

Renewable (Rural) Energy Policies Gender Equality and Social Inclusion Analysis Report

Prepared for

**Alternative Energy Promotion Centre (AEPC)/
Energy Sector Assistance Programme (ESAP)**

by

SNV

Connecting People's Capacities

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Acknowledgement

We deeply appreciate the process that AEPC/ESAP has undertaken to mainstream gender equality and social inclusion (GESI) in the renewable (rural) energy sector, starting from the Minigrid Rural Electrification component. GESI issues have been identified by all in Nepal, including Government of Nepal, as key to equitable progress and development. SNV believes that it is a very important aspect to be addressed in the renewable energy sector as it impacts the livelihoods of women, poor and the excluded directly.

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List of abbreviations

AEPC	Alternative Energy Promotion Centre
ESAP	Energy Sector Assistance Programme
GESI	Gender Equality and Social Inclusion
GoN	Government of Nepal
KW	Kilo watt
M&E	Monitoring and Evaluation
MGREC	Mini-grid Rural Electrification Component
NPC	National Planning Commission
SNV	Netherlands Development Organisation
MHP	Micro-hydro Project
TRC	Technical Review Committee
REF	Renewable Energy Fund
REDP	Rural energy development Programme
ADDCN	Association of District Development Committee of Nepal
NAVIN	National Association of Village Development Committee in Nepal
ToR	Terms of Reference
NGOs	Non-governmental Organizations
RRESC	Regional Renewable Energy Service Centre
VDC	Village Development Committee

1. Introduction

1.1 Context

Energy Sector Assistance Programme (ESAP) is a comprehensive alternative energy support programme introduced in 1999 and is one of the various alternative energy programmes implemented under Alternative Energy Promotion Centre (AEPC). ESAP is in its second phase (2007-2012) currently is working with a development objective of "Elevating living standards of rural people by improving access to rural energy solutions". ESAP identified the need to mainstream gender equality and social inclusion (GESI) in the rural energy sector, starting with the mini-grid rural electrification component (MGREC).

This is in line with the different efforts of the Government of Nepal over the last decade or so to transform Nepal into an inclusive and just state. The concept of social exclusion/inclusion has gained increasing prominence in Nepal's public discourse over the past few years—especially since the goal of social inclusion was made one of the four pillars of the Poverty Reduction Strategy Paper (2002–2007) and due to what most observers view as the root cause of conflict in the country.

The Interim Constitution 2063, (2007) of Nepal has provisioned for social justice and affirmative action for women, Dalits, indigenous groups, the Madhesi community, and other excluded or disadvantaged groups. It gives explicit recognition and importance to gender equality. The provision of 33 per cent women participation in all state mechanisms and the restructuring of the state with emphasis on inclusiveness are noteworthy. Key national policy documents like the Poverty Reduction Strategy Paper (PRSP) (2002–2007) with its social inclusion pillar, Three Year Interim Plan (2007–2010), which had a separate section on social inclusion and gender mainstreaming, clearly provided a mandate for addressing inclusion issues. The National Development Strategy Paper (2009) and the Three Year Development Plan (2010–2013) also have specific recognition of gender and inclusion issues. Various global commitments have also been made by Nepal with the signing of conventions and other international instruments. Institutional mechanisms have been established and programmes implemented sometimes targeted, many times incorporating gender and inclusion aspects. Different Ministries like Ministry of Local Development, Ministry of Physical Planning and Works and Ministry of Forests and Soil Conservation, have developed gender equality and social inclusion strategies in order to operationalise the national and international commitments of Government of Nepal. Gender and Social inclusion is one of the strategic priority areas of the Local Governance and Community Development Programme (LGCDP) implemented by the Ministry of Local Development (MoLD) since 2009. The Ministry of Women, Children and Social Welfare (MoWCSW) formulated the National Plan of Action for Convention on Elimination of All Forms of Discrimination Against Women (CEDAW) and is implementing it in Nepal. The government has a Gender Responsive Budgeting (GRB) system since 2007 to ensure that adequate resources are allocated for gender issues. Nepal has in place a Poverty Monitoring and Analysis System (PMAS) that provides a good foundation for disaggregated data collection at the national, sectoral and local levels though it requires improved implementation and a focus on a standard level of disaggregation.

ESAP/AEPC has recognised that projects in the rural energy sector have not so far adequately incorporated gender mainstreaming and other social development concerns in their policies, institutions and services¹. This gap has been increasingly identified by all the stakeholders and there is a demand and need for mainstreaming GESI in this sector as it has direct impact on rural households and can contribute immensely to the improvement in the quality of life of women, poor and people in rural areas. In May 2010, a special addendum "Gender Equality and Social Inclusion

(GESI)" was added to ESAP II. To recognise the strengths and the areas of improvement in the policy environment for mainstreaming gender equality and social inclusion, AEPC/ESAP, with technical support of SNV has reviewed key policy mandates of the rural/renewable energy sector, with a focus on the Minigrid Rural Electrification component. This document presents the analysis and also has suggested amendments for future policy reform. A brief summary is presented in the main text and the annexes provide details of proposed amendments to the different provisions of the policy documents.

1.2 Objective

The objectives of this policy analysis are to

- identify the strengths and areas of improvement for mainstreaming gender equality and social inclusion in mini-grid rural electrification related policy provisions of three key rural energy policy documents
- recommend amendments for future policy reform

1.3 Conceptual framework of gender equality and social inclusion

The conceptual framework adopted for this policy analysis is informed by the recent discourse in Nepal regarding gender equality and social inclusion and builds on lessons from several programme initiatives related to gender equality and social inclusion by other sectors and government ministries in Nepal.

1.3.1 Social exclusion/inclusion

Social exclusion consists of dynamic, multi dimensional processes driven by unequal power relationships interacting across four dimensions – economic, social, political and cultural – and at different levels including individual, household, group, community, country and global levels. It results in a continuum of inclusion/exclusion characterised by an unjust distribution of resources and unequal access to the capabilities and rights required to lead a dignified life². In Nepal³, social exclusion describes the experience of groups who are systematically and historically disadvantaged because they are discriminated against on the basis of their caste, gender, ethnicity, disability, sexual orientation or religion or an overlapping combination of these. Social inclusion is the removal of institutional barriers and the enhancement of incentives to increase the access of diverse individuals and groups to development opportunities.

1.3.2 Gender

Socially constructed power relations between women and men establish the roles, responsibilities, opportunities and decision-making authority of women and men, usually positioning women as subordinate to men. These gender relations are a cross-cutting dimension of discrimination, with varying degrees, across all social groups in Nepal. All women experience discrimination and women from excluded groups and communities experience multiple and more severe forms of exclusions.

This conceptual framework acknowledges that women's rights can be achieved only with change in discriminatory gender relations. But for men and women from excluded groups and communities, change in gender relations alone will not be sufficient for prevention of discrimination and exercise of equal rights. Women of all identities and men and women from excluded groups and communities need to be empowered for counteracting all forms of discrimination.

The focus on “Gender Equality and Social Inclusion” is intended to highlight the power relations between women and men and between different social groups in Nepal, manifested in different forms and at different levels.

1.3.3 Definition of excluded groups

While recognising that different groups have different needs, the definition of **exclusion in Nepal is understood primarily** from at least eight dimensions: i. **poverty-based**, ii. **gender-based**, iii. **caste, ethnicity based**, iv **sexual orientation based**, v. **disability based** vi. **religion-based**, vii. **language based**, and viii. **regional-based**. The Interim Constitution, Three Year Interim Plan (TYIP) of 2007-2010 and the Three Year Plan of 2010-2013 have stated that those who have experienced exclusion and have not been mainstreamed in the nation’s development are women, Dalits, Adibasi Janajatis, Madhesis, linguistic, religious and sexual minorities, people living with disabilities and people of geographically remote areas⁴. Draft provisions prepared for the new constitution through the works of Constituent Assembly thematic committees reflect the struggle of the minorities, marginalised and excluded communities to ensure their rights⁵.

Freedom from discrimination and meaningful exercise of non-discrimination rights are manifest in several advocacy rights struggle in Nepal. For example, unlisted Adibasi Janajati (indigenous nationalities) groups are demanding official enlistment for recognition of their rights and end to discrimination while Dalits continue to demand real freedom and protection from untouchability (in practice).

Minority groups based on religion, language, sexual orientation, marital status (single women) and bodily abilities (persons with disabilities) are accordingly acknowledged through the preparatory works of the new constitution as well as through government policies and plans.

Based on this national scenario and existing definitions or categories of the groups who experience systemic exclusion of some kind, this policy review defines the *economically excluded as the poor* of all caste, ethnicity, religion, location and gender. The *socially excluded groups* with each group having a specific cause of social exclusion include: Women, Dalits, Adibasi Janajatis, Madhesis, linguistic, religious and sexual minorities, people with disabilities and people of geographically remote areas.

1.3.4 The three domains of change

To address exclusion, development efforts need to both i. empower women and men of all social groups, covering both livelihoods and voice empowerment and ii. change institutional rules (as manifested in informal and formal policies, behaviour, social practices from household to state levels) for effective change in people’s lives and for equality⁶.

The conceptual framework for addressing exclusion is premised on the understanding that meaningful and sustainable development will occur only when people of different social groups improve their i. livelihoods (i.e. improve health, education, income and employment aspects) and ii. ability to claim rights and influence decisions (i.e. enhance their voice). Along with this, rules that control the distribution of assets, opportunities and voice to different individuals and groups have to be made more equitable.

These conceptual frameworks have informed the analysis of the policies and the suggested amendments.

1.4 Methodology

The policy analysis process was simultaneously conducted with a process followed by AEPC/ESAP for developing guidelines to mainstream gender equality and social inclusion in Mini-grid Rural Electrification Component (MGREC). Apart from secondary document review by the consultant team (refer to Annex 1 for list of documents reviewed), the policies have been reviewed and suggestions provided by field practitioners in consultative workshops and semi-structured interviews and by users in focus groups discussions. Three workshops were held in Baglung, Tanahu and Surkhet between September to November 2011 with participation of RRESC staff, Women Development Office, District Development Committee representatives and NGOs/CBOs. Stakeholder consultations were held with NGO representatives working in the sector and with local government staff. Focus group discussions were held with community level mini-grid project users, especially with women, poor and excluded groups. Efforts were also made to meet those who were excluded from accessing project benefits (refer to Annex 2 for list of people met).

1.5 Limitation

A key limitation of this policy analysis is its focus on mini-grid rural electrification component. Another limitation of this policy analysis is a lack of consultation with senior policy makers of AEPC and Ministry of Environment. This draft policy review is providing inputs for a policy recommendation paper and will need to be discussed widely for feedback and finalisation before a formal process of policy reform can be adopted by AEPC.

2. Existing policy framework for gender equality and social inclusion and rural energy

2.1 Rural Energy, Gender Equality and Social Inclusion in GoN's Five Year Plans

In Nepal, the scattered settlement and complex topography makes it challenging to provide electricity through national grid alone. Government of Nepal through its different plans has been attempting to promote renewable energy. The Fifth Five Year Plan (1975/76 - 1979/80) for the first time mentioned small hydropower, which included hydro power plants of micro-hydro power (MHP) range as one of the means for rural electrification. It was under this plan that the then His Majesty's Government (HMG), in 1975, established Small Hydropower Development Board (SHDB). During the Sixth Five Year Plan (1980/81 - 1984/85) period, in 1981, a Rural Electrification Project with a view to promote rural electrification through MHP was launched with donor assistance. Through this project both credit at priority sector interest rates and technical assistance for promotion of MHP was provided. In 1984 the HMG waived the licensing requirement for MHP and deregulated MHP produced electricity price. In the following year, the Seventh Plan (1985-90) period⁷, the Government introduced subsidy for MHP. In addition to these initiatives the Government also waived income tax from MHP earnings. In the Eighth Five Year Plan (1992-1997)⁸, high priority was placed on energy development, targeting energy needs and giving greater importance to the development of alternative energy technologies. For the first time it fixed a target for MHP development even though it was not achieved. In the same period, envisioning the need for a coordinating body for large-scale promotion of alternative energy technologies in Nepal, the Alternative Energy Promotion Centre (AEPC) was established to promote the use of Renewable Energy Technology and to act as the government coordinating body⁹.

The Ninth Plan (1997- 2002) emphasised the development of renewable energy in the total context of development specifically in view of the rural energy requirements and the need to protect the environment (NPC, 1998). In this plan, the focus was on increased efficiency by adopting new technology for rural energy and minimising negative impacts upon the environment. It emphasised on increasing production and productivity by "compulsory adoption of advanced technology (that helps to reduce foreign trade deficit) in economic and social sectors" [NPC, 1998, p. 598].

Rural electrification only started to become a priority sub-sector from the Tenth Plan (2002-2007) onwards. It was recognised that access to electricity is a necessary precondition for sustained economic growth and thus poverty reduction in rural areas. It is also recognised that access to electricity in itself is not a sufficient measure to bring about rural economic growth and to successfully combat poverty. The 10th Plan set high goals for rural electrification: 55% of all households were to have electricity by the completion of the plan. However, targets were not achieved, largely due to prevailing political unrest, and a lack of coordinated implementation. The Three Year Interim Plan (2007-2010) states that "alternative energy management will be supported, by producing briquettes and other materials from locally available forests products. Employment opportunity will be provided to the poor women, by enhancing their skills by providing training, technology and equipment with priority". In its long term vision it has directed that "Alternative energy promotion contributing to rural development, enhancing rural economy and quality of rural life, increasing the employment opportunities and contributing to the sustainability of environment".¹⁰ The Three Year Plan (2010/11-2012/13) has also emphasised on the importance of renewable energy as an inseparable part of economic development and has set a target of one micro-hydro programme in one village in 1000 VDCs of 39 districts.

