperation Limited, China has been mobilized to the Site and has started the Works for construction of site establishment area as well as the survey and design Works under the Contract.

After receipt of the advance payment by the Contractor M/S KEC International, India the Contract was made effective from 22 February 2019. The Contractor has started the detail survey of the transmission line route alignment.

Environmental & Social Safeguard Activities:

Preparation of Environmental and Social Safeguard Monitoring Report

THL has submitted draft Semi Annual Environmental Monitoring Report (SEMR) and Semi Annual Social Safeguard Monitoring Report (SSMR) of the project covering the period of July-December 2018 to the ADB on 15 January 2019. After review by the ADB and incorporation of the comments received, the documents has been approved and disclosed in the ADB web site on February 2019.

Preparation of RIPP for Transmission Line

The consulting firm engaged for the preparation of the RIPP for the transmission line has completed the field work including the data collection through house to house consultation with the stakeholders. The consultant has started processing the field data and the draft report is expected to be submitted by the end of March, 2019.
Environment and Social Management Service Provider (ESMSP)

After receiving the concurrence from the ADB for the Technical Evaluation Report for the selection of ESMSP Consultant, the financial proposals of the consultants were opened on 27 February 2019. The evaluation committee has been evaluating the financial proposals.

Grievance Registration and Readdress

The project site office and LCFs continue to receive the formal grievances, which are being scrutinized by THL. The LCFs in coordination with the project site office are working continuously for addressing the registered grievances.

Local Consultative Forum (LCF) Meetings

Following LCF meetings were successfully held during this reporting period:

6 February 2019: Bhimad Municipality

The LCF meeting in Bhimad Municipality was chaired by the Mayor. Almost all the members attended the meeting. The issues of the local level activities including the status of pay back of the capital gain tax deducted from the compensation money were discussed. Detailed information on the progress of the project till date was disseminated. Status of the implementation of the previous decisions made by the LCF was also reviewed.

7 February 2019: Byas Municipality

The LCF meeting in Byas Municipality, chaired by the Mayor, was held in the THP site office. Almost all the members attended the meeting. The issue of local employment during the construction phase was discussed. The unfinished minor activities such as shifting the electric poles, covering the drains etc. were brought to the notice of THL and were agreed to be implemented at the earliest. Status of the implementation of the previous decisions made by the LCF was also reviewed.

8 February 2019: Myagdi Rural Municipality

The LCF meeting in Myagdi Rural Municipality, chaired by the mayor, was held in the office of the Myagdi Rural Municipality office. Almost all the members attended the meeting. The issue of local level activities including the status of pay back of the capital gain tax deducted from the compensation money was discussed. Detailed information on the progress of the project till
date was disseminated. Status of the implementation of the previous decisions made by the LCF was also reviewed.

**EIB Mission to Nepal (10-16 February, 2019)**
The EIB team conducted the Mission to Nepal from 10 to 16 February, 2019. In addition to the discussion on specific project- Tanahu Hydropower Project, the scope of the Mission was to seek opportunities for investment in hydropower projects. THL provided the detailed information on the current situation of the Package1 Contract, whereas the EIB reminded that THL is fully responsible for implementation of the Project and as long as the contract termination was justified from the contractual provisions, EIB supports the future course of the action after the termination of the Contract.

The team also visited the project site on 14 February, 2019 and had discussions on the status of implementation of environmental and social safeguard policies during the pre-construction phase of the THP. THL was requested to take necessary action as per the first report of the PoE Mission in December 2018 while compensating for land acquisition in Betini and Banchare Areas. They also visited Project Information Center, Myagde and held discussions with the Chairperson and Members of the Local Consultative Forum.

**Project Preparatory Works**

**Access Roads**
Access Road from Chapaghat to Dam Site Area (3.234km) has been completed. The compensation issues of the land acquisition in the Betini area have been resolved and subsequently the construction works of the access road to the dam site has been initiated.

Access Road from RCC Bridge to Powerhouse (3.314 km) has been completed.

**Camp Facilities**
The construction of camp facilities has been completed. The contractor has submitted the final bill to THL for payments.

**Lower Seti (Tanahu) Hydropower Project**
Following the no objection for the Technical Proposal Evaluation Report (TPER) by the ADB and subsequent approval by the THL Board, the financial proposals of the successful consultants were opened publicly on 12 February 2019. THL Consultant Selection Committee carried out the evaluation of those proposals and the complete submission 3 including the Financial Proposal Evaluation Report (FPER) was submitted to the ADB on 21 February 2019. ADB
has provided no objection to invite first rank firm JV of WAPCOS India Limited and Nippon Koei, Japan for pre contract award negotiation.

**FUTURE COURSE OF ACTION**

**Procurement & Construction Action**

**Package 1 Contract:** Following the termination of the Contract with CMC, PSC is being engaged for revising the cost estimate and preparing the bidding documents for rebidding. It is expected that the notice for Invitation for Bids will be published by the end of March, 2019.

**Contractor Mobilization:** In addition to the site establishment works, the Package 2 Contractor will start the access road construction after completion of the survey and design works. The Package 3 Contractor will mobilize the full team to conduct the detail survey along the transmission line route alignment.

**Safeguard Action**

**Engagement of ESMSP:** Contract Agreement with the selected ESMSP is expected to be signed by the end of April 2019.

**Translation of THL Documents in Magar Language:** A local translator, as recommended by Collective Rights Protection Committee to Directly Drown Affected People, has been engaged to translate the project related documents in Magar Language. This activity has been undertaken by THL for the first time and its objective is to share project related information with the Magar community in the project area. This activity will continue in future.

**Compensation Distribution:** Compensation distribution in Reservoir, Betini and Banchare area will be continued.

**Stakeholders Consultation:** THL is regularly engaged in consultation with Local Authorities like District Administrative Office, Land Revenue office, Survey Office, DFO and Local Level Government. Project information in the form of Booklet and Leaflet which includes salient features, FAQ and information on present status and safeguard activities of the project, are being distributed to all stakeholders. Local media are also being mobilized to disseminate project related information.

**Grievance Redress Mechanisms:** THL continues to receive written grievances from the project affected people (APs). THL has a system of grievance redress mechanism that involves scrutiny of the grievances by THL/ESMU internally in addition to soliciting advice on the issue from the concerned LCF members. Only after a thorough scrutiny by the concerned parties, an action to the effect is recommended to the THL higher authorities by ESMU. To date, much of the grievances have been resolved to the satisfaction of the concerned individual/groups. Some of the unresolved grievances will be regularly processed in the future.

**LCF meeting:** The LCF meetings will be carried out, once every two months, as per the RIPP guidelines. These LCF meetings have been given utmost priority underscoring the fact that regular updating and information sharing about the progress of the project is extremely
important to avoid any misunderstanding with the local community during the construction phase of the project.

**Contact Address:**
Tahanu Hydropower Limited
Trade Tower Building, 4th Floor,
Thapathali, Kathmandu
Phone No.:+977-1-5111117,5111118,Fax:+977-1-5111121,
Email: info@thl.com.np, Website: http://www.thl.com.np