



Success Stories:

USAID Advances Small Hydropower Development in Nepal

The USAID SARI/Energy Program has partnered with the Clean Energy Development Bank (CEDB) of Nepal to design and launch a small hydropower development fund.

Nepal has been constrained from developing small hydropower projects by a licensing regime that makes it difficult for investors and developers to acquire licenses, and thus fully tap into the vast potential of small hydropower that exists in Nepal.

Working hand-in-hand with CEDB, PA Consulting, the USAID Institutional Contractor, designed the framework of a fund which would aid developers in acquiring licenses and proceed with actual small hydropower infrastructure projects. Stakeholder consultations were held over a period of six months, a pre-launch event was held for potential investors, and CEDB adopted the fund framework in late 2008. CEDB sponsored a formal launch of the fund in November 2008, opening it investors.

The fund was subscribed to approximately 240 million Nepal Rupees (about 3.2 million USD) which is now available to CEDB to acquire small hydropower licenses, fund pre-feasibility studies, and promote investment and development opportunities. The bank has begun these activities in earnest and is now negotiating with license holders, pre-qualifying local engineering firms for pre-feasibility studies, and coordinating with stakeholders in Nepal.

The fund has the potential to promote 25 to 50 small hydropower projects, which will provide electricity to thousands of end users; particularly those inhabited areas which are far from the National grid but close to small hydropower resources. Most important, the fund will set a precedent of private sector acquisition and utilization of small hydropower licenses, opening the door for expanded investment and infrastructure development.



Typical Small Hydropower Installation - Nepal