Women's empowerment and gender issues were included in the five year plans from the period of the Sixth Plan but it was only with the Tenth Plan that the state recognised that development strategies might have to account for why various groups may not be benefitting from the periodic plans. The 10th Five Year Plan (2002-2007) detailed 'targeted programmes' to help those groups that were falling behind. It made it a priority to 'enhance the welfare of vulnerable, disadvantaged and exploited groups, the Dalits and indigenous scheduled caste groups' and also 'for mainstreaming, empowering and bringing about gender equality'¹¹. The development and public discourse of the time did not mention Madhesis as a marginalised group.

The Three Year Interim Plan (2007-2010) was approved in November 2007 and Madhesis figured alongside women, Dalits and Janajatis, among others. The focus of the Interim Plan was squarely on 'inclusive development'. The Plan even spelt out the rationale for inclusion:

"Inclusion means to fulfill the physical, emotional and basic needs of all the people, groups or castes. It has to be achieved by respecting their dignity and their own culture and also reducing the disparities between excluded and advantaged groups and by reducing the gap in the existing opportunities and access. In addition to this, it is to help to build a just society by ensuring rightful sharing of power and resources for their active participation as a citizen¹²."

The Plan envisaged raising the human development index (HDI) of Dalits, Janajatis, Madhesis and Muslims by 10 per cent over the three year period¹³. The strategies for achieving this new just society included: 1) mainstreaming excluded communities into the development process and outcomes; 2) increasing their access to resources; 3) ensuring proportional representation of the excluded communities in all decision-making processes and structures of the State; 4) launching special targeted programmes for these communities; 5) adopting a policy of positive discrimination in the economic, education and health sectors for ensuring economic and social security of the weaker sections and communities among the excluded groups; and 6) protecting heritage and languages¹⁴.

While the Three Year Plan (2010-2013) records implementation gaps of the Interim Plan targets, the fact that the Interim Plan recorded exclusion in such detail, demonstrates that the problem of exclusion was formally recognised by the state. There was also a recognition that for peace building it was essential to address disparities in terms of caste, ethnicity, gender or region.

However, none of the Five Year Plans (except the Three Year Interim Plan and the Three Year Plan), ever linked the energy policy with gender and inclusion, though it has direct impact on women, poor and the excluded. Rural energy is one of the central areas where women's roles and responsibilities are significant since they are directly involved in consumption and management of energy resources. This was not recognised by the different policies and hence gender and inclusion and renewable energy were presented in isolation in the five year plans. The Three Year Interim Plan had identified as its long term vision "Contributing to the broader national goal of achieving social inclusion and gender mainstreaming through increased participation of population of all class, caste and gender in the development, promotion and utilisation of alternative energy sources"¹⁵. The Three Year Plan too has identified that alternative energy will contribute to employment generation and inclusive development¹⁶ but its objectives, policies, working policies and programmes have not specified how inclusion will be addressed.

2.2 Gender and Inclusion in Renewable (Rural) Energy Policies

Over the last decades, the Government of Nepal (GoN) and Alternative Energy Promotion Centre (AEPC) have developed policies and regulations to provide directions to national grid and mini-grid projects in Nepal. The Renewable (Rural) Energy Policy 2006, Subsidy Policy for Renewal Energy 2009 and Subsidy Delivery Mechanism Policy 2009 are key policies for the mini-grid sector in Nepal. A review of these key policies of the rural energy sector, which frames the conditions under

which the mini-grid component has to function, indicates that some efforts have been made to address income and location based exclusion issues in the relatively recent subsidy related policies but gender equality and social inclusion (GESI) has not been addressed substantively in the policy framework. We discuss strengths, areas of improvement and suggested amendments for each of these three policies below. Detailed suggestions linked to policy article numbers are in annexes 3, 4 and 5.

2.3 Renewable (Rural) Energy Policy 2006

The overall goal of this policy is to 'contribute to rural poverty reduction and environmental conservation by ensuring access to clean, reliable and appropriate energy in the rural areas'. Its objectives are to reduce dependency on traditional energy, increase employment and productivity and the living standards of the rural population. It has 19 policies and 10 working policies for micro-hydro which cover some of the major aspects for development of rural areas, such as, capacity building of the local bodies for planning, implementation, M& E, increased involvement of private sector, community management and diversification of productive end-uses.

2.3.1 Strengths

The focus of this policy is on rural areas, conserving environment, increasing employment through use of electricity and community management of projects. This latter provision brings the projects nearer to the people and hence provides a possible space for addressing gender and inclusion aspects.

2.3.2 Areas of improvement

This key policy of the sector demonstrates a limited understanding of gender and inclusion issues. While the background discussion of the policy document mentions the impact of poor environment on the health of women and children, the rationale does not link the need for renewable energy policy and the benefits that would accrue to women, poor and the excluded with this policy framework. The definitions and explanations too do not have any explanation about gender or inclusion even though the Tenth Five Year Plan had already identified social inclusion as one of its four pillars.

There is an assumption in all the provisions of the policy that all people in the project catchment area will benefit equally. It has not recognised and addressed any of the barriers of women, poor and the excluded e.g. the difficulties to get employment or access credit for productive end-use, inability of the poor households to pay, or constraints to provide labour for single women headed households, or the limited capacity of women, poor and the excluded to influence decisions made by users' committees and construction companies or other issues in accessing benefits generated from a mini-grid project.

While the policy (3.10¹⁷) has stated that community must be encouraged to manage the project, there is no recognition of the inequities which exist within a "community" or about how to counterbalance the 'political-business-local elites' nexus which has access to networks and resources to enable a project to come into an area and which has the ability to form such rules that the majority of benefits too are enjoyed by them.

The policies and working policies refer to capacity of local bodies (policy 3.2¹⁸), increasing human resource capacity (3.6¹⁹), economic activities using higher energy consumption (policy 3.7²⁰), concessional loan provisions and other such issues but nothing specific has been stated to ensure that these reach women, poor and the excluded or that special efforts are made to strengthen women's capacity and skills or ensure they receive loans e.g. trainings to enhance awareness in

gender and social inclusion are not mentioned. There are no directives regarding the kind of skills development and awareness raising training that must be implemented to ensure women, poor and the excluded groups access project benefits or participate in project design and implementation process. No provisions to strengthen the voice and capacities of women, poor and the excluded are identified.

2.3.3 Suggested amendments

The proposed revisions are primarily focused on addressing the barriers that are experienced by women, poor and the excluded in accessing resources and benefits of mini-grid projects and in revising terminology in order to ensure access of benefits to the excluded.

- *Background and rationale:* The justification in the write-up must include issues about women, poor and the excluded and discuss why gender and inclusion issues are important to address in the renewable energy sector from the perspectives of rights, equity and equality.
- *Definitions and explanations:* Definitions should include definitions of gender equality and social inclusion concepts.
- *Goal Statements:* The three goal statements should include gender and inclusion aspects e.g. To reduce dependency on traditional energy and conserve environment by increasing access of all, including women, poor and the excluded, to clean and cost effective energy in the rural areas; To increase employment and productivity for all, including women, poor and the excluded through the development of rural energy resources; To increase the living standards of the rural population, including women, poor and the excluded by integrating rural energy with social and economic activities.
- *Policies:* The policy statements must ensure that all stakeholders are directed to address barriers of women, poor and the excluded and that gender and inclusion aspects are addressed e.g. policy statements can be rephrased to include GESI aspects:
 - *Emphasis will be given to the development of the environmental friendly Rural Energy Technologies which are gender and inclusion responsive;*
 - *The capacity of the local bodies will be improved for playing a leadership role in inclusive rural energy project planning, implementation, monitoring and evaluation at the local level and involvement of women's cooperatives²¹, user groups, NGOs, private sector will be increased, including of women's cooperatives and organisations representing the poor and the excluded;*
 - *Rural Energy Fund will be established at the central level to mobilise financial resources to be availed from various sources and the fund will be expanded to the local level as per need, ensuring that they are also accessible to women, poor and the excluded;*
 - *Emphasis will be given to increase private sector participation by motivating the involvement of private sector in manufacturing of equipments related to rural energy. Women-led private sector manufacturing businesses/enterprises will be encouraged;*
 - *Economic instruments will be used to mobilise the capital from banks and financial institutions, internal capital market, community capital for rural energy development, including funds from women's cooperatives; The emphasis will be given for development and management of new technology to increase efficiency of use of traditional energy.*
 - *Similarly, emphasis will be given for Research and Development of rural energy technology, and efforts will be made to develop technologies that will be useful for women and will ease their work burden.*
- *Working Policies of Mini and Micro Hydro:* Working policies also require to mainstream gender and inclusion issues. They must recognise that a blanket approach will not be easily accessed by women, poor and the excluded and hence explicit and special directives are necessary e.g.

- *Arrangements shall be made to encourage local groups, including women's groups and private sector to distribute the electricity by producing the power up to 1000 KW in rural areas.*
- *Arrangements will be made to provide concessional loan or on instalment basis if local consumer group or cooperative wants to take over publicly owned small hydro power projects for operation and maintenance or own the projects. Women's groups will be provided easier terms if they want to take over projects for operation and maintenance.*
- *Arrangements will be made to provide technical assistances also from District Development Committee for implementation of micro hydro projects initiated locally in rural areas in a gender and inclusion responsive manner.*
- *Guidelines and manuals related to micro hydro projects will be made available to the stakeholders, including those working on gender and inclusion issues and to community women, poor and excluded by revising as per needs.*
- *Guidelines and manuals will be revised to ensure gender and inclusion issues are integrated.*
- *Arrangement will be made for bulk purchase of electricity by the community, cooperatives and user groups from the national grid for retailing electricity to the consumers. Women's cooperatives will be encouraged to make the bulk purchase.*
- *Subsidy arrangement:* Various revisions in subsidy arrangements are suggested in order to support the extreme poor and very remote areas after identifying them by using appropriate tools. Subsidies for remote districts and very remote areas within those districts need to be different in order to address geographical exclusion issues. Other subsidy provisions which need to be revised to ensure support for women, poor and the excluded, include for example: Micro hydro projects developed by the user groups and cooperatives will be encouraged, especially those which are women led/managed and which are inclusive; Necessary financial support will be made available for research and development of new technology, including research and development of new technology which will help in enhancing the livelihoods of women, poor, and excluded and reducing the work burden of women; these will be developed with inputs from women to ensure the development and design of technology what will be most useful for them.
- *Resources arrangements:* For resource mobilisation, a certain percentage of the DDC and VDC Energy Fund has to be earmarked for supporting women, poor and the excluded (as it is done in DDC and VDC block grant budgets). Also resources to be mobilised using different financial instruments must include women's cooperatives funds. Women led businesses/enterprises will be encouraged to develop industries for manufacturing and producing equipments and materials to be used in the rural energy sector. Support for registration and renewal of users; groups will be GESI sensitive.
- *Human resource management:* The capacity and skills of AEPC staff and rural energy users will be strengthened to integrate GESI in their work.
- *Coordination arrangement:* Coordination by AEPC will be with Women Development and Child Office, representative organisations of the excluded such as district level Dalit and Janajati Coordination Committees and women's groups/cooperatives; Other local level social empowerment related programmes for reducing gender/caste/ethnicity/regional identity and other discrimination will be integrated with rural energy programmes.
- *Monitoring and evaluation arrangement:* Monitoring and evaluation will include gender and inclusion sensitive processes and indicators. Management Information system will include disaggregated data and gender and inclusion related information; Rural energy programmes will be monitored and evaluated based on output oriented GESI sensitive indicators.
- *Institutional arrangement:* At the central level all activities carried out by AEPC will be gender and inclusion responsive; Rural Energy Coordination Committee will be inclusive with representation of National Commission of Women and Commission of Dalits and Nepal Federation of Indigenous Nationalities. Its functions will include ensuring gender and inclusion aspects are being addressed in all rural energy programmes/activities; Central Rural Energy Fund will also be inclusive and it will have responsibilities to address GESI in all aspects of its

functioning. At the district level, the District and Village Energy Fund will be utilised to mainstream gender and inclusion in all its work.

- *Other arrangements:* Arrangement will be made for community mobilisation, including mobilisation of women, poor and the excluded as may be required for implementation of energy development programme. Women, poor and the excluded will be encouraged to run enterprises for productive end-use; Women's indigenous knowledge and knowledge of Adibasi Janajati will be recognised and used in such research and development.

The existing sections and provisions in the policy document do not include measures to build the skills and voice of women, poor and the excluded or for revising the social constraints that stop women, poor and the excluded from accessing benefits of the renewable energy sector. Thus policy amendments are necessary for ensuring investment is made in skill-building of women, poor and the excluded for managing projects, end-use enterprises and for strengthening their voice to advocate for change in the existing discriminatory social structures.

