Monthly Progress Report

Amadablam Mini Hydro Subproject (911 kW)

Khumbu Pasanglhamu Rural Municipality, Ward No. 4

Solukhumbu, Nepal

Submitted To:

Alternative Energy Promotion Centre (AEPC)

Mini Grid Energy Access Project (MGEAP)

Central Renewable Energy Fund (CREF)

Siddhartha Bank Limited (SBL)

Khumbu Pasanglhamu Rural Municipality (KPLRM)

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June 2026

Monthly Progress Report of June 2026

1. Executive Summary

1.1 Brief Overview of the Project

Amadablam Mini Hydro Pvt. Ltd, Tilganga -8, Kathmandu, an Energy Sector Company (ESCO) intends to implement Amadablam Mini Hydro Subproject in Khumbu Pasanglhamu Rural Municipality-4, Solukhumbu district in Koshi Province, as a business /PPP model through technical and discussion in financial support of Government of Nepal and the World Bank through AEPC/MGEAP. The sub-project is in Sagarmatha National Park which lies on the trekking trail of Everest Base Camp which is one of the most popular tourist areas of Nepal. ESCO intended to provide electricity to households and other energy users such as Anchors/Business and Community. ESCO will be responsible for development, operation, maintenance, and management of the mini hydro plant. They will be functioning as a service provider and owner of the subproject.

Amadablam Mini Hydro Pvt. was changed to a public limited in 10th October 2023. This was done to facilitate the process of PPP model with Khumbu Pasanglhamu Rural Municipality. At present there are seven number of shareholders in the company, which also includes Beyul Hydro investment Pvt. Ltd. The office of Amadablam Mini Hydro Limited was located in Kapan, Nilopul, Kathmandu. Office location has been recently changed to Chandol, Kathmandu. The subproject is to be implemented as a business model through the technical and financial support of the Government of Nepal and the World Bank through AEPC/MGEAP. Furthermore, the subproject is supported by Foreign, Commonwealth and Development Office (FCDO) through AEPC/NREP.

Amadablam Mini Hydro Project is a run of the river type (RoR) scheme located in ward no-4 of Khumbu Pasanglhamu Rural Municipality of Solukhumbu district. The project is located inside the core region of Sagarmatha National Park. The project utilizes water diverted from Cholunche Khola to generate 911 kW power. The design flow of the project is 250 lps and gross head is 471.87 m. Cholunche Khola is a perennial river which flows from the Himalaya peak on the Northern side of Solukhumbu district and is a tributary of the Imja River. The project site is located near Pangboche village of Solukhumbu district. The boundary coordinates of the project lie between latitude 27° 50' 50" N and 27° 51' 40" N and longitude 86° 47' 49" E and 86° 49' 19" E. The proposed intake site is located at 27°50'56.52"N, 86°49'6.15"E and an elevation of 4422 amsl. The powerhouse site is located at 27° 51 '12.98"N, 86° 47' 49.21"E and an elevation of 3951.18 amsl. The project will be serving 451 households.

Project Financials:

SN	Source of Fund	Amount (NRs.)
1	AEPC	
1.1	Subsidy (MGEAP)	128,307,000.00
1.2	VGF Support (SECF)	170,050,000.00
2	Loan from Partner Bank (Siddhartha Bank)	150,000,000.00
3	Equity of ESCO	90,544,638.89
4	Investment of RM	80,000,000.00
	Total Subproject Cost (1+2+3)	**618,901,638.89**

1.2 Summary of key accomplishments to date

1.2.1 Agreements between Stakeholders

ESCO and RM:

First agreement : 1st January 2024

First Amendment : 12th February 2025

Second Amendment : 15th April 2025

AEPC and ESCO: : 29th March 2024

ESCO and Partner Bank:

Syndicated Credit Facilities Agreement : 7th January 2024

Supplementary Credit Facilities Agreement : 22th April 2025

1.2.2 Procurement/Contract Signing

During this month, procurement of EOT crane has been processed through best commercial practice due to unavailability of single bidder during last months' public procurement process. Procurement of tools and equipment required for installation, testing and commissioning has been processed. Some components of the powerhouse electrical system need to be procured and planned for the coming months.
Contract signing for Custom Clearance of Electro-Mechanical components have been completed with Shreenagar Custom Clearing Agency on 28th June 2026.

1.3 Key Challenges Encountered and Solutions Implemented

Foggy weather during this month has harshly affected the civil works as well as helicopter transportation. T&D contractor has shown some reluctance in work progress due to financial issues. Rocks and big boulders along the penstock alignment have created havoc.

2. Work Progress Overview

Civil works have been taking some shape with the completion of footing works at the power house, comprehensive excavation works along the penstock alignment, started construction of saddle support, and resumed the works at the intake area. So far, the T&D contractor has shown some progress by signing contracts with the suppliers of distribution transformers, electrical poles, smart meters and DB boxes. The HM contractor has completed transporting all the accessories to site and the welding team have started welding of penstock pipes. The EM contractor has sent the packaging lists that have been shipped to the India port and the container is scheduled to arrive by early July 2026.

2.1 Activities

2.1.1 Human Resource Management

AMHL has completed the fulfillment of human resources required for the project completion.

2.1.2 Meetings and Events

A. Meeting with the Electro-Mechanical Contractor

On 26th June, a virtual meeting was conducted with the Posiedon SA to discuss the progress of work, plan of action and the payment plans. The meeting decided to extend the date of LC, amend

the contract agreement and proposed the preparation of machine foundation work and possibility of testing and commissioning during no load condition. Poseidon SA will communicate with AMHL soon and decide for further work at the power house.

B. Weekly Meeting with Contractors

A weekly meeting has been conducted on every Fridays among the AEPC, AMHL and the representatives of the contractor to discuss the work progress, work plan and issues related to project development. During this month meetings were held on 12th June and 26th June as per the availability of the members.

2.2 Summary of Completed and Ongoing Tasks

The civil construction works at the AMHL project have been advancing notably, with RCC works coming to an end at gravel trap and desanding structures. With transportation of HM components being completed, significant progress in fabrication of EM components and procurement of T&D components, the project remains on track to achieve its next set of milestones.

