



## GLOBAL CLIMATE CHANGE

MAY 2006



*USAID has obligated millions of dollars in support of Nepalese climate change objectives and has leveraged additional funds from private sector investment in four hydropower projects. With continued USAID support, including financial, technical, and programmatic, energy efficiency will further be improved and greenhouse gas emissions mitigated.*

**Background.** Nepal is a landlocked country between India and China with some of the most rugged topography on earth. Despite enormous hydropower potential, Nepal is currently one of the most electricity-starved nations in the world. Only about 20% of the population has access to electricity, and Nepal is barely able to meet its existing peak demand of 557 megawatts. Developing Nepal's hydropower potential could meet the growing demand for electricity in homes, agriculture, industry, health, and education while replacing the unsustainable and environmentally degrading use of biofuels. There is great potential to produce enough clean energy to meet the needs of neighboring countries, which will both provide returns on capital investments in hydropower infrastructure in the form of foreign exchange earnings and reduce the polluting sources of energy generation in the importing countries.

**Sector-Specific Climate Change Activities.** Recognizing these facts, USAID/Nepal has strategically created climate-friendly environment and energy programs that encourage forest restoration and increase Nepal's capacity to develop small- and medium-scale hydropower resources in an environmentally and socially sound manner. To this end, USAID/Nepal is providing technical assistance and training activities aimed at improving the policy and regulatory environment that will attract private sector investment in hydropower. These activities are concomitantly intended to strengthen local capability to conduct social and environmental impact assessments with increased public participation and involvement.

In 2005, USAID focused its assistance on developing the capacity of the Government of Nepal's energy institutions in the areas of power sector reform, regulation, global climate change issues, and hydropower investments. Among its capacity building activities, USAID trained Government of Nepal professionals in conducting environmental impact assessments (EIA) and understanding global climate change issues.

USAID also developed public-private partnership investments to increase Nepal's use of hydropower, thus reducing its greenhouse gas emissions and lessening its dependence on fuel wood. USAID secured funding through private investments to develop four hydropower projects. Dependence on hydropower will generate 42,500 MWh of clean energy and result in the avoidance of 29,100 tons of carbon dioxide (CO<sub>2</sub>) emissions. It will also provide enough electricity to power 2,000 households.

**USAID's partners in climate change activities in Nepal include\*:**

- International Resources Group (IRG)
- Winrock International
- US Energy Association (USEA)

\* Because partners change as new activities arise, this list of partners is not comprehensive.

To support environmental and social soundness of hydropower investment, USAID assistance continued to strengthen local capability to conduct environmental and social impact assessments (SIA), with increased public participation and involvement. This included training and developing standards for accrediting EIA/SIA professionals. In addition, the program supports utility and regulatory partnerships between Nepali and US entities. These partnerships and exchanges, through the services of the US Energy Association, provides opportunities for the Government of Nepal's decision-makers and energy professionals to meet with their peers in the US to share ideas and review first-hand the results of energy sector reform and regulation.

For more information on Nepal, visit USAID/Nepal's Mission Web site at:

<http://www.usaid.gov/np/>