Refer to Annex 3 for detailed suggested amendments for the Renewable (Rural) Energy Policy 2006.

2.4 Subsidy Policy for Renewal Energy 2009

The Subsidy Policy for Renewal Energy 2009 has five objectives (section 2) and 8 Policy Statements, Subsidy Type and Level for micro-hydro power (section 3.1) and section 4 describes the subsidy delivery procedure.

2.4.1 Strengths

The subsidy policy of 2009 has recognised and addressed income related barriers. It aims to provide opportunity to low-income rural households to use rural energy technology and attract private sector entrepreneurs. The Regulation has provisioned for prioritisation of projects and programmes dedicated to remote districts of Nepal. A number of subsidy schemes are outlined in the policy document.

2.4.2 Areas of improvement

There is limited recognition about other kinds of exclusion, apart from income exclusion, in the policy document. None of the five objectives have incorporated gender and inclusion issues except one that has aimed to reduce rural and urban gaps in rural electrification. But even this objective has not recognised or addressed the gaps between women and men headed households, and households of extreme poor or of caste/ethnic social exclusion. The objectives on making service delivery efficient, use of rural energy technology, promoting private sector entrepreneurs also do not recognise that there are differences and disparities between different social groups based on gender, caste and ethnic realities e.g. promoting women entrepreneurs needs different support to what men entrepreneurs require. The GoN's long term goals on rural electrification and energy have been rightly identified for support but the national and international policy commitments of GoN for gender mainstreaming and for social inclusion have not been included.

A blanket amount for the subsidy has been provisioned which does not recognise different kinds of barriers e.g. transportation costs in very remote project sites is higher, extreme poor households, poor women headed households and households with disabled persons may need higher subsidies but no special provisions are provided for these social groups who experience different constraints and may not be able to access the subsidies or use them effectively. In case some households are left out due to financial constraints, further arrangements have not been identified. Similarly other

arrangements have not been identified e.g. as per the subsidy policy, subsidy amount of NPR 6,000 per household will be provided for the add-on MHP project but there is no positive support for add-on which reduce work burden of women, eligibility time frames could be made different (less than the 6 months provisioned) of operation of MHPs if the Users Committees had many women and people from excluded groups.

Subsidy delivery procedures also have not identified differences between different social groups. Groups with limited access to different financial institutions, users groups led by women who have mobility and information constraints have not been identified for extra support. Technologies addressing women's work burden or supporting enterprises usually run by women or certain social groups have not been promoted.

2.4.3 Suggested amendments

The proposed amendments suggested are:

- *Objectives:* The use of renewable energy resources and technologies in the rural areas to be further specified to include remote, geographically inaccessible areas, reduction of the growing gap of electricity supply, consumption, etc. to include reducing gaps between different income groups and different social groups;
- *Policy statement, subsidy type and level:* The assumption that all households will be covered by the MH needs to be ensured and hence in case some households are left out due to financial constraints, further arrangements will need to be identified based on the decisions of the users' committee. Technologies which reduce work burden of women will be provided a different subsidy; households in very remote areas which require higher transportation costs will be provided additional subsidy; in case the MHP project is in DAG (disadvantaged) VDCs (as identified by DDC/MLD) the subsidy will be % of the installation cost but not more than NPR xxx²² per kw generated, subsidies to enterprises owned and run by women's cooperatives; transportation subsidy will be different by xx percentage if the distance of the MHP project site is more than 50 kilometres from road head; in case the MHP has an only women users committee the operation will need to be for four months (not 6 months) for eligibility for this subsidy amount.
- *Subsidy delivery procedure:* Various measures are suggested e.g. technologies to be promoted addressing women's work burden or supporting enterprises usually run by women or certain social groups; specific barriers of social groups with limited access to different financial institutions, users groups led by women who have mobility and information constraints need to be addressed; The level of subsidy will be reviewed annually (not every two years) for MHPs in project sites which are in DAG VDCS; Users committees will be responsible to ensure that the installers are accountable about the subsidy use.

Again this document too does not have provisions for strengthening voice or changing the rules of the game (refer to the conceptual framework section). Provisions need to be added for strengthening women, poor and the excluded to be informed about the whole process and take a lead in organising and managing these projects. Strengthening their voice to advocate for change in the existing discriminatory social structures and to claim their rights is also essential. Refer to Annex 4 for details.

2.5 Rural Energy Subsidy Delivery Mechanism 2009

The Rural Energy Subsidy Delivery Mechanism 2009 specifies various provisions regarding the disbursement of subsidy amounts. It has outlined Subsidy Criteria and Delivery Mechanism for Rural Electrification and has specified tasks of different committees.

2.5.1 Strengths

The Rural Energy Subsidy Delivery Mechanism, 2009 has recognised geographical exclusion issues and provisioned for a higher financial support for feasibility studies to remote districts.

2.5.2 Areas of improvement

Gender equality and social inclusion issues have not been integrated systematically in the policy document. Starting from the definitions, these aspects have not been recognised as a key component and explained. The policy has mandated a technical review committee to approve subsidies. This committee has representation of AEPC, MGREC, one representation from financial and private sector but no provision for experts familiar with GESI issues has been made, neither has it been given any responsibility to ensure GESI issues are addressed during the project feasibility and implementation. Remote districts have been identified for economic support but the challenges of project sites at a distance from district headquarters and experiencing further inaccessibility have not been addressed. Similarly, the Mini Grid Coordination Committee has representation of the ministry, local bodies and associations but not of any commission or representative body of women and the excluded. There are 12 key activities identified for the Mini-grid Support Programme but none of these have integrated aspects which impact women, poor and the excluded differently e.g. in qualifying consultants it does not specify that GESI related criteria will be also considered, in facilitating mini-grid schemes, the facilitation necessary for projects which are led by women or have less experienced people from socially excluded groups is not included.

No special provisions have been made for women, poor, excluded while establishing renewal energy centres or to ensure that electricity developers, electricity users' cooperatives, social, private and public sector organisations are GESI sensitive in their actions.

2.5.3 Suggestions for amendments

Amendments suggested are indicated below – refer to Annex 5 for details.

- *Definitions* include definitions of gender equality and social inclusion concepts e.g. of gender, gender equality, women headed households, social inclusion, definition of excluded groups, DAG VDCS, inaccessible remote areas etc.
- *Subsidy criteria and delivery mechanism: Rural Electrification Mini and Micro Hydro Projects (5.2):* Technical Review Committee will evaluate not only the technical and financial feasibility studies of mini and micro hydro projects but also the social feasibility of the project and will use GESI sensitive indicators to ensure the proposed mini and micro hydro with technically, financially and economically and socially feasible. Economic support for feasibility studies is based on demand and hence social mobilisation with women, poor and the excluded will be done to ensure demand comes from excluded communities too. All reports must present along with technical aspects social issues with disaggregated analysis of the project's implications for women, poor and the excluded.
- *Mini Grid Projects of Energy Sector Assistance Programme (5.2.1):* The Mini Grid Coordination Committee will include representation of the Department Of Women, Children and Social Welfare/Ministry Of Women, Children and Social Welfare and the Social Development Officer of DDCs. The major activities of the MGSP will incorporate GESI aspects e.g. the process and criteria must be gender and inclusion sensitive to qualify consultants, manufacturers and installers; to establish RRESCs for providing GESI sensitive facilitation support to mini-grid schemes covering all the potential areas of the country; to prepare guidelines for the integration of GESI sensitive rural electrification activities in the local planning of DDCs and VDCs; to develop GESI sensitive procedures and manuals; to support preparatory studies

(including gender and inclusion analysis studies), to operate and support operation of GESI sensitive mini-grid schemes; to facilitate increase in the public and private sector participation, including of women led/managed cooperatives/users' groups in identification, implementation and operation of projects and end-use of electricity. Quality assurance will include GESI related aspects; diversity in staff and capacity building of staff will include skill development for mainstreaming GESI; to conduct promotional activities, information dissemination, and market expansion related activities for increasing the productive use of electricity by all including women, poor and the excluded. RRESC will actively promote the productive end-use of electricity by everyone, including different social groups; women service providers will be trained and encouraged to prepare preparatory studies; efforts will be made to promote women led/managed qualified companies.

- *Subsidy delivery:* The recommendation of MGSP to REF for subsidy must include an assessment of how well the company selected for survey, supply of material and installation addresses gender and inclusion issues in its own company policies. The assessment must review aspects such as whether the company promotes women employees and women service providers; the MGSP project cycle should include apart from project identification, integration in local planning, feasibility study etc, a step for gender and inclusion assessment; as subsidy disbursements is in installments, 10 per cent of the second installment should be withheld in case 10 per cent of the extreme poor households identified during project identification phase have not had electricity connection. In the final installment, 5 per cent should be withheld in case all the extreme poor households have still not received electricity.
- *Subsidy criteria:* The installation company should submit the name list of electrified households (disaggregated by caste/ethnicity/regional identity and sex of household head). In the Terai project sites if the citizenship of certain households are not available, the VDC should facilitate the process for the household acquiring the necessary citizenship papers; the subsidy amount for project sites in very remote areas with heavy transportation costs due to inaccessibility should be according to the revised guidelines; a one-stop window should be opened to clear necessary documents with priority to women led institutions and needs to be facilitated to make it easier for women to have information and access about necessary documentation; for the warranty period, in case of women led projects, the installer/supplier must do routine check twice (not once) of the scheme and facilitate the process for suggested improvement and the warranty period should be at least two years, not one year.

The proposed project must have a legal status but if the project is in the process of being registered, then flexibility should be maintained for women led projects and papers showing registration is in process should be accepted. The tariff plan must cover as stated the operational and repair and maintenance cost but also include provisions for support to extreme poor households in the project coverage. In case of financial support from local agencies/local women's cooperatives, written memorandum of understanding can be done with DEEU/DDC and not AEPC to address mobility constraints of women.

In case of projects with above a certain identified per cent of extreme poor households, the project must demonstrate a commitment to use at least 8 (and not 10) per cent of the available electricity for productive end-use; subsidy calculations will include calculations regarding support to extreme poor households and for additional transportation costs for projects in very remote areas business plan should include, along with audited financial statements, social analysis implications and their mitigation measures; the scheme of projects in very remote areas could be made different to the 5 kW size stated in the criteria to provide some support and address their barriers. Financial and technical support to women led productive end-use will be as specified in the revised guideline.

- *Monitoring and evaluation:* REF will ensure that the household connection verification covers extreme poor households. Impact assessments will cover not only technical aspects but also social issues of which households have not received electricity and the barriers of other households experiencing any kind of exclusion. Public hearings will be facilitated in a manner that will ensure women, the poor and people from social groups experiencing any form of

exclusion also participate. Studies on consumer satisfaction should also present the satisfaction of women/men and of people of different social groups with disaggregation.

- Similar to other two policy documents, provisions are required to ensure that the voice of women, poor and the excluded and their ability to influence decisions is needed. Changing formal and informal policies are also necessary.

3. Conclusion

The review of the three key Rural Energy related policies (Renewable Energy Policy 2006, Subsidy Policy for Renewable Energy 2009 and Rural Energy Subsidy Delivery Mechanism 2009) indicates that the RE Policy 2006 is silent on GESI. The Three Year Interim Plan (2007-2010) provides basis for GESI mainstreaming. The Subsidy Policy for RE 2009 is also not comprehensive in covering all aspects of exclusion given that the Tenth Plan (2002-2007) was clearly providing space for addressing targeting of GESI (see section 2.1). Therefore, key amendments are necessary if the rural energy sector is to implement the mandates of Government of Nepal to GESI and the commitments of the Three Year Plan to ensure this sector contributes to inclusive development. Key areas of policy reform include:

- **Policy directives regarding definitions of excluded in this sector and for incorporation of GESI analysis in each stage of MHP project cycle.**
- **Inclusive representation in different institutional structures and GESI related responsibilities to be integrated in roles/functions.**
- **Investment in capacity building of women, poor and the excluded to manage and lead mini-grid projects and end-use enterprises, in strengthening their voice to claim their rights and in their ability to influence projects so that empowerment is also enhanced along with access to electricity.**
- **Revision in subsidy amounts to ensure that geographically inaccessible areas and the extreme poor households are supported to address their specific barriers.**
- **Changing of structural issues of discrimination, informal social norms, formal policies to create a more conducive environment for women, poor and the excluded to be able to play a strategic role in this sector.**

To address exclusion, development efforts need to both i. empower women and men of all social groups, covering both livelihoods and voice empowerment and ii. change institutional rules (as manifested in informal and formal policies, behaviour, social practices from household to state levels) for effective change in people's lives and for equality

This analysis reinforces that meaningful and sustainable development of the renewable energy sector will occur only when people of all social groups have ability to exercise voice and influence decisions and improve their livelihoods through equitable access to energy services, resources and opportunities. To fulfil this, policy makers have obligations to reform and make rules that are more empowering and GESI mainstreamed so that transparency and control of the distribution of assets, opportunities and voice to different individuals and groups are made more 'level' and equitable.