Work Category	Physical Progress (%)
Civil Works	20
Hydro-mechanical Works	48
Electro-mechanical Works	66.5
Transmission & Distribution Works	18

Weighted Average Overall Physical Progress: **38.125%**

2.2.1 Civil Works

a. Headworks Construction and Material Mobilization

The work for the construction of headworks or diversion works are going on at different locations like Intake, Undersluice, Gravel Trap, Desanding Basin. A decent amount of construction materials are stocked piled at construction sites.

b. Intake and Gravel Trap

The construction work is going on at the Side intake structure. The cutoff wall for intake structure is completed. The excavation & soling work for the mid portion of Undersluice structure is going on. The PCC base of Undersluice gate is completed. As for the Gravel Trap, the construction is completed and the construction of spillway channel and flushing canal is going on.

c. Desanding Basin cum Forebay

The final construction of the desanding basin cum forebay is going on. The last panel is being constructed. The flushing gate is already fixed at the position. The bellmouth is fixed with proper line and level. All the remaining reinforcement work is completed. The final level concrete casting work has been started.

d. Penstock Pipe Alignment and Excavation

A group of 14 laborers are continuously working for the excavation work of penstock pipe alignment. They have been given clear guidance about alignment of the Penstock Pipe and location of anchorage block. A total of 1600 m length is excavated for penstock alignment, though proper clearance is still needed to reach pipe bottom level at a certain length of excavated alignment. A team of civil engineers have been giving the proper location and depth of excavation for the penstock alignment.

e. Powerhouse Construction

The construction of all footings of the generation room as well as the control room is completed with all specified sizes and shapes. All the column reinforcement work is finished beneath the plinth beam level. The machine foundation level is prepared for soling works. Also the base level for stone masonry work beneath the plinth beam is being prepared. The level is well prepared for the Earthing Mat installation. The further work will be carried out after installation of the earthing mat.

2.2.2 Hydro-Mechanical Works

During this reporting period, the progress of Hydro-Mechanical (HM) works has been slower than anticipated due to the presence of large boulders within the penstock trench alignment. These obstructions have significantly affected trench excavation and, consequently, delayed the penstock pipe laying and installation activities.

To minimize the impact of these delays, penstock pipe welding has been carried out outside the trench wherever feasible. This approach is intended to ensure that, once the trench is cleared, pipe laying and installation can proceed rapidly with minimal additional delay.

At present, the welding of 15.75 mm thick penstock pipes is being carried out from the powerhouse towards Anchor Block 50. To date, a total of 117 penstock pipe sections have been successfully welded outside the trench in accessible locations along the alignment.

Through continuous coordination and follow-up by ESCO, a dedicated boulder excavation team was mobilized on 28 June 2026. Since deployment, the team's progress has been satisfactory and has shown positive momentum in clearing the obstructed sections.

Following site inspections with the excavation team, the boulders lie between the powerhouse and Anchor Block 50, the excavation team estimated the complete clearance of this section is expected to be achieved within 15 days, with no unforeseen geological conditions being encountered.

Overall, while the excavation challenges have affected the planned schedule, mitigation measures through off-trench welding and the recent deployment of the boulder excavation team are expected to accelerate HM installation activities once the trench is fully accessible.

2.2.3 Electro-Mechanical Works

Following the issuance of the Letter of Acceptance, the Contractor commenced the dispatch of the electro-mechanical equipment. The Contractor, Poseidon S.A., has provided the complete shipping documents, and Amadablam Mini Hydro Limited (AMHL) has been continuously monitoring the shipment. Based on the latest shipping information, the vessel is currently approaching the Port of Kolkata, and according to the updated shipping schedule, the consignment is expected to arrive at the port on 1 July 2026.

To facilitate the import process, AMHL has completed the Customs Clearance and Forwarding Services Agreement with Shreenagar Customs Clearing Agency on 28 June 2026, ensuring that all necessary customs clearance and logistics arrangements are in place prior to the arrival of the equipment.

AMHL is also coordinating closely with the supplier regarding the processing of the Third Payment, which is payable upon acceptance of the Factory Acceptance Test (FAT). The required payment documents have been submitted and are currently under review by the intermediary bank, Commerzbank, before further processing.

Furthermore, on 24 June 2026, the Electro-Mechanical (EM) Contractor submitted a request for the preparation and availability of the tools and equipment required during the installation phase. In response, the AMHL technical team has commenced a detailed review of the proposed tool list to verify its adequacy and conformity with the installation requirements. Upon completion of the review, AMHL will initiate the quotation process and proceed with the procurement of the approved tools to ensure timely mobilization and uninterrupted installation activities.

2.2.4 Transmission & Distribution Works

During the reporting month, on 8 June 2026, the Contractor submitted a request for approval of the Pole Specification and MCB Capacity. Following a detailed technical review of the proposed 410SP31 Pole Specification in consultation with the AEPC Expert, Amadablam Mini Hydro Limited (AMHL) approved the Pole General Technical Particulars (GTP) on 12 June 2026. Subsequent to the approval, the Contractor submitted a copy of the supply contract agreement executed with Hulas Steel Industries Limited for the procurement of 9 m poles.

With regard to the Miniature Circuit Breakers (MCBs), approval remains under review due to the ongoing revision of the Distribution Box design and the associated variation proposal. AMHL, in coordination with its Board Members, the Alternative Energy Promotion Centre (AEPC), and the Contractor, is currently reviewing the Distribution Boxes and all related accessories before granting final approval.

Similarly, on 10 June 2026, the Contractor requested approval of the General Technical Particulars (GTP) and drawings for the Transweld Distribution Transformers. Previously, AMHL, in consultation with the AEPC Expert, had approved the GTP of transformers proposed by Nepal Transformer. However, the Contractor was unable to furnish the corresponding supply contract agreement due to internal contractual issues with the previous supplier. Consequently, the Contractor proposed the supply of 100 kVA Distribution Transformers in place of the originally specified 65 kVA Distribution Transformers, citing market availability and standard sizing considerations.

Upon detailed technical evaluation of the submitted GTPs, drawings, and supporting documents, and following consultation with the AEPC Expert, it was confirmed that the proposed 100 kVA transformers fully comply with the requirements of IEC 60076 and provide a higher capacity than the originally specified 65 kVA units. Accordingly, AMHL granted technical approval on 12 June 2026, subject to the strict condition that no variation order, additional payment, compensation claim, price adjustment, extension of cost, or increase in the Contract Amount arising from this substitution shall be entertained, approved, or borne by Amadablam Mini Hydro Limited.

Following this approval, the Contractor submitted a copy of the supply contract agreement executed with Transweld Nepal Pvt. Ltd.

On 14 June 2026, the Contractor further submitted a copy of the Supply, Delivery, Installation Support, and Training Agreement for the Prepayment Energy Metering System executed with Smart Consult Pvt. Ltd.

