



# Nepal Renewable Energy Programme

## THE NEPALI CONTEXT

Energy is a key driver of Nepal’s economy, and renewable energy (RE) can play a significant role in helping the country grow its economy, reduce poverty, diversify its energy mix, meet climate goals, and build societal resilience. A fundamental change in Nepal’s governance driven by federalism (a form of governance designed to give more autonomy to a country’s sub-national divisions) combined with the opportunity to leverage innovative RE project financing models offer a significant opportunity for sustainable, inclusive RE development for Nepal’s industries, businesses, communities and residents.

## NREP FUNDAMENTALS

The United Kingdom’s Department for International Development (DFID)-funded Nepal Renewable Energy Programme (NREP) is a 4.5-year, £18m programme that commenced in February 2019. The Programme will operate in Provinces 2 and 5, and Karnali—in line with federalism.

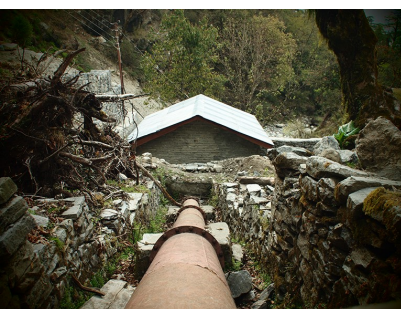


NREP was designed to support the Government of Nepal (GoN) and the private sector plan and invest in a low-carbon development path resulting in economic growth, poverty reduction and climate-smart development. The Programme’s intended outcome is for government institutions and the private sector to increase investments in the RE sector in communities across Nepal.

## PROGRAMME GOALS

Measurable goals of the Programme include:

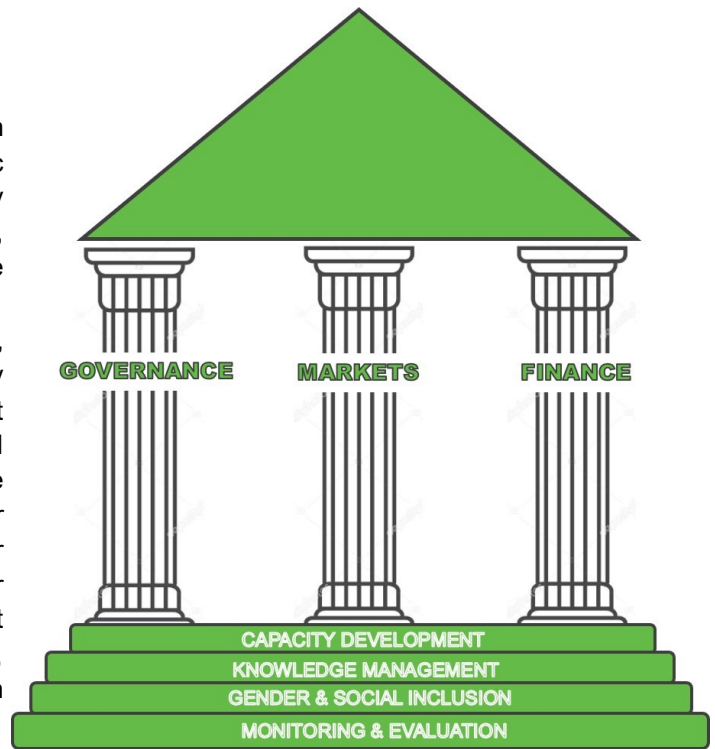
- ◆ An increase in installed capacity of RE by 16 MW—from new or upgraded installations.
- ◆ Provision of RE to 95,000 households, 500 small businesses, and 200 schools and health centres.
- ◆ Leveraging of £37.2m of private and public sector investment in RE.
- ◆ Strengthened institutional and policy reforms and improved compliance mechanisms—across Federal, Provincial, and Local government.
- ◆ Significant tonnage of avoided greenhouse gas emissions.



## PROGRAMME ACTIVITIES

To achieve Programme Goals, NREP will focus on:

- ◆ **Governance:** To exchange relevant information through effective engagement with the public sector; facilitate and coordinate effective energy planning, policies and regulations at Federal, Provincial, and Local Governments; and to facilitate public/private partnerships.
- ◆ **Market Assessment & Development:** To identify, assess, and develop a pipeline of technically feasible and economically viable RE project opportunities in target markets. Project scale will focus on the “missing middle” (between large-scale hydropower from the grid, and small-scale Solar Home Systems and micro-hydro), including solar microgrids for communities; rooftop or canopy solar for commercial businesses, hotels, tourist destinations, schools, technical institutions, hospitals, and health centres; and solar energy with reliable energy storage for the industrial market.
- ◆ **Innovative Project Finance:** To fund proof-of-concept, and then scale up, innovative finance models that will attract private and public sector investment, e.g. through the Sustainable Energy Challenge Fund (SECF). Innovative finance mechanisms could include viability gap analysis and funding, credit enhancement, first loss guarantees, municipal bonds, and revolving loan funds.
- ◆ **Cross-cutting:** To provide assistance in several important areas, including:
  - ◇ *Capacity Development*, to convey lessons learned and successful approaches;
  - ◇ *Knowledge Management*, to acquire and exchange increased market intelligence and policy evidence in RE for informed policy development, financing and market growth as per demand and emerging priorities;
  - ◇ *Gender & Social Inclusion*, to facilitate a more equitable and just programme and embrace DFID’s Leave No One Behind agenda;
  - ◇ *Monitoring & Evaluation*, to ensure optimized programme effectiveness.



Taking a Whole System Approach to the entire energy sector, NREP will also support Federal, Provincial and Local Governments to craft and deliver a new National Renewable Energy Framework (NREF). NREF seeks to provide a systematic and coordinated approach to addressing governance, supply & demand, energy delivery, finance, and perhaps transportation issues within the sector.

## FOR MORE INFORMATION



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## PARTNERS & STAKEHOLDERS

Making a substantial change in the status quo in the energy sector will take a team of dedicated experts from the consulting, public sector partners, donors, and private sector partners.

- ◆ NREP’s key public sector partner is the Alternative Energy Promotion Centre, sited at the Ministry of Energy, Water Resources and Irrigation, provincial and local governments. NREP may also engage other public sector entities involved in energy policy and regulation, resource planning, generation, transmission and distribution, climate resilience, and societal impact.
- ◆ Supporting donors include our contracting donor, DFID and other development partners working in Nepal’s renewable energy.
- ◆ Private sector stakeholders include investors, independent power producers, project developers, energy companies, associations, federations and lending institutions.
- ◆ DAI Europe is proud to have Winrock International, PEI, and Samriddha Pahad as their implementing partners from the consulting realm.