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Notes:

- ¹ A strategy on gender and social inclusion for AEPC/ESAP, Gender Energy and Water Network (GEWNet), Centre for Rural Technology (CRT) Nepal, 2008; Report, Gender Review Team, Royal Norwegian Embassy, May 2010
- ² Jennie Popay, Sarah Escorel, Mario Hernández, Heidi Johnston, Jane Mathieson, Laetitia Rispel, Understanding and Tackling Social Exclusion, Final Report to the WHO Commission on Social Determinants of Health From the Social Exclusion Knowledge Network, February 2008
- ³ Part of this section draws from the Unequal Citizens: Gender, Caste and Ethnic exclusion in Nepal, WB/DFID, 2005
- ⁴ Interim Constitution: Section 3: Fundamental rights: Article 13 states: No one will be discriminated against on the basis of religion, caste, ethnicity, gender, language.....(pg 4); for women, Dalit, Adibasi Janajati, Madhesi, and socially or culturally discriminated groups affirmative actions can be taken, (pg 5), Article 21 states: Economically, socially or educationally disadvantaged groups like women, Dalit, Adibasi Janajati, Madhesi community.. (pg 7); Three Year Interim Plan 2064: Message from the Prime Minister states "those who have experienced exclusion - disabled, women, Dalits, Adibasi Janajati, Madhesi, Muslim and backward regions"
- ⁵ Final Draft text of CA Committee on the Protection of the Rights of Minorities and Marginalized Communities (unofficial translation by OHCHR)
- ⁶ GSEA, WB/DFID Nepal, 2005
- ⁷ The positive role of alternative energy technology in meeting the basic energy needs of rural people was first acknowledged in the Seventh Five Year Plan (1987-1992).
- ⁸ The Eighth Five Year Plan (1992-1997) identified the need of and the PEPN endorsed the establishment of a central body for coordination of all alternative energy technologies being promoted in the country and AEPC was established during this plan period
- ⁹ Renewable Energy Perspective Plan Of Nepal, 2000-2020: AN APPROACH, Government Enabled Market And People Based Renewable Energy Development (GEMP-RED), Volume 2 Sectoral Report, Submitted To Alternative Energy Promotion Center, Lalitpur, Nepal, Submitted By Center For Energy Studies, Institute Of Engineering, Lalitpur. Nepal, April 2000
- ¹⁰ Unofficial Translation, Three Years Interim Plan, www.npc.gov.np/en/plans-programs
- ¹¹ Tenth Plan, www.npc.gov.np/uploads/plans/20081228122443.pdf
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- ¹⁵ Three Year Interim Plan (2007-2010) , Chapter 35, page 436.
- ¹⁶ Three Year Plan (2010-2013), NPC/GoN
- ¹⁷ Policy 3.10: Community management through social mobilisation will be encouraged in activities of rural energy development and dissemination, Renewable (Rural) Energy Policy 2006, GoN
- ¹⁸ Policy 3.2: The capacity of the local bodies will be improved for playing a leadership role in rural energy project planning, implementation, monitoring and evaluation at the local level and involvement of cooperatives, user groups, NGOs, private sector will be increased. Renewable (Rural) Energy Policy 2006, GoN.
- ¹⁹ Policy 3.6: An arrangement will be made for increasing human resource capacity of rural population for rural energy development through human resource development activities that are integrated with activities of academic institutions for skill enhancement training and awareness improvement. Renewable (Rural) Energy Policy 2006, GoN.
- ²⁰ Policy 3.7: Economic activities will be IMPLEMENTED in integrated way for increasing energy consumption capacity at rural level by development of Micro and Mini Hydro, Biogas, Improved Cook Stove, Improved Water Mills, Solar Energy Systems, etc. and expansion of the central grid. Renewable (Rural) Energy Policy 2006, GoN.
- ²¹ According to Department of Coepratives, in 2010 more than 1300 cooperatives were run by women, in which more than six hundred thousand women were members. Women's cooperatives have become effective vehicles for socio economic empowerment and can be a good means for women's engagement with MGREC programmes.
- ²² To be decided

Annexes

Annex 1: List of documents reviewed

- Renewable (Rural) Energy Policy 2006, GoN
- Subsidy Policy for Renewal Energy 2009, GoN
- Rural Energy Subsidy Delivery Mechanism 2009, GoN
- Three Year Interim Plan 2007-2010, NPC/GoN
- Three Year Plan 2010-2013, NPC/GoN
- Constitution of RRESCs of Baglung, Tanahu and Surkhet
- Constitutions of users' committees (sample)
- Work plans and budgets of RRESCs
- Human resource policies, job descriptions of RRESCs and of project staff
- Monitoring and progress reports of RRESCs

Annex 2: List of people met

MGREC/ESAP, Kathmandu

- Devendra Adhikary, Programme Coordinator, ESAP
- Tilak Limbu, Programme Officer, ESAP
- Manu Thapa, Administration Officer, ESAP

District	Govt (DDC, WCO)	NGO, Representative organisations*	Community Groups**	Workshop Participants***
Baglung	3	14	34	25
Tanahu	6	13		22
Syangja, (Chitrebhangyang VDC)	-	-	143	-
Surkhet (field work carried out in Jajarkot)		12	35	19
National Workshop				28
Total	9	39	212	94

Note: *Of this total there were 24 women, 6 Dalits, 10 Janajatis and 23 others

Note: **Of this total there were 105 women, 62 Dalits, 65 Janajatis and others 17

Note: ***Of this total there were 33 women, 5 Dalits, 17 Janajatis and 39 others

Annex 3: Renewable (Rural) Energy Policy 2006, GoN/Ministry of Environment, November 2006

Section in Policy Document/Policy Provision	Suggested GESI related Revisions (ADDED IN CAPITAL LETTERS)
1.1 Rationale	
It is necessary to create conducive environment that will self motivate and mobilise local institutions, rural energy users groups, non-government organisations, cooperatives and private sector organisation for the development and expansion of rural energy resources.	It is necessary to create AN INCLUSIVE AND A conducive environment that will self motivate and mobilise local institutions, rural energy users groups OF WOMEN AND MEN OF DIFFERENT SOCIAL GROUPS, non-government organisations, cooperatives INCLUDING WOMEN'S COOPERATIVES and private sector organisation for the development and expansion of rural energy resources.
1.2 Definitions and explanations	
"Rural Energy" means energy that is environmental friendly and used for rural households, economic and social purpose	<ul style="list-style-type: none"> ▪ GENDER EQUALITY: THE PROCESS OF ACHIEVING GENDER EQUALITY - WHILE RESPECTING THEIR DIFFERENCES -- REFERS TO CHANGING NORMS, VALUES, ATTITUDES AND PERCEPTIONS IN ORDER TO ATTAIN EQUAL STATUS BETWEEN MEN AND WOMEN AND BETWEEN PEOPLE WHO ARE NOT THIRD AND THOSE WHO ARE ▪ SOCIAL INCLUSION: SOCIAL INCLUSION IS THE REMOVAL OF INSTITUTIONAL BARRIERS AND THE ENHANCEMENT OF INCENTIVES TO INCREASE THE ACCESS OF DIVERSE INDIVIDUAL AND GROUPS TO DEVELOPMENT OPPORTUNITIES ▪ EXCLUDED GROUPS: <i>ECONOMICALLY EXCLUDED ARE THE POOR</i> OF ALL CASTE, ETHNICITY, RELIGION, LOCATION AND GENDER. THE <i>SOCIALLY EXCLUDED GROUPS</i> WITH EACH GROUP HAVING A SPECIFIC CAUSE OF SOCIAL EXCLUSION INCLUDE: WOMEN, DALITS, ADIBASI JANAJATIS, MADHESIS, MUSLIMS, PEOPLE WITH DISABILITIES AND PEOPLE OF GEOGRAPHICALLY REMOTE AREAS, SEXUAL, LINGUAL AND RELIGIOUS MINORITIES
2. Goal Statements	
To reduce dependency on traditional energy and conserve environment by increasing access to clean and cost effective energy in the rural areas	To reduce dependency on traditional energy and conserve environment by increasing access OF ALL, INCLUDING WOMEN, POOR AND THE EXCLUDED, to clean and cost effective energy in the rural areas
To increase employment and productivity through the development of rural energy resources.	To increase employment and productivity FOR ALL, INCLUDING WOMEN, POOR AND THE EXCLUDED through the development of rural energy resources.
To increase the living standards of the rural population by integrating rural energy with social and economic activities.	To increase the living standards of the rural population, INCLUDING WOMEN, POOR AND THE EXCLUDED by integrating rural energy with social and economic activities.
3. Policy	
3.1 Emphasis will be given to the development of the environmental friendly Rural Energy Technologies	3.1 Emphasis will be given to the development of the environmental friendly Rural Energy Technologies WHICH ARE GENDER AND INCLUSION RESPONSIVE
3.2 The capacity of the local bodies will be improved for playing a leadership role in rural energy project planning, implementation, monitoring and evaluation at the local level and involvement of cooperatives, user groups, NGOs, private sector will be increased.	The capacity of the local bodies will be improved for playing a leadership role in INCLUSIVE rural energy project planning, implementation, monitoring and evaluation at the local level and involvement of cooperatives, user groups, NGOs, private sector will be increased, INCLUDING OF WOMEN'S COOPERATIVES AND ORGANIZATIONS REPRESENTING THE POOR AND THE EXCLUDED

Section in Policy Document/Policy Provision	Suggested GESI related Revisions (ADDED IN CAPITAL LETTERS)
Rural Energy Fund will be established at the central level to mobilise financial resources to be availed from various sources and fund will be expanded to the local level as per need.	Rural Energy Fund will be established at the central level to mobilise financial resources to be availed from various sources and fund will be expanded to the local level as per need, ENSURING THAT THEY ARE ALSO ACCESSIBLE TO WOMEN, POOR AND THE EXCLUDED
3.4 Alternative Energy Promotion Centre under Ministry of Environment, Science and Technology, Government of Nepal will provide necessary support to the local bodies to develop its capacity to formulate and implement rural energy programmes.	3.4 Alternative Energy Promotion Centre under Ministry of Environment, Science and Technology, Government of Nepal will provide necessary support to the local bodies to develop its capacity to formulate and implement INCLUSIVE rural energy programmes.
3.5 Emphasis will be given in the development of affordable and suitable rural energy resources.	Emphasis will be given in the development of affordable and suitable rural energy resources by all sections of people INCLUDING WOMEN, POOR AND EXCLUDED AND THOSE IN REMOTE AREAS
3.6 An arrangement will be made for increasing human resource capacity of rural population for rural energy development through human resource development activities that are integrated with activities of academic institutions for skill enhancement training and awareness improvement.	An arrangement will be made for increasing human resource capacity of rural population, (INCLUDING OF WOMEN, POOR AND THE EXCLUDED) for rural energy development through human resource development activities that are integrated with activities of academic institutions for skill enhancement training and awareness improvement. THESE TRAINING AND CAPACITY BUILDING INTERVENTIONS WILL STRENGTHEN CAPACITIES TO MAINSTREAM GENDER AND INCLUSION IN RURAL ENERGY PROJECTS
3.7 Economic activities will be implemented in integrated way for increasing energy consumption capacity at rural level by development of Micro and Mini Hydro, Biogas, Improved Cook Stove, Improved Water Mills, Solar Energy Systems, etc. and expansion of the central grid.	Economic activities will be implemented in AN integrated way for increasing energy consumption capacity at rural level by development of Micro and Mini Hydro, Biogas, Improved Cook Stove, Improved Water Mills, Solar Energy Systems, etc. and expansion of the central grid. SKILLS OF OCCUPATIONAL CASTE GROUPS AND INDIGENOUS PEOPLE AND OF WOMEN AND OTHER EXCLUDED GROUPS WILL BE STRENGTHENED TO BENEFIT FROM THE DEVELOPMENT OF DIFFERENT RURAL ENERGY SCHEMES
3.8 Private sector and non-governmental organisations will be involved in the rural energy development for development and expansion of new technologies.	Private sector and non-governmental organizations, INCLUDING REPRESENTATIVE ORGANISATIONS OF WOMEN AND THE EXCLUDED, will be involved in the rural energy development for development and expansion of new technologies. TECHNOLOGIES ADDRESSING WORK BURDEN OF WOMEN OR OCCUPATIONAL NEEDS OF DIFFERENT SOCIAL GROUPS WILL BE PROMOTED
3.9 Economic and industrial activities based on rural energy technologies will be encouraged.	Economic and industrial activities based on rural energy technologies will be encouraged, WITH SPECIAL EFFORTS TO PROMOTE ACTIVITIES WHICH CAN BE IMPLEMENTED BY WOMEN, POOR AND THE EXCLUDED
3.10 Community management through social mobilisation will be encouraged in activities of rural energy development and dissemination	Community management through social mobilisation, will be encouraged in activities of rural energy development and dissemination, ENSURING THAT THESE ALSO REACH WOMEN, POOR AND EXCLUDED.
3.11 Emphasis will be given to increase private sector participation by motivating the involvement of private sector in manufacturing of equipments related to rural energy.	Emphasis will be given to increase private sector participation by motivating the involvement of private sector in manufacturing of equipments related to rural energy. WOMEN LED PRIVATE SECTOR MANUFACTURING BUSINESSES/ENTERPRISES WILL BE ENCOURAGED
3.12 Economic instruments will be used to mobilize the capital from banks and financial institutions, internal capital market, community capital for rural energy development.	Economic instruments will be used to mobilize the capital from banks and financial institutions, internal capital market, community capital for rural energy development, INCLUDING FUNDS FROM WOMEN'S CO-OPERATIVES