Regarding the 650 kVA Power Transformer and the 25 kVA and 50 kVA Distribution Transformers, AMHL had previously requested permission to conduct a manufacturing inspection visit on 26 March 2026. Subsequently, on 30 March 2026, following verbal coordination with the Marketing Head of Transweld Nepal Pvt. Ltd., AMHL carried out a factory inspection during the transformer manufacturing process. The inspection focused on verifying the ongoing manufacturing activities, workmanship, and compliance with the approved design and specifications. During the visit, the Production Manager and Engineering Team of Transweld Nepal Pvt. Ltd. advised that, since the transformers are of hermetically sealed construction, they should preferably be dispatched, installed, and energized within 10–15 days after manufacturing to minimize the risk of moisture ingress during prolonged storage.

Furthermore, all required quantities of powerhouse grounding (earthing) materials have been successfully received by AMHL and transported to the powerhouse site at Yaren, Pangboche through helicopter cargo operations. With the completion of material delivery, preparations are underway to mobilize the specialized installation team, and the installation of the earthing system is scheduled to commence shortly.

2.2.5 Environment & Social Safeguard

This section provides an update on the progress of environmental and social safeguards implemented at the project site. Environmental, health, and safety (EHS) rules are being followed at all ESCO construction sites. Workers have been given personal protective equipment (PPE) and life insurance to keep them safe and protected. First aid boxes are maintained on-site following clear guidelines to ensure that all medicines are properly stored and are not expired. The installation of project area delineation and construction signage has been completed at the site. The project information board is installed in a visible place accessible to everyone at the construction site. Labor camps consisting of tents have been established in accordance with site conditions. Housekeeping and waste management practices are being maintained effectively to ensure a safe and clean working environment. The Occupational Health and Safety (OHS) checklist and supporting photographs are attached in **Annex 2 and Annex 3.**

Key Activities during this Month

- **Review of Environmental Reports**

Reviewed the Environmental Impact Assessment (EIA) and Environmental and Social Impact Assessment (ESIA) reports to ensure that site activities are carried out in full compliance with the Environmental and Social Management Plan (ESMP).

- **Follow-up on Land-Related Documents**

The land acquisition documents were previously submitted to the Ministry of Forests and Environment (MoFE). However, the file has been returned by MoFE to the Department of National Parks and Wildlife Conservation (DNPWC) due to the absence of a clear decision from the Government of Nepal regarding the construction of the hydropower project within the core area of a protected area.

At present, the land acquisition file is with DNPWC, and DNPWC has officially informed AMHL about the return of the file from MoFE. The file is expected to be forwarded again through MoFE to the Cabinet for approval after the Supreme Court issues an order permitting the commencement of construction work within the core area of the protected area.

- **Orientation to the labor regarding occupational health and safety**

An orientation session was conducted for additional laborers on Occupational Health and Safety (OHS) practices, with a focus on prioritizing safety at the work site. The session included detailed guidance on the proper use of Personal Protective Equipment (PPE) to ensure maximum protection. Furthermore, the importance of maintaining good housekeeping practices was emphasized to keep the construction site safe, organized, and free from potential hazards.

- **Installation of Project Information Board at Construction Site**

The project information board has been installed at the construction site in a clearly visible location. It provides clear details about the project, including its duration, budget, donor, and other relevant information.

- **Waste Management at the Construction Site**

Kitchen waste is being managed properly by collecting all kitchen refuse in a designated pit, which is covered with soil daily. The pit is barricaded to prevent potential hazards. Other solid wastes are collected, segregated, and managed following the principles of waste reduction, reuse, and

recycling. Collected waste will be transported to the Pangboche waste collection site for safe disposal.

- **Construction Site Labor Logbook Management**

Construction activities are ongoing at the project site. Detailed labor information is provided in **Annex 4.**

- **Construction Site Emergency Contact Number Update**

Emergency contact numbers have been updated on the information boards at the construction site and nearby villages to ensure prompt rescue in case of any emergency or injury. However, phone network coverage is unavailable on-site but can be accessed about 10 minutes from the construction area**.**

- **Health Camp at project construction Site**

A health camp was successfully conducted at the project construction sites to promote the health and well-being of project workers and nearby community members in accordance with the Environmental Impact Assessment (EIA) and Environmental and Social Impact Assessment (ESIA) commitments. The health camp was organized at the Intake Site on 5 June 2026 and at the Powerhouse Site on 7 June 2026. The program included general health checkups, medical consultations, diagnosis, basic treatment recommendations, and the distribution of essential medicines. In addition, awareness discussions on occupational health and safety were conducted with workers. The activity was completed successfully, contributing to improved worker health, community welfare, and compliance with the project's environmental and social safeguard requirements. The photographs of the health camp conducted at the Intake Site and the Powerhouse Site are attached in the **Annex 3.**

- **Communication and Coordination with Contractor Team**

Coordination and communication with the contractor and contractor representative are actively maintained on-site concerning Occupational Health and Safety (OHS), site housekeeping, waste management, availability of PPE, labor insurance policies, timely installation of the project information board, and other activities related to the construction labor code of conduct.

ESS Activities for Next Month (July, 2026)

- Conduct a workshop in compliance with the ESMP requirements at the construction site.

3. Monthly Financial Progress Report

This report presents the financial progress of the Amadablam Mini Hydro Project for the month of June 2026. The report focuses exclusively on project construction–phase financial activities and summarizes key developments relating to subsidy disbursements, loan and equity management, settlement of project-related expenses, procurement financing, and issuance and management of bank guarantees, all of which are critical to advancing the project's civil, hydro-mechanical, and electro-mechanical works.

The total approved project budget amounting to **NPR 61,89,01,638.89** represents the approved baseline project cost as per the Detailed Feasibility Study (DFS) and Detailed Engineering Design (DED).This approved budget is treated as the baseline cost, and all expenditures incurred during the reporting period are monitored, controlled, and accounted for against the respective approved cost heads.

As of the reporting quarter, no revision, cost escalation, or deviation from the approved project budget has been identified or approved. All expenditures incurred are pre-operating in nature and have been capitalized as Construction Work-in-Progress (CWIP), as the project has not yet achieved Commercial Operation Date (COD).

	Budget Summary	
	Particular	**Amount**
1	Civil Construction	13,06,10,963.74
2	Mechanical Works	18,55,29,137.21
3	Electrical, Transmission and Distribution	22,54,61,359.27
4	Sub Total (2+3)	**54,16,01,460.22**
5	Environmental Social Management Plan	52,77,320.03
6	Physical Contingency	3,57,64,802.15
7	Financing and Interest During Construction	2,14,89,818.95
8	Pre-Operating Expenses	1,47,68,237.54
	Total (1+4+5+6+7+8)	**61,89,01,638.89**

Source of Funds – Project Financing Structure

The total approved project cost of **NPR 61,89,01,638.89**, as per DFS and DED, is being financed through a combination of government subsidies, Investment of RM, bank financing, and equity contributions, as detailed below.

