

		<input type="checkbox"/>	<input type="checkbox"/>
Connectivity Tags: transport people2people energy digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Migration (methodology under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Possible Inequalities (methodology under development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION			
12. Amounts concerned	Budget line: BGUE-B2021-14.020131-C1-INTPA Total estimated cost: EUR 6 750 000 Total amount of EU budget contribution EUR 4 500 000 This action is co-financed in joint co-financing by: - Germany for an amount of EUR 2 250 000		
MANAGEMENT AND IMPLEMENTATION			
13. Type of financing³	Direct management through Procurement Indirect management with GIZ		

1.2. Summary of the Action

Despite its potential for clean energy generation, Nepal's social and economic development suffers both from energy deficit and inefficient use of energy. Around 27% of the electricity in the central grid is imported from India, mostly coal-generated power. Power fluctuations, low voltage and unscheduled interruptions force industry, trade and households to use their own sources of power supply using diesel generators. Energy is the second biggest source of greenhouse gases (GHG) in Nepal (29%),⁴ after agriculture.

18% of the population receives electricity from renewable energy sources such as off-grid hydropower plants and solar systems. Even so, around four million households in Nepal still do not have access to clean energy options for cooking, lighting, and heating. Women and the poorest communities are particularly affected. Increasing energy efficiency, and transforming the share of traditional energy into energy from renewable sources are two clear pathways to mitigate GHG emissions that could also benefit the most vulnerable populations.

The revised 2nd Nationally Determined Contributions (NDCs), National Climate Change Policy (2019), and the 15th National Development Plan lay the government's priorities in the sector. These include the development of clean energy infrastructure, reducing GHG emissions contributing to green economic growth, climate resilient society, and improving the living conditions of people. These are in line with the Government of Nepal and Development Partners' joint statement for Nepal's Relief, Recovery and Resilience Plan from the COVID-19 pandemic.

Nepal's commitments to increase renewable energy and reduce GHG emissions depend on international backing, from great infrastructure loans (EIB, WB, ADB), to support to the Ministry of Energy, Water Resources and Irrigation (MoEWRI). Renewable energy has often been supported with upfront subsidies, which has limited the ownership and sustainability of the projects. This model has failed to provide a clear pathway for the mobilisation of private capital in renewable energy (RE) and energy efficiency (EE), therefore limiting the scale of investment to public and donor-funded grants.

³ Art. 27 NDICI

⁴ 2019 USAID Nepal GHG Emissions Factsheet