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NEPAL

CASE STUDY

Hydropower Generates Brighter Future

Efficient hydropower lights up Nepal, improves lives



Photo: USAID

USAID is supporting efforts to promote private sector investment in hydropower in Nepal. Bote Koshi, the 36-megawatt powerhouse in a remote area of Nepal, was built thanks to private sector investment. It provides power to more than one million people in the region.

Hydropower is providing clean, affordable, and easy access to electricity to Nepal, improving the lives of over one million Nepalese.

Telling Our Story
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Challenge

If Nepal more effectively harnessed its 83,000 megawatts of hydropower potential, the country could meet its domestic demand for electricity, as well as export electricity and potentially transform the economy. Lack of electricity is a major constraint to economic development and poverty alleviation. Currently, Nepal is harnessing less than 1 percent of its potential hydropower energy and the country depends on biofuels — mainly wood — to meet its energy needs. This has serious consequences for Nepal’s environment as the consumption of wood for fuel accelerates deforestation and soil erosion.

Initiative

Since 1997, USAID has encouraged socially and environmentally sustainable hydropower development by creating friendly conditions for policy reform, good governance, and private sector development. USAID, in partnership with Nepal’s government and the World Bank, has also established a fund to jumpstart energy investment. Already, the Nepalese government has pushed for sound hydropower policies, allowing the private sector to export hydroelectric power and promoting more investment. Strict rules and regulations ensuring that hydropower projects are environmentally and socially sustainable have been instituted.

Results

Since Nepal began to develop its hydropower capabilities in 1997, the results have been impressive. Access to electricity has increased from 13 to 18 percent of the population, reaching 1,150,000 more Nepalese. Encouraging private businesses to invest in hydropower has also brought investments worth \$380 million. Now, 25 percent of all hydroelectric power in Nepal is produced by the private sector. Clean and efficient, hydropower benefits not only those that now have access to electricity, but the economy and the environment as well.