3.1 Source of Fund and Disbursement

SN	Source of Fund	Amount (NRs.)	Disbursed Amount (NRs.)
1	Subsidy		
1.1	Subsidy (AEPC)	12,83,07,000.00	62,68,347.27
1.2	VGF Support (SECF)	17,00,50,000.00	17,00,50,000.00
2	Loan from Partner Bank (SBL)	15,00,00,000.00	4,24,35,833.80
3	Equity of ESCO	9,05,44,638.89	5,31,80,100.00
4	Investment of RM	8,00,00,000.00	80,00,000.00
Total Subproject Cost (1+2+3+4)		**61,89,01,638.89**	**27,99,34,281.07**

Details of Sources of Funds

1. Financial Support

1.1 Subsidy (AEPC)

The subsidy of **NPR 12,83,07,000.00** approved by the Alternative Energy Promotion Centre (AEPC) is disbursed upon the achievement of specified construction milestones and compliance with subsidy guidelines. During the reporting quarter, a disbursement of **NPR 62,68,347.27** was successfully received. The remaining balance is expected in subsequent phases as further milestones are met.

1.2 VGF Support (SECF)

The **Viability Gap Funding (VGF)** support amounting to **NPR 17,00,50,000.00** has been approved, and received fully as of the reporting month. Remaining funds will be released upon fulfillment of subsequent milestones.

2. Loan from Partner Bank (SBL)

A term loan facility of **NPR 15,00,00,000.00** has been sanctioned by **SBL**. Loan drawdowns amounting to **NPR 4,24,35,833.80** have been made based on certified construction progress and in accordance with the loan agreement.

3. Equity Contribution – ESCO

The project sponsor, **ESCO**, has committed equity of **NPR 9,05,44,638.89**, of which **NPR 5,31,80,100.00** has been contributed as of the reporting month. Remaining equity will be infused as per project funding requirements.

4. Investment Contribution – RM

An investment commitment of **NPR 8,00,00,000.00** has been made by **RM** as part of the project's investor funding structure. As of the reporting month, **NPR 80,00,000.00** has been received. Further contributions will be made in line with the agreed investment schedule.

Confirmation – Source of Funds

All funds received during the reporting period have been utilized solely for project construction activities and are recorded as Construction Work-in-Progress (CWIP). The funding structure remains adequate, compliant, and aligned with the approved project budget and financing plan.

3.2 Civil Works – Contract, Financial Progress, Advances & Guarantees

Civil Works Contractor Details

- **Contractor: CRC Nepal – D.L. Structure and Builders J.V.**
- **Scope of Work:** Civil construction works as per approved **DFS & DED**
- **Contract Signing Date: 26 September 2024**

Approved Contract Status

Particulars	Details
Contract Amount	**NPR 11,19,04,868.64**
Contract Signing Date	26 September 2024
Original Completion Period	As per Contract Agreement
Extended Completion Date	**31 August 2026**
Basis of Extension	Approved as per contractual provisions

Financial Progress Status

Particulars	Amount (NPR)
IPC Certified till Date	**1,95,14,751.79**
Remaining Contract Value	**9,23,90,100.85**

Financial Completion	**17.44%**

All IPCs certified to date relate to measured and verified civil works executed at site and have been settled in accordance with contractual terms.

Advance Payment Details

To support contractor mobilization and continuity of civil construction activities, advance payments equivalent to 10% of the contract amount were released twice, resulting in a total advance of 20% of the contract value (before VAT).

Particulars	Amount (NPR)
Contract Value	11,19,04,868.64
Advance Rate	**10% × 2 (Total 20%)**
Total Advance Paid	**1,96,29,180.12**
Security	Advance Payment Guarantee (APG)
APG Validity	**Up to 25 December 2026**

The advance payments are fully secured through a valid Advance Payment Guarantee (APG) and are recoverable progressively through deductions from future Interim Payment Certificates (IPCs) in accordance with the contract.

Performance Bank Guarantee (PBG)

In addition to the advance security, the contractor has furnished a **Performance Bank Guarantee** to secure due performance of contractual obligations.

Particulars	Details
Performance Bank Guarantee Amount	**NPR 55,95,244.00**
Purpose	Performance security as per contract
PBG Validity	**Up to 31 October 2027**

The PBG remains valid, enforceable, and adequate, covering the construction and defect liability obligations of the contractor.

All civil works expenditures, advance payments, and guarantees are contractually compliant, adequately secured, and subject to robust financial controls.

The civil works component remains within the approved DFS & DED project cost framework.

3.3 Hydro-Mechanical (HM) Works – Contract, Financial Progress & Guarantees

- **Contractor: Maa Shakti Engineering and Hydropower Pvt. Ltd.**
- **Scope of Work:** Design, fabrication, supply, delivery, installation, and testing of hydro-mechanical components in accordance with the approved Detailed Feasibility Study (DFS) and Detailed Engineering Design (DED)
- **Contract Signing Date: 23 August 2024**

Contract Status

Particulars	Details
Contract Amount	**NPR 13,98,32,171.59**
Contract Signing Date	23 August 2024
Original Completion Period	As per Contract Agreement
Revised Completion Date	**31 August 2026**
Contract Status	Active
Cost Framework	DFS & DED Approved

Financial Progress

Particulars	Amount (NPR)
IPC / Milestone Payments Certified till Date	9,67,36,240.38
Remaining Contract Value	4,30,95,931.22
Financial Completion	69.18%

Payments made to date relate to certified contractual milestones and verified work progress and are recorded as Construction Work-in-Progress (CWIP).

Advance Payment Guarantee (APG) Status

Advance payments under the HM contract were secured through an Advance Payment Guarantee (APG). As per contractual recovery provisions, 10% of the APG has been released against certified IPCs, while the remaining portion continues to secure the outstanding advance balance.

Particulars	Details
Original APG Coverage	20% of Contract Value
APG Released Against IPCs	**10%**
Remaining APG Coverage	**10%**
Remaining APG Amount	**NPR 1,23,78,267.40**
APG Validity	**Up to 30 September 2026**

The remaining APG will be released progressively in line with future IPC recoveries.

Performance Bank Guarantee (PBG)

A Performance Bank Guarantee has been obtained to secure contractual performance obligations.