Section in Policy Document/Policy Provision	Suggested GESI related Revisions (ADDED IN CAPITAL LETTERS)
3.13 The local body, cooperatives, private sector, user organisation or community management will be encouraged to purchase and distribute electricity from electricity production.	The local body, cooperatives, private sector, user organization or community management will be encouraged to purchase and distribute electricity from electricity production. THIS DISTRIBUTION MUST ALSO BE ACCESSIBLE TO WOMEN, POOR AND THE EXCLUDED
3.14 The efficiency of rural energy technology will be increased and diversification of the productive end-use will be encouraged.	The efficiency of rural energy technology will be increased and diversification of the productive end-use BY ALL, INCLUDING THE EXCLUDED, will be encouraged.
3.15 A special emphasis will be given to bring improvement in social, economic and environmental aspect by coordinating rural energy with local bodies	A special emphasis will be given to bring improvement in social, economic and environmental aspect by coordinating rural energy with local bodies. LOCAL BODIES WILL BE ENCOURAGED TO ADDRESS GENDER AND INCLUSION ISSUES IN THE ACTIONS TAKEN RELATED WITH RURAL ENERGY
3.16 The emphasis will be given for development and management of new technology to increase efficiency of use of traditional energy. Similarly the emphasis will be given for Research and Development of rural energy technology.	The emphasis will be given for development and management of new technology to increase efficiency of use of traditional energy. Similarly the emphasis will be given for Research and Development of rural energy technology, AND EFFORTS WILL BE MADE TO DEVELOP TECHNOLOGIES THAT WILL BE USEFUL FOR WOMEN AND EASE THEIR WORK BURDEN.
3.17 Special programmes of promotional activities will be implemented that emphasize on access to rural energy and role of rural energy in sustainable development, poverty reduction and positive impacts on women and children.	Special programmes of promotional activities will be implemented that emphasize on access to rural energy and role of rural energy in sustainable development, poverty reduction and positive impacts on women and children AND ON PEOPLE FROM POOR AND EXCLUDED GROUPS.
4. Working Policies	
<i>4.1 Micro and Small Hydro Power</i>	
4.1.1 Arrangements shall be made to encourage local groups and private sector to distribute the electricity by producing the power up to 1000 kW in rural areas.	Arrangements shall be made to encourage local groups, INCLUDING WOMEN'S GROUPS and private sector to distribute the electricity by producing the power up to 1000 kW in rural areas.
4.1.2 Arrangements will be made to provide concessional loan or on installment basis if local consumer group or cooperative wants to take-over publicly owned small hydro power projects for operation and maintenance or own the projects.	Arrangements will be made to provide concessional loan or on installment basis if local consumer group or cooperative wants to take-over publicly owned small hydro power projects for operation and maintenance or own the projects. WOMEN'S GROUPS WILL BE PROVIDED EASIER TERMS IF THEY WANT TO TAKE OVER PROJECTS FOR OPERATION AND MAINTENANCE
4.1.3 Necessary arrangements will be made to utilise locally available skill and labour in the construction of micro hydro projects.	Necessary arrangements will be made to utilise locally available skill and labour, INCLUDING OF WOMEN AND OTHER SOCIALLY EXCLUDED GROUPS in the construction of micro hydro projects.
4.1.4 Arrangements will be made to provide technical assistances also from District Development Committee for implementation of micro hydro projects initiated locally in rural areas.	Arrangements will be made to provide technical assistances also from District Development Committee for implementation of micro hydro projects initiated locally in rural areas IN A GENDER AND INCLUSION RESPONSIVE MANNER
4.1.5 Guidelines and manuals related to micro hydro projects will be made available to the stakeholders by revising as per needs.	Guidelines and manuals related to micro hydro projects will be made available to the stakeholders, INCLUDING THOSE WORKING ON GENDER AND INCLUSION ISSUES AND TO COMMUNITY WOMEN, POOR AND EXCLUDED by revising as per needs. GUIDELINES AND MANUALS WILL BE REVISED TO ENSURE GENDER AND INCLUSION ISSUES ARE INTEGRATED

Section in Policy Document/Policy Provision	Suggested GESI related Revisions (ADDED IN CAPITAL LETTERS)
4.1.6 Arrangements shall be made for the MHPs to enter into Power Purchase Agreement (PPA) to allow power sales and purchase from the grid in the event that the grid extends to the areas served by MHPs.	Arrangements shall be made for the MHPs to enter into Power Purchase Agreement (PPA) to allow power sales and purchase from the grid in the event that the grid extends to the areas served by MHPs. THE POWER SALES AND PURCHASE ARRANGEMENTS MUST ASSESS IF THERE ARE ANY IMPLICATIONS ON DIFFERENT SOCIAL GROUPS OR ON REMOTE REGIONS AND RESPOND ACCORDINGLY
4.1.7 Arrangement shall be made for wheeling electricity in the national grid for the community and private electricity projects.	Arrangement shall be made for wheeling electricity in the national grid for the community and private electricity projects. EFFORTS WILL BE MADE TO ENSURE ADEQUATE COVERAGE OF WOMEN AND THE EXCLUDED IN COMMUNITY AND PRIVATE ELECTRICITY PROJECTS
4.1.8 Arrangement will be made for bulk purchase of electricity by the community, cooperatives and user groups from the national grid for retailing electricity to the consumers	Arrangement will be made for bulk purchase of electricity by the community, cooperatives and user groups from the national grid for retailing electricity to the consumers. WOMEN'S COOPERATIVES WILL BE ENCOURAGED TO MAKE THE BULK PURCHASE
4.1.9 Mini and micro hydro projects will be integrated with irrigation, education, health, drinking water, small-scale industry & ropeways and the operation of the projects at community and institutional level will be encouraged.	Mini and micro hydro projects will be integrated with irrigation, education, health, drinking water, small-scale industry & ropeways ENSURING THAT BENEFITS ARE EQUITABLE AND ARE ACCESSED BY WOMEN, POOR AND EXCLUDED and the operation of the projects at community and institutional level will be encouraged. ADDRESSING GENDER AND INCLUSION IN THE OPERATIONS WILL BE ENCOURAGED
4.1.10 Electricity produced by the micro hydro projects developed by private sector and community may be leased out.	Electricity produced by the micro hydro projects developed by private sector and community may be leased out. BENEFITS FROM THE LEASING OUT WILL BE SHARED IN A MANNER WHICH WILL BENEFIT WOMEN AND THE EXCLUDED
5. Subsidy arrangement	
The subsidy rate and disbursement criteria as per the existing renewable (rural) energy subsidy arrangement will be revised as required in the basis of geographical condition, population, and available resources.	The subsidy rate and disbursement criteria as per the existing renewable (rural) energy subsidy arrangement will be revised as required on the basis of geographical condition, population, NUMBER OF EXTREME POOR PEOPLE (IDENTIFIED BY USING TOOLS LIKE WELL BEING RANKING), DISABLED OR THOSE EXPERIENCING SEVERE EXCLUSION CONDITIONS and available resources...
5.1 Subsidy will be arranged by classifying Village Development Committees based on poverty, remoteness, dalit and backward caste and tribes.	Subsidy will be arranged by classifying Village Development Committees based on poverty, remoteness, POPULATION PERCENTAGE OF EXCLUDED GROUPS LIKE DALITS, DISADVANTAGED ADIBASI JANAJATIS, MADHESIS, MUSLIMS, PERSONS WITH DISABILITY AND NUMBER OF POOR WOMEN HEADED HOUSEHOLDS
5.2 The existing subsidy will be gradually reduced in accessible areas and areas where it is commercial viable.	The existing subsidy will be gradually reduced in accessible areas and areas where it is commercially viable AND WILL BE GRADUALLY INCREASED IN VERY REMOTE AREAS
5.3 Community management and holistic approach will be encouraged as may be necessary for the sustainable rural energy development and management.	Community management and A GENDER AND INCLUSION SENSITIVE , holistic approach will be encouraged as may be necessary for the sustainable rural energy development and management.
5.4 Micro hydro projects developed by the user-groups and cooperatives will be encouraged.	Micro hydro projects developed by the user-groups and cooperatives will be encouraged, ESPECIALLY THOSE WHICH ARE WOMEN LED/MANAGED AND WHICH ARE INCLUSIVE

Section in Policy Document/Policy Provision	Suggested GESI related Revisions (ADDED IN CAPITAL LETTERS)
5.5 Poor and backward families will be identified and provided with additional support for use of rural energy system.	Poor and EXCLUDED families will be identified and provided with additional support for use of rural energy system, ESPECIALLY THOSE WHICH ARE EXPERIENCING MULTIPLE EXCLUSIONS e.g. POOR DALIT WOMEN HEADED HOUSEHOLDS, SINGLE WOMEN WITH HIGH WORK BURDEN, FAMILIES WITH PERSONS WITH DISABILITY
5.12 Necessary financial support will be made available for research and development of new technology.	Necessary financial support will be made available for research and development of new technology, INCLUDING RESEARCH AND DEVELOPMENT OF NEW TECHNOLOGY WHICH WILL HELP IN ENHANCING THE LIVELIHOODS OF WOMEN, POOR, AND EXCLUDED AND REDUCING THE WORK BURDEN OF WOMEN; THESE WILL BE DEVELOPED WITH INPUTS OF WOMEN TO ENSURE THE DEVELOPMENT AND DESIGN OF TECHNOLOGY WILL BE MOST USEFUL FOR THEM
6 Resources arrangements	
<i>6.1 Resource Mobilisation</i>	
6.1.1 Arrangement will be made for investment by District Development Committee in the community micro and mini hydro projects to be constructed in their district through concerned District Energy Fund.	Arrangement will be made for investment by District Development Committee in the community micro and mini hydro projects to be constructed in their district through concerned District Energy Fund. A CERTAIN PERCENTAGE OF THE DDC ENERGY FUND (TO BE DECIDED BY THE DDC AND WOMEN DEVELOPMENT OFFICER) WILL BE USED FOR EMPOWERMENT ACTIVITIES FO WOMEN, POOR AND THE EXCLUDED ENGAGED IN THE MICRO AND MINI HYDRO PROJECTS
6.1.2 Arrangement will be made for investment by Village Development Committee in the community micro and mini hydro projects to be constructed in its area through concerned Village Energy Fund.	Arrangement will be made for investment by Village Development Committee in the community micro and mini hydro projects to be constructed in its area through concerned Village Energy Fund. A CERTAIN PERCENTAGE OF THE VDC ENERGY FUND (TO BE DECIDED BY THE VDC AND INTEGRATED PLANNING COMMITTEE) WILL BE USED FOR EMPOWERMENT ACTIVITIES OF WOMEN, POOR AND THE EXCLUDED ENGAGED IN THE MICRO AND MINI HYDRO PROJECTS
6.1.3 Development of industries for manufacturing and producing equipments and materials to be used in the rural energy sector will be encouraged.	Development of industries for manufacturing and producing equipments and materials to be used in the rural energy sector will be encouraged. WOMEN LED BUSINESSES AND COOPERATIVES WILL BE ENCOURAGED FOR SUCH MANUFACTURING
6.1.4 The formation of user and community organisations will be done through community mobilisation and arrangement of the representation of women, low caste (dalits), marginalized (janjatis), disadvantaged (<i>utpidit</i>) and backward groups.	The formation of user and community organisations will be done through community mobilisation and arrangement of the representation of women, POOR AND EXCLUDED GROUPS (INCLUDING Dalits, DISADVANTAGED Janajatis, MADHESIS, MUSLIMS, PERSONS WITH DISABILITY AND OTHER EXCLUDED GROUPS).
6.1.5 Necessary facilitation and assistance will be provided for registration and renewal of user/community organisations through District Development Committee.	Necessary facilitation and assistance will be provided for registration and renewal of user/community organisations through District Development Committee. SPECIFIC SUPPORT NECESSARY FOR LESS EXPERIENCED WOMEN, POOR AND EXCLUDED MEMBERS OF THE USERS COMMITTEES WILL BE ENSURED
6.1.6 Arrangements will be made to utilise the fund, collected by levying tax for this purpose in the sales and distribution of petroleum products, in the rural energy development.	Arrangements will be made to utilise the fund, collected by levying tax for this purpose in the sales and distribution of petroleum products, in the rural energy development. FUND UTILISATION WILL BE FOR PETROLEUM PRODUCTS WHICH ARE OF NEED FOR WOMEN AND THE POOR
<i>6.2 Human Resource Management</i>	

