USAID's Investment in Hydropower Lights Up the Countryside

If Nepal harnessed its' 83,000 MW of hydropower potential more effectively, the country could meet its domestic demand for electricity as well as export hydropower and potentially transform the economy.

The lack of electricity is a major constraint to economic development and poverty alleviation. Currently less than 1% of hydropower energy is developed and Nepal depends on bio-fuels, mainly wood, to meet its energy needs. This has serious consequences for Nepal's environment as the consumption of fuelwood accelerates deforestation and soil erosion.

Since 1997, USAID has encouraged socially and environmentally sustainable hydropower development in Nepal by creating friendly conditions for policy reform, good governance and private sector development. USAID, in partnership with the Government of Nepal, and with World Bank support, has also established a Power Development Fund as a catalyst for energy investment. Already, the Government of Nepal has adopted a sound hydropower policy opening the private sector to exporting hydroelectric power and promoting more investment. Strict rules and regulations ensuring that hydropower projects are environmentally and socially sustainable have been instituted.