Particulars	Details
Performance Bank Guarantee Amount	**NPR 69,91,608.58**
Purpose	Performance security as per contract
PBG Validity	**Up to 31 October 2027**

The PBG remains valid and enforceable for the duration required under the contract.

3.4 Electro-Mechanical (EM) Works – Procurement, Financial Progress

- **Supplier / Contractor: Poseidon SA, Greece**
- **Scope of Work:** Design, manufacture, supply, installation, testing, and commissioning of electro-mechanical equipment including turbine-generator units, control and protection systems, and associated auxiliaries, in accordance with the approved **Detailed Feasibility Study (DFS)** and **Detailed Engineering Design (DED)**
- **Project Phase:** Under Construction

Procurement & Letter of Credit (LC) Status

Particulars	Details
Procurement Mode	Supply through Letter of Credit (LC)
LC Number	**MT700-001ILSF250702002**
LC Opening Date	**2 July 2025**
LC Expiry Date	**2 July 2026**

LC Status	Valid as of January 2026

Contract Value & Advance Payment Status

The electro-mechanical contract is denominated in **United States Dollars (USD)**. Advance payments have been structured in accordance with contractual provisions and approved milestones.

Contract Value

Particulars	Amount
Total Contract Value	**USD 550,903.94**

Advance Payments Released

Particulars	Basis	Amount
Advance Payment – **10%**	Against Bank Guarantee (BG)	**USD 55,090.39 (approx.)**
Advance Payment – **20%**	Against Design Approval	**USD 110,180.79 (approx.)**
Total Advance Released	**30% of Contract Value**	**USD 165,271.18 (approx.)**

Note (for clarity):

- 10% of USD 550,903.94 = **USD 55,090.394**
- 20% of USD 550,903.94 = **USD 110,180.788**
- Figures are rounded for reporting purposes.

The **10% advance** has been released against submission of a valid **Bank Guarantee**, and the **20% advance** has been released upon **approval of the detailed design**, in line with the contract and LC terms.

Guarantee Status

Particulars	Details
Advance Payment Guarantee (APG)	Received and valid
APG Validity	**Up to 12 September 2026**
Purpose	Security for advance payments
Coverage	As per contractual provisions

The Advance Payment Guarantee adequately secures the advances released under the electro-mechanical contract.

All advance payments released under the electro-mechanical works component have been **recorded as Construction Work-in-Progress (CWIP)**. Subsequent payments will be made

against achievement of contractual supply, delivery, installation, and testing milestones in accordance with the Letter of Credit and contract terms.

3.5 Transmission & Distribution (T&D) Works

Contractor: Koju Engineering & Builders Pvt. Ltd.
Scope: Installation of underground transmission and distribution components of Amadablam Mini Hydro Project (911 kW) at Khumbu Pasanglhamu Rural Municipality, Ward No. 4, Solukhumbu

Contract Status

Particulars	Details
Contract Amount	**NPR 99,811,036.80**
Contract Signing Date	1 April 2025
Original Completion Period	As per Contract Agreement
Revised Completion Date	**31 August 2026**
Contract Status	Active
Cost Framework	DFS & DED Approved

Financial Progress Status

Particulars	Amount (NPR)
IPC Certified till Date	**2,10,64,458.38**
Remaining Contract Value	**7,87,46,578.42**
Financial Completion	**21.10%**

Advance & Guarantee Details

Item	Details
Advance Payment	10% of contract amount
Advance Amount Released	**NPR 8,798,208.00**
Security	Advance Payment Guarantee (APG)
APG Validity	**Up to 1 October 2026**
Performance Bond (PB)	Received
PB Validity	**Up to 30 December 2027**

Accounting Treatment

All expenditures incurred under the T&D works, including advance payments, are pre-operating in nature and have been capitalized as Construction Work-in-Progress (CWIP).

3.6 Operational Advances – Lot-wise Summary

The **Alternative Energy Promotion Centre (AEPC)** has provided operational advances to **Amadablam Mini Hydro Limited (ESCO)** to support operational and site-level expenses during the construction phase of the Amadablam Mini Hydro Subproject.

Operational Advance – Disbursement Details

- The **first lot** of operational advance amounting to **NPR 5,000,000.00** was disbursed on **14 July 2024** as the initial operational payment.
- After adjusting the **unutilized balance from the first lot**, the **second lot** of operational advance amounting to **NPR 2,391,689.80** was received on **3 July 2025**.
- Subsequently, the **third lot** of operational advance amounting to **NPR 2,590,945.58** was received on **16 September 2025**, following submission of the requisite request and supporting documentation to AEPC.

These advances were provided to meet **project-related operational expenses** during the construction phase.

Lot No.	Date of Request	Reference No.	Date of Receipt	Amount Received (NPR)
1st Lot	14th July 2024	2080-81/55	14th July 2024	5,000,000.00
2nd Lot	29th June 2025	2081-82/150	3rd July 2025	2,391,689.80
3rd Lot	28th July 2025	2082-83/01	16th September 2025	2,590,945.58
Total				**9,982,635.38**

4. Quality Assurance and Quality Control

QA/QC of distribution cables, service cables and ACSR conductors have been done. FAT of EM components has been conducted at the suppliers' factory so far. AMHL will check the quality of

welds of the penstock joints during the laying of penstock pipes. Quality checks of the powerhouse earthing materials have also been tested. Samples from the concrete have been prepared for cube tests.

5. Social Media Outreach and Engagement Statistics

5.1 Overview

Since August 2025, Amadablam Mini Hydro Limited has been using its social media platforms (Facebook, Instagram, and LinkedIn) to enhance project visibility and stakeholder engagement.

This month, no new content was published due to the current status of the land acquisition process. The land acquisition file, previously submitted to the Ministry of Forests and Environment (MoFE), has been returned to the Department of National Parks and Wildlife Conservation (DNPWC) and is currently under review. The file is expected to be resubmitted following further direction, including a Supreme Court order.

Accordingly, project activities and social media updates remain on hold. However, platform performance remains stable, with a gradual increase in followers and consistent engagement.

6. Risks and Mitigation Measures

6.1 Technical Risks

The timely completion of the intake structures before the 2026 monsoon is critical. There is a significant risk between anchor blocks 20 to 24 and anchor blocks 37 to 43 due to steep terrain and the presence of large boulders along the route is time consuming by hand. Though the shipping of EM components has been scheduled for 1st July 2026, transportation to the road head seems extremely difficult during the rainy season whereas transportation to the site by helicopter is quite unlikely.