Section in Policy Document/Policy Provision	Suggested GESI related Revisions (ADDED IN CAPITAL LETTERS)
6.2.1 Human Resource capacity will be developed at the central level in Alternative Energy Promotion Centre and at the local level for formulation, management, monitoring and evaluation of rural energy development programmes.	Human Resource capacity will be developed at the central level in Alternative Energy Promotion Centre and at the local level for GENDER AND INCLUSION RESPONSIVE formulation, management, monitoring and evaluation of rural energy development programmes.
6.2.2 Arrangement will be made for training and skill development to the rural energy users to operate, maintain and manage the rural energy systems.	Arrangement will be made for training and skill development to the rural energy users, INCLUDING OF WOMEN, POOR AND THE EXCLUDED, to operate, maintain and manage the rural energy systems.
7 Coordination arrangement	
7.1.1 Central level coordination of the rural energy development activities will be carried by the Alternative Energy Promotion Centre and at local level by concerned local bodies.	Central level coordination of the rural energy development activities will be carried by the Alternative Energy Promotion Centre and at local level by concerned local bodies. COORDINATION WILL BE WITH WOMEN DEVELOPMENT AND CHILD OFFICE, REPRESENTATIVE ORGANISATIONS OF THE EXCLUDED SUCH AS DISTRICT LEVEL DALIT AND JANAJATI COORDINATION COMMITTEES AND WOMEN'S GROUPS/COOPERATIVES
7.1.2 The women's development, irrigation, drinking water, community saving, health, forests, industries, environmental conservation, road, micro-finance, literacy campaign programmes, which are conducted at the local level will be implemented by integrating with the rural energy development programmes.	The women's development, irrigation, drinking water, community saving, health, forests, industries, environmental conservation, road, micro-finance, literacy campaign programmes, AND OTHER SOCIAL EMPOWERMENT RELATED PROGRAMMES FOR REDUCING GENDER/CASTE/ETHNICITY/ REGIONAL IDENTITY AND OTHER DISCRIMINATION which are conducted at the local level will be implemented by integrating with the rural energy development programmes
7.1.3 Government, non-government and donor agencies will be encouraged to collaborate in the capacity building of the District Development Committee for implementation of rural energy programmes prioritised in the periodic plan of the District Development Committee and activities related to districts rural energy master-plan.	Government, non-government and donor agencies will be encouraged to collaborate in the capacity building of the District Development Committee for implementation of rural energy programmes prioritised in the periodic plan of the District Development Committee and activities related to districts rural energy master-plan. CAPACITY BUILDING OF DDCCS WILL INCLUDE SKILLS STRENGTHENING IN ADDRESSING GENDER AND INCLUSION ISSUES IN RURAL ENERGY PROGRAMMES
8 Monitoring and Evaluation arrangement	
8.1.1 Arrangements will be made for monitoring and evaluation from Central level by Alternative Energy Promotion Centre and at local level by concerned local bodies.	Arrangements will be made for monitoring and evaluation from Central level by Alternative Energy Promotion Centre and at local level by concerned local bodies. MONITORING AND EVALUATION WILL INCLUDE GENDER AND INCLUSION SENSITIVE PROCESSES AND INDICATORS
8.1.2 Monitoring and evaluation activity will be strengthened in all level of rural energy development programmes by updating geographic and management information systems.	Monitoring and evaluation activity will be strengthened in all level of rural energy development programmes by updating geographic and management information systems AND INCLUDING DISAGGREGATED DATA AND GENDER AND INCLUSION RELATED INFORMATION
8.1.3 Rural energy programmes will be monitored and evaluated based on output oriented indicators.	Rural energy programmes will be monitored and evaluated based on output oriented indicators. INDICATORS WILL ALSO BE GESI SENSITIVE
8.1.4 Energy auditing system will be developed and implemented.	Energy auditing system will be developed and implemented. THE DEVELOPED SYSTEM WILL AUDIT ALSO FROM A GENDER AND INCLUSION PERSPECTIVE

Section in Policy Document/Policy Provision	Suggested GESI related Revisions (ADDED IN CAPITAL LETTERS)
8.1.5 Arrangements will be made for rewards and penalty based on monitoring and evaluation.	Arrangements will be made for rewards and penalty based on monitoring and evaluation. DISCRIMINATORY BEHAVIOUR AND ACTIONS WILL BE PUNISHED WHILE EFFORTS TO REDUCE DISCRIMINATION AND ADDRESS BARRIERS FO WOMEN, POOR AND EXCLUDED WILL BE REWARDED
9 Institutional arrangement	
9.1 <i>At central level</i>	
At the central level, Alternative Energy Promotion Centre will carry out activities related to formulation of rural energy policy and programmes, studies and researches, subsidy disbursements, technical assistance, selection of companies and organisations installing rural energy systems, donor coordination, monitoring and evaluation etc.	At the central level, Alternative Energy Promotion Centre will carry out activities related to formulation of rural energy policy and programmes, studies and researches, subsidy disbursements, technical assistance, selection of companies and organisations installing rural energy systems, donor coordination, monitoring and evaluation etc. IN ALL SUCH ACTIVITIES AEPC WILL MAINSTREAM GESI (GENDER QUALITY AND SOCIAL INCLUSION)
9.1.1 Rural Energy Central Coordination Committee	
Government of Nepal will form a Rural Energy Central Coordination Committee under the chairmanship of member of the National Planning Commission looking after energy. The Executive Director of the Alternative Energy Promotion Centre will be the member secretary of this committee. The formation and operation of this committee will be as prescribed by the law.	Government of Nepal will form a Rural Energy Central Coordination Committee under the chairpersonship of member of the National Planning Commission looking after energy. The Executive Director of the Alternative Energy Promotion Centre will be the member secretary of this committee. The formation and operation of this committee will be as prescribed by the law. MEMBERS IN THE COORDINATION COMMITTEE WILL INCLUDE REPRESENTATIVES OF THE NATIONAL WOMEN COMMISSION, NATIONAL DALIT COMMISSION AND NATIONAL FEDERATION OF DEVELOPMENT OF INDIGENOUS PEOPLE (NEFDIN) AND FEDERATION OF OTHER BACKWARD CLASS. ROLES OF THE RURAL ENERGY CENTRAL COORDINATION COMMITTEE WILL INCLUDE MAINSTREAMING GESI IN ALL ACTIVITIES OF THE COMMITTEE
9.1.2 Central Rural Energy Fund	
With the objectives for the development, expansion, promotion of rural energy technologies and assist in rural electrification, the existing Rural Energy Fund under Alternative Energy Promotion Centre will be expanded into Central Rural Energy Fund (CREF). The CREF will have the fund from the Government of Nepal and other sources. The formation and management working modality of the CREF will be as prescribed by the Government of Nepal.	With the objectives for the development, expansion, promotion of rural energy technologies and assist in rural electrification, the existing Rural Energy Fund under Alternative Energy Promotion Centre will be expanded into Central Rural Energy Fund (CREF). The CREF will have the fund from the Government of Nepal and other sources. The formation and management working modality of the CREF will be as prescribed by the Government of Nepal. MEMBERSHIP OF CREF WILL BE INCLUSIVE AND IT WILL HAVE RESPONSIBILITIES TO ADDRESS GESI IN ALL ASPECTS OF ITS FUNCTIONING
9.2 <i>At district level</i>	
Institutional arrangement for rural energy development will be arranged as prescribed in Local Self Governance Act, 2055 BS. District Energy Fund and Village Energy Fund will be established to promote and expand rural energy at district and village level, respectively. Formation of this will be as prescribed by the Government of Nepal	Institutional arrangement for rural energy development will be arranged as prescribed in Local Self Governance Act, 2055 BS. District Energy Fund and Village Energy Fund will be established to promote and expand rural energy at district and village level IN A GENDER AND INCLUSION RESPONSIVE MANNER, respectively. Formation of this will be as prescribed by the Government of Nepal
10 Other arrangements	

Section in Policy Document/Policy Provision	Suggested GESI related Revisions (ADDED IN CAPITAL LETTERS)
10.1 Arrangement will be made for community mobilisation as may be required for implementation of energy development programme.	Arrangement will be made for community mobilization, INCLUDING MOBILISATION OF WOMEN, POOR AND THE EXCLUDED as may be required for implementation of energy development programme.
10.2 Rural energy systems will be developed and expanded in the basis of cluster.	Rural energy systems will be developed and expanded in the basis of cluster. THE BASIS OF EXPANSION WILL ALSO CONSIDER SOCIAL ISSUES LIKE HIGH POPULATION OF PEOPLE FROM EXCLUDED COMMUNITIES, POOR DEVELOPMENT PROGRESS IN AREA AND REMOTENESS OF AREA
10.3 Access to energy will be increased through different rural energy technologies and grid by preparing district level energy master plan based on district energy potential and requirement.	Access to energy will be increased through different rural energy technologies and grid by preparing GENDER AND INCLUSION SENSITIVE district level energy master plan based on district energy potential and requirement.
10.4 Use of rural energy will be encouraged in diversifying productive end-uses for industry, food processing, household equipment, agricultural equipment, irrigation, and drinking water in addition to cooking and lighting uses.	Use of rural energy will be encouraged in diversifying productive end-uses for industry, food processing, household equipment, agricultural equipment, irrigation, and drinking water in addition to cooking and lighting uses. WOMEN, POOR AND THE EXCLUDED WILL BE ENCOURAGED TO RUN ENTERPRISES FOR PRODUCTIVE END-USE
10.5 Except for the edible oil, research and development and dissemination will be emphasised on oils that can be used as energy from vegetations, fruits and seeds and that are not used traditionally	Except for edible oil, research and development and dissemination will be emphasised on oils that can be used as energy from vegetations, fruits and seeds and that are not used traditionally. WOMEN'S INDIGENOUS KNOWLEDGE AND KNOWLEDGE OF ADIBASI JANAJATI WILL BE RECOGNISED AND USED IN SUCH RESEARCH AND DEVELOPMENT
10.6 As the rural energy is directly linked to activities traditionally carried out by the women, programmes of rural energy technology will be implemented considering it as an integral part of the women's enabling activities.	As the rural energy is directly linked to activities traditionally carried out by the women, programmes of rural energy technology will be implemented considering it as an integral part of EMPOWERING women AND PROMOTING GENDER EQUALITY activities.
10.7 Fund received from selling greenhouse gas emission reduction sales will be used for the promotion and development of the rural energy.	Fund received from selling greenhouse gas emission reduction sales will be used for the promotion and development of the rural energy IN A GESI SENSITIVE MANNER

Annex 4: Subsidy Policy for Renewable (Rural) Energy, 2009 (2066 BS), GoN/Ministry of Environment, AEPC, July 2009

Policy Provisions/Section	Suggested GESI related Revisions (ADDED IN CAPITAL LETTERS)
2. Objectives	
2.1 To maximize the service delivery and service delivery efficiency in the use of renewable energy resources and technologies in the rural areas and to provide opportunity to low-income rural households to use RETs.	To maximize the service delivery and service delivery efficiency in the use of renewable energy resources and technologies in the rural areas, INCLUDING REMOTE, GEOGRAPHICALLY INACCESSIBLE AREAS and to provide opportunity to low-income rural households to use RETs.
2.2 To support rural electrification as well as gradually reduce the growing gap of electricity supply, consumption, etc. between rural and urban areas.	To support rural electrification as well as gradually reduce the growing gap of electricity supply, consumption, etc. between rural and urban areas AND BETWEEN DIFFERENT INCOME GROUPS AND DIFFERENT SOCIAL GROUPS
2.3 To make the use of grant assistance provided by donors, existing and forthcoming, in a more effective and objective oriented way and thereby attract additional donors and other investor in RETs sector.	To make the use of grant assistance provided by donors, existing and forthcoming, in a more effective, GENDER AND INCLUSION SENSITIVE and objective oriented way and thereby attract additional donors and other investor in RET sector.
2.4 To support development and extension of RET market by attracting private sector entrepreneurs.	To support development and extension of RET market by attracting private sector entrepreneurs, INCLUDING WOMEN ENTREPRENEURS
2.5 To support to the envisaged long-term targets of GON in providing rural electrification and energy services.	To support the envisaged long-term targets of GON in providing rural electrification and energy services, AND GON'S COMMITMENTS TO MAINSTREAM GENDER EQUALITY AND SOCIAL INCLUSION
3. Policy Statement, Subsidy Type and Level	
<i>3.1 Micro Hydro Power (MHP)</i>	
Apart from revision in the subsidy rate warranted due to increased cost of micro hydro (MH) installation, the new subsidy for micro hydro will be provided based on number of households to be served by MH. This will ensure indirectly that all households in the communities are served by MH, thereby making the policy inclusive. The subsidy for MHP projects/schemes is as follows:	Apart from revision in the subsidy rate warranted due to increased cost of micro hydro (MH) installation, the new subsidy for micro hydro will be provided based on number of households to be served by MH. This will ensure indirectly that all households in the communities are served by MH, thereby making the policy inclusive. IN CASE SOME HOUSEHOLDS ARE LEFT OUT DUE TO FINANCIAL CONSTRAINTS, FURTHER ARRANGEMENTS WILL BE IDENTIFIED BASED ON THE DECISIONS OF THE USERS' COMMITTEE. The subsidy for MHP projects/schemes is as follows:
3.1.1 A subsidy amount of NPR 12,000 per household will be provided for new MHP project up to 5 kW capacities. But the subsidy will not be more than NPR 97,500 per kW generated.	3.1.1 A subsidy amount of NPR 12,000 per household will be provided for new MHP project up to 5 kW capacities. But the subsidy will not be more than NPR 97,500 per kW generated. EXTREME POOR HOUSEHOLDS (TO BE IDENTIFIED BY USING TOOLS LIKE WELL-BEING RANKING AND PROXY MEANS TESTING), POOR WOMEN HEADED HOUSEHOLDS AND HOUSEHOLDS WITH DISABLED PERSONS WILL BE IDENTIFIED AND SUBSIDY AMOUNTS TO THESE HOUSEHOLDS WILL BE XX PERCENTAGE HIGHER THAN TO THE OTHER HOUSEHOLDS
3.1.2 A subsidy amount of NPR 6,000 per household will be provided for to the add-on MHP project (Improved Water Mill) up to 5kW capacity, if it is for electrifying villages. But the subsidy will not be more than NPR 60,000 per kW generated	A subsidy amount of NPR 6,000 per household will be provided for the add-on MHP project (Improved Water Mill) up to 5kW capacity, if it is for electrifying villages. But the subsidy will not be more than NPR 60,000 per kW generated. OTHER ADD-ONS WHICH WILL REDUCE WORK BURDEN OF WOMEN WILL ALSO BE PROVIDED A SUBSIDY OF NPR XX

