

NEPAL PERSPECTIVES

Lessons Learned in Public Private Partnerships
in Community Electricity

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Country Statistics

- Population - 23.1 million
- Physical Area -147,181 sq. km.
- GNP Per Capita - USD 210
- Urban Population - 15%
- Rural Population - 85%
- Percentage Electrification of Households - 20
- Power Generation Installed Capacity - 600 MW
- Literacy Rate - 53.7%
- Life Expectancy (years) - 59.7

History

- First hydro plant in Nepal – 1911
- Second – 1936
- Third – 1965

- Now 530 MW hydro + 56 MW thermal
+ 13 MW micro hydro

Rural Electrification Programmes

- Extension of grid
- Small hydro in district centers
- Subsidy for micro hydro
- “Electricity Co-op” model
- SHS/LED pico hydro promotion

Development of Electrification/Hydro Industry in Nepal

- Started small, initially for milling
- Initial external technical assistance, mainly from Swiss, Norway
- Electricity generation added to mills
- Subsidy provided for 'Add-on electrification'
- Subsidy extended to microhydro based electrification
- Bulk sale to private sector and community groups for extending distribution

Lessons in Addressing Poverty

- Difficult to show direct link – impact mostly indirect
- Impact on poverty due mainly to increased number of business or better/cheaper services
- Electricity is a necessary but insufficient condition for increasing income generating activities
- Public services such as health are enhanced and improved

Lessons in Addressing Poverty

- Lighting and TV/radio are the first usage of electricity for that households
- More women than men feel that electricity has had a positive impact on their livelihood
- Labour and drudgery saving facilities such as mills are among the first industries to be installed when electricity is available

Lessons in Addressing Poverty...

- Those without connections also benefit from electricity due to facilities such as fax, computers, internet, street lighting
- Performance, rather than price, is the issue in electricity supply
- Electricity access has a livelihood impact on reducing political estrangement
- A policy of access to all or 'Obligation to serve' for any given distribution area is an effective way of ensuring that the poor are not left out

Issues, Lessons Learned & Way Forward

- How to increase access
 - Finance, involvement of private financial institutions, levy on electricity, participation of beneficiaries
 - improving financial viability of electrification, localising electrification technology and products

Issues, Lessons Learned & Way Forward

- Increasing economic activity/wealth using electricity
 - electrification is a necessary but not a sufficient condition for increasing income generating activities
 - other elements of economic development such as markets, roads, credit, HRD, raw materials needs to be developed along with electricity

Issues, Lessons Learned & Way Forward

- Improving livelihoods
 - Private goods: people are quick to adopt conveniences that enhance their livelihoods
 - Public goods such as health, education, street lights, need to be enhanced to take advantage of electricity