6.2 Financial Risks and Mitigation Measures

1. Financing, Interest Rate, and Cost Overrun Risk

Risk: Potential exposure to interest rate fluctuations, delayed subsidy or equity inflows, and cost overruns across civil, HM, and EM components may impact project cash flow and timelines.

Mitigation Measures:

• Maintain contingency provisions for unforeseen cost escalations.
• Prefer fixed-price or well-defined contracts where feasible.
• Conduct regular financial reviews and expense monitoring against the approved budget.

• Ensure timely follow-up on subsidy releases and equity infusions.

2. Contractor Non-Compliance Risk
Risk: Delays in submission of guarantees, slow execution, or non-compliance with contractual requirements may lead to schedule slippages, additional financing costs, and reputational risk.
Mitigation Measures:
• Closely track contractor performance against contractual milestones.
• Enforce timely submission of guarantees and compliance documents.
• Apply progress-linked payments and contractual penalty provisions where applicable.
• Maintain proactive communication with lenders, AEPC, and regulatory authorities to manage financial and operational implications effectively.

6.3 Physical, Biological, Environmental and Social Impact/ Risk

The subproject area is located in the northeastern mountain region of Nepal. The subproject area geologically lies on the Higher Himalayan Crystalline Zone in the eastern part of Nepal. The subproject area possesses the high-grade metamorphic rocks. The subproject area has gneisses, schists and marbles of the Higher Himalayan Zone and Tethyan sediments (limestone, shale, sandstone etc. belonging to the Tibetan-Tethys Zone. Most of the area is exposed bedrock with thin colluvial soil cover. The colluvial soil comprises boulders, gravels, cobble and pebbles of gneiss with sand. The subproject area lies in subalpine to alpine climatic zone. The average annual rainfall is 1524 mm. January is the coldest month and July is the warmest month of the subproject area. The minimum temperature of the Pangboche area goes down below 0°C about 7 months of the year. The weir will be in the river while penstock pipe lies in grassland. The powerhouse will be constructed in grassland. Transmission and distribution lines pass through tourist trekking routes.

6.3.1 Adverse Impacts

a. Physical Environment

Change in land use, topography, soil erosion, sedimentation in river water, spoil generation, impact on hydrology and river morphology and loss of topsoil are major adverse impacts on the physical environment during construction.

b. Biological Impacts

A total of 5.719 ha land of SNP has been required to construct various subproject components. Pressure on forest for fuelwood, impact on wildlife movement, aquatic flora and fauna, NTFPs,

forest fire, wildlife hunting and poaching and increase in human wildlife conflict are identified as adverse impacts during construction.

c. Socio-economic and Cultural Impacts

Pressure on existing facilities, services and resources of subproject area, health and sanitation and public safety, occupational health and safety, socio-cultural conflicts between locals and migrant workforce, gender-based violence, issues related to disturbances to community and child labour issues are the identified potential impacts during construction.

d. SNP and Outstanding Universal Value (OUV)

The proposed subproject is located in the SNP and might have an impact on scenic beauty. There has been negligible impact on local social and cultural integrity as locals are already exposed to diverse groups of people since the last 75 years.

6.3.2 Mitigation Measures

a. Physical Environment

Land clearance has been minimized to the extent possible to prevent erosion and landslides. Excavated materials have been used for land reclamation and rehabilitation. Trenches, quarry sites, and disposal sites have been rehabilitated immediately. Spoils have been stored in designated areas (27°50'56.52" N, 86°49'6.15" E & 27°51'12.98" N, 86°49'49.21" E). People will be made aware about the early warning system and emergency preparedness plan through an awareness program.

b. Biological Environment

Unnecessary visits and smoking in the forest area have been prohibited for subproject staff and construction workers to reduce the possible risk of forest fire, hunting, and poaching. Due maintained during operation Due to very cold climate in 3.5 Km long dewater area, fish cannot be found and the water flow is also sub-surface in many places, it does not seem to affect the to intense cold climate A minimum environmental flow of 50% of the mean monthly flow will be biological environment. In addition, water flow from 50% release will be abundant to sustain the life of animals and plants if any in the area. All the workers and subproject staff have been provided with LPG for cooking to reduce pressure on the forest. The subproject requires 5.719 ha of land and the land comes under the jurisdiction of Sagarmatha National Park. The subproject will provide replacement of land and a total of 9150 seedlings will be planted at the rate of 1600 per ha and nurtured for next five years. All these activities will be done in accordance with the Procedures for

Construction of Infrastructure in Protected Areas 2080. Community people, school children and subproject workers will be sensitized on conservation of environment, biodiversity and wildlife.

c. Socio-economic and Cultural Environment

All the workers and staff have been provided with workplace insurance and PPEs. To reduce conflict between workers and locals, the code of conduct including SEA/SH has been strictly implemented. All staff and construction workers have been oriented about GBV, including SEA/SH, and the social and legal consequences faced for involvement in any form of GBV. A separate SEA/SH code of conduct has been implemented to avoid the risk of gender-based violence, sexual exploitation and abuse, and sexual harassment. Trenches especially made for underground T&D lines will be reclaimed immediately to avoid accidents.

The subproject has been actively implementing the mitigation measures outlined in the EIA and ESIA reports to minimize negative impacts during the construction phases. The subproject has responsibility to mitigate the negative impacts on the physical, chemical, biological, social, economic, and cultural sectors at the local level during construction and operation phases. The EMP/ESMP has defined the roles and responsibilities of various institutions to address issues including spoil management, pollution control, occupational health and sanitation, public safety, integrity of OUV of SNP, clear budgets, timelines and emergency preparedness provisions.

7. Challenges and Recommendation

The road conditions along the BP highway and Siddhicharan Highway have halted the equipment being transported to roadhead Surke from Kathmandu and factory whereas the helicopter transportation is also irregular during monsoon. Transportation from mules has also been a problem along the restricted regions. The delay in procurement of T&D components has certainly pushed the project timeline beyond the stipulated date of 1st September 2026.

8. Next Steps

8.1 Shipping and Clearance of Electro-Mechanical Components

AMHL has been tracking the ship and preparing documentation for custom clearance at Biratnagar Custom Office, India-Nepal Border. Contract signing for custom clearance has been done with Shreenagar Custom Clearing Agent.

8.2 Procurement of remaining accessories

Regarding this, AMHL is preparing for procurement of HT cables, accessories of powerhouse electrical systems, Switchyard system and some safety systems as mentioned in the ESMP. Procurement of manual crane has been initiated.