Policy Provisions/Section	Suggested GESI related Revisions (ADDED IN CAPITAL LETTERS)
3.1.3 A subsidy amount of NPR 15,000 per household will be provided for new MHP project above 5 kW and up to 500 kW. But the subsidy will not be more than NPR 125,000 per kW generated.	A subsidy amount of NPR 15,000 per household will be provided for new MHP project above 5 kW and up to 500 kW. But the subsidy will not be more than NPR 125,000 per kW generated. HOUSEHOLDS IN VERY REMOTE AREAS WHICH REQUIRE HIGHER TRANSPORTATION COSTS WILL BE PROVIDED A XXX PERCENTAGE ADDITIONAL SUBSIDY
3.1.4 With respect to rehabilitation of MHP project of more than 5 kW capacities, a subsidy of 50% of the installation cost will be provided. But the subsidy will not be more than NPR 62,500 per kW generated.	With respect to rehabilitation of MHP project of more than 5 kW capacities, a subsidy of 50% of the installation cost will be provided. But the subsidy will not be more than NPR 62,500 per kW generated. IN CASE THE MHP PROJECT IS IN DAG (DISADVANTAGED) VDACS (AS IDENTIFIED BY DDC/MLD) THE SUBSIDY WILL BE XXX% OF THE INSTALLATION COST BUT NOT MORE THAN NPRXXX PER kW generated
3.1.5 Provision of subsidy has been made for the MHP to be installed for institutional and community use. Subsidy of NPR 97,500 will be provided to plants up to 5kW capacity that are used for supplying electricity to temples, religious locations, community radio facilities and hospitals. Subsidy for transportation of equipment and materials of such MHP will be as specified in 3.1.6 below.	3.1.5 Provision of subsidy has been made for the MHP to be installed for institutional and community use. Subsidy of NPR 97,500 will be provided to plants up to 5kW capacity that are used for supplying electricity to temples, religious locations, community radio facilities and hospitals, AND ENTERPRISES OWNED AND RUN BY WOMEN'S COOPERATIVES. Subsidy for transportation of equipment and materials of such MHP will be as specified in 3.1.6 below.
3.1.6 An additional subsidy will also be provided for the transportation of equipment and materials of the MHP project. The transportation subsidy of NPR 500 per kilometer per kW will be provided based on distance travelled by porter from the nearest road head to MHP project site located at more than 10 kilometers from road head. But this will not exceed NPR 30,000 per kW capacity generated. Projects located in Karnali Zone and the specified adjoining areas* will get transportation subsidy of NPR 30,000 per kW. However, for all the projects getting transportation subsidy, the subsidy amount will be calculated as 1 kW per 8 households maximum. Rehabilitation projects will get 50 percent of above transport subsidy.	3.1.6 An additional subsidy will also be provided for the transportation of equipment and materials of the MHP project. The transportation subsidy of NPR 500 per kilometer per kW will be provided based on distance travelled by porter from the nearest road head to MHP project site located at more than 10 kilometers from road head. But this will not exceed NPR 30,000 per kW capacity generated. THE TRANSPORTATION SUBSIDY WILL BE NPR XXX IF THE DISTANCE OF THE MHP PROJECT SITE IS MORE THAN 50 KILOMETERS FROM ROAD HEAD. Projects located in Karnali Zone and the specified adjoining areas* will get transportation subsidy of NPR 30,000 per kW. IF THE MHP PROJECT SITE IS XXX KMS FROM VDC HQ OF THESE DISTRICTS, THE SUBSIDY WILL BE NPRXXX. However, for all the projects getting transportation subsidy, the subsidy amount will be calculated as 1 kW per 8 households maximum. Rehabilitation projects will get 50 percent of above transport subsidy.
3.1.7 There should be a written agreement with AEPC, if other organizations, except local agencies are willing to invest or support the MHP, exceeding NPR 250,000 per project will be provided. However, MHP should be in operation for more than 6 months for eligibility for this subsidy amount.	3.1.7 There should be a written agreement with AEPC, if other organizations, except local agencies are willing to invest or support the MHP, exceeding NPR 250,000 per project will be provided. However, MHP should be in operation for more than 6 months for eligibility for this subsidy amount. IN CASE THE MHP HAS AN ONLY WOMEN USERS COMMITTEE THE OPERATION WILL NEED TO BE FOR FOUR MONTHS FOR ELIGIBILITY FOR THIS SUBSIDY AMOUNT
4. Subsidy delivery procedure	
4.1 Renewable/rural energy has proven to require credit for users to be able to afford the installation. Despite various efforts, access to credit in rural areas for renewable energy investment has	Renewable/rural energy has proven to require credit for users to be able to afford the installation. Despite various efforts, access to credit in rural areas for renewable energy investment has been found to be

* Humla, Jumla, Kalikot, Dolpa, Mugu, Rolpa, Rukum, Jajarkot, Bajhang, Bajura, Achham, Dailekh, Darchula

Policy Provisions/Section	Suggested GESI related Revisions (ADDED IN CAPITAL LETTERS)
<p>been found to be utterly inadequate. In the long run, when subsidies are withdrawn, it is expected that credit replaces the subsidy and is only a reasonable way to expand the service delivery sustainably. The Government of Nepal desires that an appropriately long term credit at an affordable interest is available for investment in the field of renewable energy. In order to encourage financial institutions to invest in renewable energy efforts will be made in creating an institutional credit mechanism through credit line and credit guarantee scheme under the Rural Energy Fund, which will supervise and disburse the subsidy. The necessary detail will be worked out in this regard in the delivery mechanism.</p>	<p>utterly inadequate. In the long run, when subsidies are withdrawn, it is expected that credit replaces the subsidy and is only a reasonable way to expand the service delivery sustainably. The Government of Nepal desires that an appropriately long term credit at an affordable interest is available for investment in the field of renewable energy. In order to encourage financial institutions to invest in renewable energy efforts will be made in creating an institutional credit mechanism through credit line and credit guarantee scheme under the Rural Energy Fund, which will supervise and disburse the subsidy. The necessary detail will be worked out in this regard in the delivery mechanism. DETAILS TO SUPPORT GROUPS WITH LIMITED ACCESS TO DIFFERENT FINANCIAL INSTITUTIONS, USERS GROUPS LED BY WOMEN WHO HAVE MOBILITY AND INFORMATION CONSTRAINTS WILL ALSO BE WORKED OUT TO ENSURE THAT THEIR SPECIFIC BARRIERS ARE ADDRESSED</p>
<p>4.2 In order to disburse the above mentioned subsidy in simple and effective way, AEPC will prepare the renewable energy subsidy delivery mechanism and concerned Ministry will approve it.</p>	<p>4.2 In order to disburse the above mentioned subsidy in simple and effective way, AEPC will prepare the GENDER AND INCLUSION SENSITIVE renewable energy subsidy delivery mechanism and concerned Ministry will approve it.</p>
<p>4.3 The above mentioned subsidy for renewable (rural) energy will be disbursed through AEPC</p>	<p>4.3 The above mentioned subsidy for renewable (rural) energy will be disbursed through AEPC. THE GESI TEM/UNIT THAT IS TO BE FORMED IN AEPC WILL REVIEW ALL PAPERS AND RECOMMEND DISBURSEMENT FROM A GESI PERSPECTIVE</p>
<p>4.4 The technological standards of the technologies promoted under this subsidy policy will be implemented according to AEPC's standards</p>	<p>The technological standards of the technologies promoted under this subsidy policy will be implemented according to AEPC's standards. TECHNOLOGIES ADDRESSING WOMEN'S WORK BURDEN OR SUPPORTING ENTERPRISES USUALLY RUN BY WOMEN OR CERTAIN SOCIAL GROUPS WILL BE PROMOTED</p>
<p>4.5 The level of subsidy will be reviewed every two year.</p>	<p>The level of subsidy will be reviewed every two year, AND ANNUALLY FOR MHPs IN PROJECT SITES WHICH ARE IN DAG VDCS</p>
<p>4.6 If a consumer installed energy system through nominated qualified companies for solar home system, micro hydro projects, improved water mills, biogas, improved cook stoves etc. and submits the subsidy form in standard format, then the subsidy will be paid to him/her and for installing such energy system, installer will also be paid on behalf of consumer. No tax will be applicable in such kind of subsidy payment.</p>	<p>If a consumer installed energy system through nominated qualified companies for solar home system, micro hydro projects, improved water mills, biogas, improved cook stoves etc. and submits the subsidy form in standard format, then the subsidy will be paid to him/her and for installing such energy system, installer will also be paid on behalf of consumer. No tax will be applicable in such kind of subsidy payment. USERS COMMITTEES WILL BE RESPONSIBLE TO ENSURE THAT THE INSTALLERS ARE ACCOUNTABLE ABOUT THE SUBSIDY USE</p>

Annex 5: Subsidy Delivery Procedure Subsidy Policy for Renewable (Rural) Energy, 2009 (2066 BS), GoN/Ministry of Environment, AEPC, February 2010 (Unofficial Translation)

Policy Provisions/Section	Suggested GESI related Revisions (ADDED IN CAPITAL LETTERS)
2 Definition	THIS SECTION MUST INCLUDE DEFINITIONS OF GENDER EQUALITY AND SOCIAL INCLUSION CONCEPTS E.G. GENDER, GENDER EQUALITY, WOMEN HEADED HOUSEHOLDS, SOCIAL INCLUSION, DEFINITION OF EXCLUDED GROUPS, DAG VDCS, INACCESSIBLE REMOTE AREAS ETC
3.3 Institutional Mechanism	THIS SECTION MUST HAVE A PROVISION THAT ALL SUBSIDY MOBILISED WILL MAINSTREAM GENDER EQUALITY AND SOCIAL INCLUSION
5 Subsidy Criteria and Delivery Mechanism: Rural Electrification	
<i>5.2 Mini and Micro Hydro Projects</i>	
Under mini and micro hydro, subsidy will only be provided to projects up to 500 kW. A Technical Review Committee (TRC) under the chairmanship of the AEPC will evaluate the technical and financial feasibility studies of mini and micro hydro projects under AEPC. This committee will ensure the proposed mini and micro hydro with technically, financially and economically and socially feasible and recommend for subsidy approval to REF established at AEPC and District Energy Fund. The Committee will be comprised of a technician each from AEPC, and mini and micro hydro programs under AEPC(MGSP, REDP) and one representative each from private and financial sectors involved in the development of micro hydro.	Under mini and micro hydro, subsidy will only be provided to projects up to 500 kW. A Technical Review Committee (TRC) under the chairpersonship of the AEPC will evaluate the technical, SOCIAL and financial feasibility studies of mini and micro hydro projects under AEPC. This committee will ensure the proposed mini and micro hydro with technically, financially and economically and socially feasible GESI SENSITIVE INDICATORS and recommend for subsidy approval to REF established at AEPC and District Energy Fund. The Committee will be comprised of a technician each from AEPC, and mini and micro hydro programs under AEPC (MGSP, REDP), ONE GESI OFFICER/STAFF OF AEPC OR ITS PROGRAMS and one representative each from private and financial sectors involved in the development of micro hydro.
<i>Economic support for feasibility study:</i> 50 percent of the support will be provided on recommendation of DEES or RRESC after completion of detail feasibility study and submission of report, and remaining 50 percent will be provided after approval of the TRC. For survey, such support will only be given to community project and such support will be based on demand. In order to ensure the quality of operational projects, AEPC may provide necessary technical guidance	50 percent of the support will be provided on recommendation of DEES or RRESC after completion of detail feasibility study and submission of report, and remaining 50 percent will be provided after approval of the TRC. For survey, such support will only be given to community project and such support will be based on demand. SOCIAL MOBILISATION WITH WOMEN, POOR AND THE EXCLUDED WILL BE DONE TO ENSURE DEMAND COMES FROM EXCLUDED COMMUNITIES TOO. In order to ensure the quality of operational projects, AEPC may provide necessary technical guidance
For all projects operating under AEPC, the report of POV, done in prescribed format by independent consultants after construction, shall be submitted to TRC. After that, with recommendation of the TRC, related program may approve and release the disbursement.	For all projects operating under AEPC, the report of POV, done in prescribed format by independent consultants after construction, shall be submitted to TRC. THE REPORT MUST PRESENT ALONG WITH TECHNICAL ASPECTS SOCIAL ISSUES WITH DISAGGREGATED ANALYSIS OF THE PROJECTS; IMPLICATIONS FOR WOMEN, POOR AND THE EXCLUDED, After that, with recommendation of the TRC, related program may approve and release the disbursement.
<i>Note: For economic support for feasibility study, Humla, Jumla, Kalikot, Dolpa, Mugu, Rolpa, Rukum, Jajarkot, Bajhang, Bajura, Accham, Dailekh and Darchula districts will be considered as very remote districts.</i>	
5.2.1. Mini Grid Projects of Energy Sector Assistance Programme	