8.3 Review of Bill of Quantities as per DFS/DED

As per the discussion between CREF, AEPC and AMHL, there has been the requirement of review of BoQ mentioned in DFS/DED for successful completion of the project. The preparation of necessary suggestions has been prepared and shared by AMHL and planned for the review meeting most probably in early July 2026.

9. Appendices

ANNEX 1: Photographs

Figure 1 & 2: Construction at headworks area

Figure 3: Completion of footing work at powerhouse

Figure 4: Agreement signing with the Custom Clearing Agent

Fig 5. Field Alignment of Penstock Sections Using Chain Puller Before Welding.

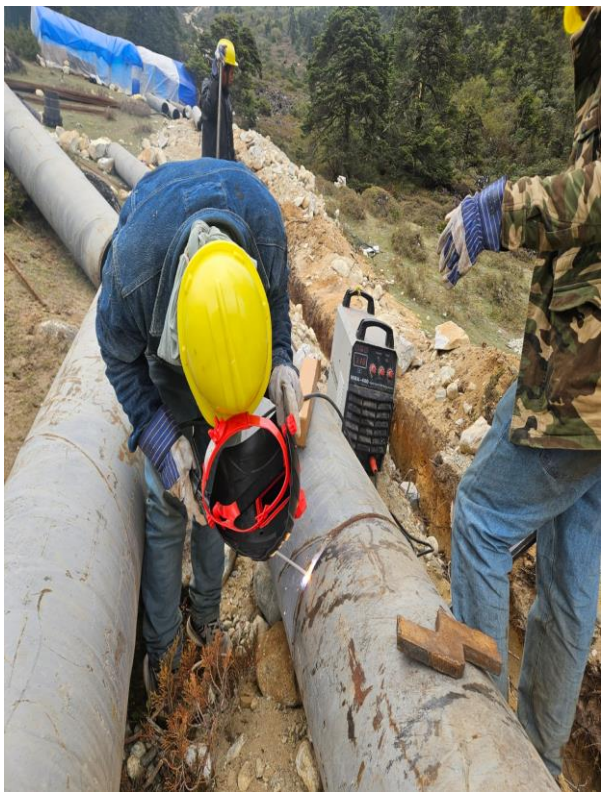


Fig 6. Welding of 15.75mm Penstock Pipe.

	
Fig 7. Clearance/Breaking of Boulder encountered at penstock pipe alignment.	**Fig 8. Level check & Penstock length verification at the trench prepared.**

Fig 9. Technical Coordination Meeting with Transweld Engineering Team during Transformer Manufacturing Inspection Visit.

Fig 10. 650 kVA Transformer Core and Winding Assembly Under Manufacturing.

Fig 11. 650 kVA Transformer Tank Fabrication Completed.

CONTAINERS

Container	Type	Latest move	POD ETA
TRHU5532303	40' HIGH CUBE	HAMBANTOTA, LK	01/07/2026

Date	Location	Description	Empty/Laden/Vessel/Voyage	Equipment handling facility name
01/07/2026	Kolkata, IN	Estimated Time of Arrival	XIN LIAN CHANG 013N	N.A
29/06/2026	Hambantota, LK	Full Transshipment Loaded	XIN LIAN CHANG 013N	Hambantota International Port Group (Hipg)

Fig 12. Shipment Tracking Update of Electro-Mechanical Equipment, Container TRHU5532303 has been transshipped at Hambantota Port and is currently en route to Kolkata Port, with the estimated time of arrival (ETA) on 01 July 2026.

ANNEX 2: Environment health and safety status at project site

S.N.	Activities	Implementation Status	Remarks/Details
1.	**Occupational Health and Safety (OHS) Measures**		
1.1	Set of PPE available at Subproject	Yes	
1.2	PPE Provided to workers	Yes	
1.3	Helmet, Gloves, Jackets, Harness and Boots	Yes	
1.4	First Box with sufficient medicines at site	Yes	
2.	**Human Resources at Subproject**		
2.1	Project Manager	Yes	Active supervision and frequent field visit as required
2.2	Environmental and Social Safeguard Staff	Yes	Available at project site
2.3	Civil Engineer	Yes	Available at project site
2.4	Electrical Engineer	Yes	Available at project site
2.5	Mechanical Engineer	Yes	Available at project site
2.6	Workers /Labour	Yes	Available at project site
2.7	Insurance of Workers	Yes	Group Insurance
3.	**Information Board and Suggestion Box**		
3.1	Information Board of Subproject	Yes	

3.2	Suggestion Box	Yes	The record file is kept at the construction site.
4.	**Community Consultation**		
4.1	Number of Consultation Conducted	4	● GRC1 Reformulation ● Coordination Meeting with Pangboche Health Post ● Rescue Committee Formation ● Workshop on OHS and ESMP implementation at construction site
4.2	Number of People Participated in Consultation	53	● Twenty-two (22) people participated in the GRC1 reformulation meeting ● Nine (9) people attended the meeting with Pangboche Health Post. ● Twelve (12)participants attended the workshop on Rescue Committee Formation ● A total of ten (10) participants attended the workshop on OHS and ESMP implementation at the construction site.
5.	**Grievance Redress Mechanism**		
5.1	Grievance Redress Committee Formed	Yes	GRC1 reformulation with nine committee members
5.2	Name of designated Grievance/ SEA/SH Handing Focal Person	Kalpana Dangol	ESS Officer
5.3	Grievance Registration Book	Yes	The record file is kept at the construction site.
5.4	Record of Grievance Received (If any)	NA	

6.	**Placement of Signage**		
6.1	Signage at Subproject Site	Yes	
6.2	Suggestion Box	Yes	The record file is kept at the construction site.
7.	**Waste Management/Material Storage**		
7.1	Waste Disposable Designated Area	Yes	Kitchen waste is being managed properly by collecting all kitchen refuse in a designated pit, which is covered with soil daily. The pit is barricaded to prevent potential hazards. Other solid wastes are collected, segregated, and managed following the principles of waste reduction, reuse, and recycling. Collected waste will be transported to the Pangboche waste collection site for safe disposal.
7.2	Material Storage Designated Area	Yes	Intake and Powerhouse

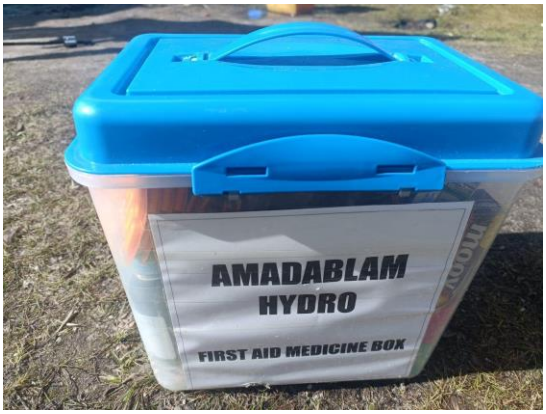
ANNEX 3: Photographs of Occupational Health and Safety (OHS)

Figure: Existing Construction Signages

Figure: Project information board at construction site

Figure: Portable water near the labor camp

Figure: Demarcation of Project Area



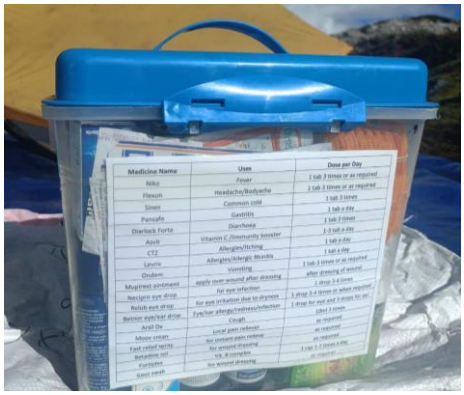
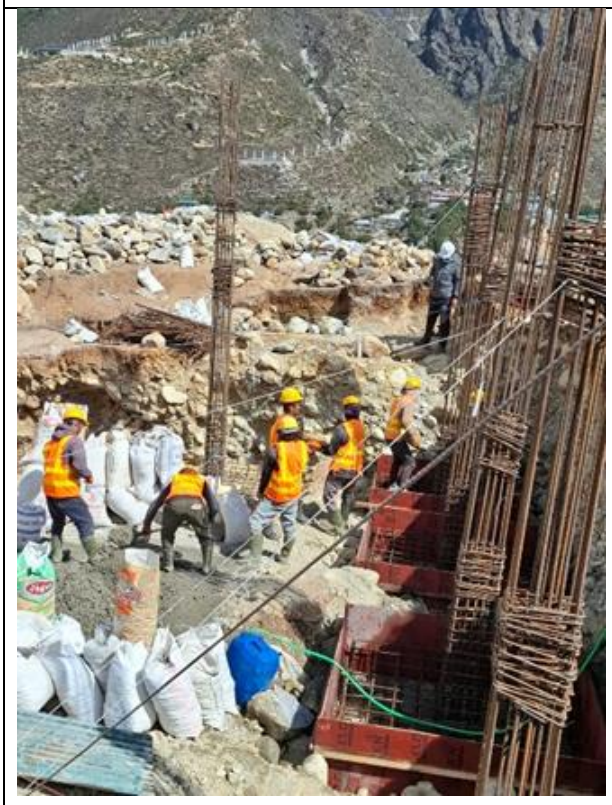


Figure: First aid box at construction site

Figure: Toilet near the labor camp (Intake area)



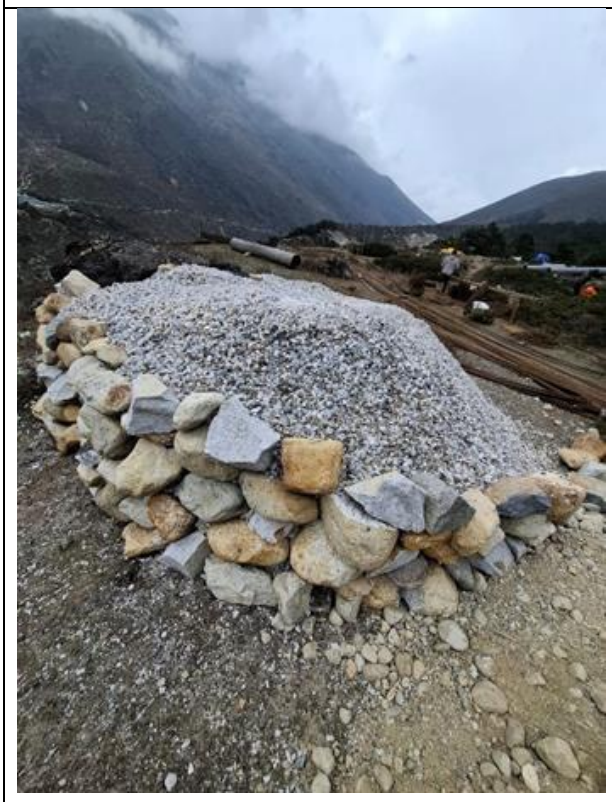
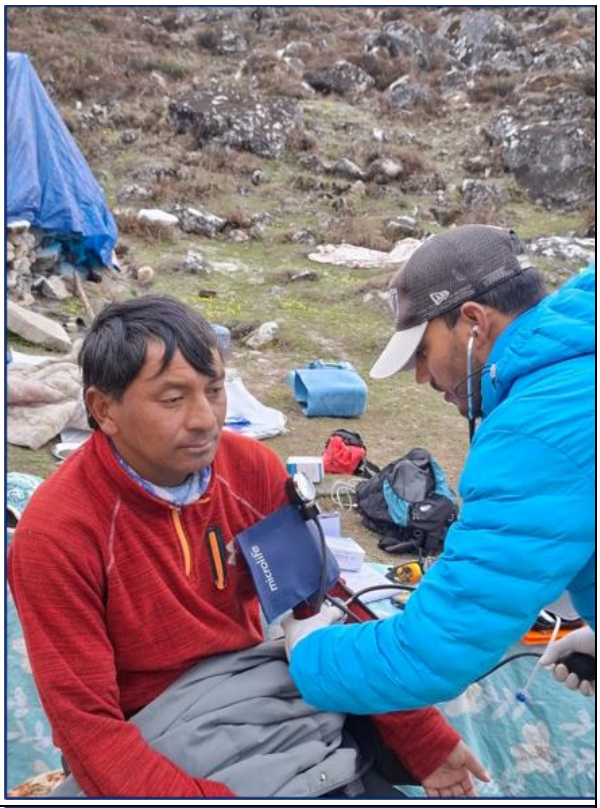





Figure: Workers carrying out construction activities with safety measures in place at the construction site and labor camp at powerhouse

Health Camp Picture at Intake and Powerhouse Construction Site


mcrolife


First Aid Kit


First Aid Kit

ANNEX 4: Labor Data

https://docs.google.com/spreadsheets/d/1PueHjWV0iXO5ijHT1NDS3SQikEPAIIh5g1h6g07HMtg/edit?usp=sharing

https://docs.google.com/spreadsheets/d/1W3wcily5fYRj6z_pXSKDs6HfCMwpV0JxSTY5bqc3LxI/edit?usp=sharing