Policy Provisions/Section	Suggested GESI related Revisions (ADDED IN CAPITAL LETTERS)
<p>A Mini Grid Coordination Committee (MGCC) under the chairmanship of the AEPC ED will carry out the activities related to programme coordination, networking between relevant institutions, policy formulation and advice. The Committee will comprise of representatives from Ministry of Environment, the Mini-Grid Support Programme (MGSP), the Rural Energy Development Programme (REDP), Nepal Electricity Authority, the Department of Electricity Development, the Association of District Development, Committee of Nepal (ADDCN), the National Association of Village Development, Committee in Nepal (NAVIN), the Ministry of Local Development, RRESC, the Association of Micro-hydropower Developers, and the micro-hydropower industry. Where needed, AEPC may invite other relevant institutions at the meeting as observers. The Committee will provide recommendations to MGSP on issues pertaining to operational, and work-plans. MGSP will carry out the day to day management responsibilities of the Mini Grid Electrification Component.</p>	<p>A Mini Grid Coordination Committee (MGCC) under the chairpersonship of the AEPC ED will carry out the activities related to programme coordination, networking between relevant institutions, policy formulation and advice. The Committee will comprise of representatives from Ministry of Environment, the Mini-Grid Support Programme (MGSP), the Rural Energy Development Programme (REDP), Nepal Electricity Authority, the Department of Electricity Development, the Association of District Development, Committee of Nepal (ADDCN), the National Association of Village Development, Committee in Nepal (NAVIN), the Ministry of Local Development, DEPARTMENT OF WOMEN, CHILDREN AND SOCIAL WELFARE/ MINISTRY OF WOMEN, CHILDREN AND SOCIAL WELFARE, RRESC, the Association of Micro-hydropower Developers, and the micro-hydropower industry. Where needed, AEPC may invite other relevant institutions at the meeting as observers. The Committee will provide recommendations to MGSP on issues pertaining to operational, and work-plans. MGSP will carry out the day to day management responsibilities of the Mini Grid Electrification Component.</p>
<p>The major activities of the MGSP will be as follows:</p>	
<p>a) To qualify consultants, manufacturers and installers responsible for project survey and inspection, equipment manufacturing, and construction and installation.</p>	<p>a) To qualify consultants, manufacturers and installers responsible for project survey and inspection, equipment manufacturing, and construction and installation, ENSURING THAT THE QUALIFYING PROCESS AND CRITERIA ARE GENDER AND INCLUSION SENSITIVE</p>
<p>b) To establish RRESCs for providing facilitation support to mini-grid schemes covering all the potential areas of the country.</p>	<p>b) To establish RRESCs for providing GESI SENSITIVE facilitation support to mini-grid schemes covering all the potential areas of the country.</p>
<p>c) To prepare guidelines for the integration of rural electrification activities in the local planning of DDCs and VDCs.</p>	<p>c) To prepare guidelines for the integration of GESI SENSITIVE rural electrification activities in the local planning of DDCs and VDCs.</p>
<p>d) To prepare procedural manual/guideline and standard for the identification, survey, design, construction, installation, verification, interconnection and grid connection and also prepare model bidding and contract agreement documents.</p>	<p>d) To prepare GESI SENSITIVE procedural manual/guideline and standard for the identification, survey, design, construction, installation, verification, interconnection and grid connection and also prepare model bidding and contract agreement documents.</p>
<p>e) To support preparatory studies (reconnaissance studies including GIS-based carpet identification and pre-feasibility studies), feasibility studies and project planning by qualified local experts. Also, local NGOs will be mobilised to facilitate these activities.</p>	<p>e) To support preparatory studies (reconnaissance studies including GIS-based carpet identification and pre-feasibility studies, GENDER AND INCLUSION ANALYSIS STUDIES), feasibility studies and project planning by qualified local experts. Also, local NGOs will be mobilised to facilitate these activities.</p>
<p>f) To develop an appropriate mechanism for improved hydrological documentation for schemes of more than 50 kW capacity to reduce the hydrological risk associated with the mini and micro hydro investment.</p>	<p>f) NO GESI RELATED AMENDMENT PROPOSED</p>

Policy Provisions/Section	Suggested GESI related Revisions (ADDED IN CAPITAL LETTERS)
g) To operate and support operation of mini-grid schemes, assist in the establishment of the electricity developers, electricity users' cooperatives, and social organizations.	g) To operate and support operation of GESI SENSITIVE mini-grid schemes, assist in the establishment of the electricity developers, electricity users' cooperatives, and social organizations.
h) To facilitate increased in the public and private sector participation in identification, implementation and operation of projects and end-use of electricity.	h) To facilitate increase in the public and private sector participation, INCLUDING OF WOMEN LED/MANAGED COOPERATIVES/USERS' GROUPS in identification, implementation and operation of projects and end-use of electricity.
i) To implement quality assurance system and assist other stakeholders in establishing internal quality assurance system.	i) To implement quality assurance system and assist other stakeholders in establishing internal quality assurance system. QUALITY ASSURANCE WILL INCLUDE GESI RELATED ASPECTS
j) To make necessary arrangements for human resource development of staff of financial institution, private sector companies, non-government organizations, and mini-grid developers, operators, managers, cooperatives and potential and already involved users in mini-grid development.	j) To make necessary arrangements for human resource development of A DIVERSE staff of financial institution, private sector companies, non-government organizations, and mini-grid developers, operators, managers, cooperatives and potential and already involved users in mini-grid development. CAPACITY BUILDING OF STAFF WILL INCLUDE SKILL DEVELOPMENT FOR MAINSTREAMING GESI
k) To provide technical backstop and other support for sustainable operation of micro and mini-hydro projects, particularly in remote areas through establishment of RRESC.	k) To provide technical backstop and other support for GESI SENSITIVE AND sustainable operation of micro and mini-hydro projects, particularly in remote areas, through establishment of RRESC.
l) To conduct promotional activities, information dissemination, and market expansion related activities for increasing the productive use of electricity. RRESC will actively promote the productive end-use of electricity and work towards meeting the objective of ensuring financial sustainability. RRESC and DEES/U will also appraise pre-feasibility studies of the projects. While doing so, RRESCs should compulsorily coordinate with DEES/Us.	l) To conduct promotional activities, information dissemination, and market expansion related activities for increasing the productive use of electricity BY ALL INCLUDING WOMEN, POOR AND THE EXCLUDED. RRESC will actively promote the productive end-use of electricity BY EVERYONE, INCLUDING DIFFERENT SOCIAL GROUPS and work towards meeting the objective of ensuring financial sustainability. RRESC and DEES/U will also appraise pre-feasibility studies of the projects. While doing so, RRESCs should compulsorily coordinate with DEES/Us.
Qualified service providers from the private sector will be entrusted with preparatory (identification and verification) as well as feasibility studies. The manufacturing of equipment, supply and installation will be carried out from qualified manufacturers, suppliers, and installation/construction companies. The format of contract between the qualified companies and the mini-grid developer must be based on standard contracting practices such as EPC, turnkey contract, etc. International and the existing government bidding practice will be adopted for schemes greater than 100 kW and for the schemes to be grid connected and inter-connected. Any private or public company, cooperative and other entity recognised by the law of Nepal may become a mini-grid developer and assume ownership of the project. However, company registration is not required for projects in Pico range (i.e. up to 5 kW). The community/individual entrepreneur must ensure an equity contribution and the smooth operation of the project. MGSP will seek support from the local	Qualified service providers from the private sector will be entrusted with preparatory (identification and verification) as well as feasibility studies. WOMEN SERVICE PROVIDERS WILL BE TRAINED AND ENCOURAGED TO PROVIDE SUCH STUDIES. The manufacturing of equipment, supply and installation will be carried out from qualified manufacturers, suppliers, and installation/construction companies. EFFORTS WILL BE MADE TO PROMOTE WOMEN LED/MANAGED QUALIFIED COMPANIES. The format of contract between the qualified companies and the mini-grid developer must be based on standard contracting practices such as EPC, turnkey contract, etc. International and the existing government bidding practice will be adopted for schemes greater than 100 kW and for the schemes to be grid connected and inter-connected. Any private or public company, cooperative and other entity recognised by the law of Nepal may become a mini-grid developer and assume ownership of the project. However, company registration is not required for projects in Pico range (i.e. up to 5 kW). The community/individual entrepreneur must ensure an equity contribution and

Policy Provisions/Section	Suggested GESI related Revisions (ADDED IN CAPITAL LETTERS)
government (DDCs and VDCs) to ensure that Mini-Grid schemes are integrated in the planning processes of the local government and that such projects secure water rights and ensure the services to target households. The concerned DDC will have to certify the distance for calculating the transport subsidy.	the smooth operation of the project. WOMEN ENTREPRENEURS WILL BE ASKED TO ENSURE AN EQUITY CONTRIBUTION OF A LESSER AMOUNT THAN USUAL. MGSP will seek support from the local government (DDCs and VDCs) to ensure that Mini-Grid schemes are integrated in the planning processes of the local government and that such projects secure water rights and ensure the services to target households. The concerned DDC will have to certify the distance for calculating the transport subsidy.
<i>Subsidy Delivery</i>	
In order to have a simple and transparent subsidy delivery mechanism and to fulfil the objective of subsidy, subsidy delivery for micro and mini hydropower projects will be as follows:	
a) Project electrifying up to 40 new households and as community or institutional project (up to 5 kW):	
The project proponent shall select the company from among the pre-qualified companies for survey, supply of material and installation. The company must complete the installation work based on AEPC guidelines and adhere to the published standards. The company should obtain recommendation regarding the installation of physical condition from DEES/DDEU/RRESC and should also provide information about installation to MSGP via DEES/DDEU/RRESC prior to installation. The company must submit documents and details to MGSP after completing the installation and power output test (POT). MGSP shall assess the project documents and will recommend to REF for subsidy. Such project will have to be recommended to MGSP along with necessary verification by RRESC or DEES/U.	The project proponent shall select the company from among the pre-qualified companies for survey, supply of material and installation. The company must complete the installation work based on AEPC guidelines and adhere to the published standards. The company should obtain recommendation regarding the installation of physical condition from DEES/DDEU/RRESC and should also provide information about installation to MSGP via DEES/DDEU/RRESC prior to installation. The company must submit documents and details to MGSP after completing the installation and power output test (POT). MGSP shall assess the project documents and will recommend to REF for subsidy. Such project will have to be recommended to MGSP along with necessary verification by RRESC or DEES/U. RECOMMENDATION BY RRESC OR DEES/U MUST ALSO BE BASED ON AN ASSESSMENT OF HOW WELL THE COMPANY ADDRESSES GENDER AND INCLUSION ISSUES IN ITS OWN COMPANY POLICIES. THE ASSESSMENT MUST REVIEW ASPECTS SUCH AS WHETHER THE COMPANY PROMOTES WOMEN EMPLOYEES AND WOMEN SERVICE PROVIDERS
b) Mini-Grid Project electrifying more than 40 new households (Above 5 kW-up to 500 kW):	
Depending on the size of the project, the project cycle includes project identification, integration in local planning, feasibility study by qualified companies/consultants, and appraisal of the feasibility study by the MGSP and TRC. If it is found appropriate, the mini-grid developer will have to apply for subsidy to REF in the prescribed form along with the recommendation from the TRC REF will decide on the eligibility for subsidy based on prescribed criteria. Where necessary, REF may award a conditional approval (valid only for up to 6 months) to facilitate the financial institutions' procedure of loan processing. REF will only give the final approval if it is satisfied that all the arrangements like equity investment, loan, and the contract agreement between the mini-grid developer and the constructing/installing company fulfil the subsidy criteria. If necessary, REF may seek support of MGSP for assistance to appraise the proposed project.	Depending on the size of the project, the project cycle includes project identification, integration in local planning, feasibility study by qualified companies/consultants, GENDER AND INCLUSION ASSESSMENT and appraisal of the feasibility study by the MGSP and TRC. If it is found appropriate, the mini-grid developer will have to apply for subsidy to REF in the prescribed form along with the recommendation from the TRC. REF will decide on the eligibility for subsidy based on prescribed criteria. Where necessary, REF may award a conditional approval (valid only for up to 6 months) to facilitate the financial institutions' procedure of loan processing. REF will only give the final approval if it is satisfied that all the arrangements like equity investment, loan, and the contract agreement between the mini-grid developer and the constructing/installing company fulfil the subsidy criteria. If necessary, REF may seek support of MGSP for assistance to appraise the proposed project.
In order to arrange the financial cost of the project, REF will disburse as follows:	

Policy Provisions/Section	Suggested GESI related Revisions (ADDED IN CAPITAL LETTERS)
<p><i>First Installment:</i> 30 to 60 percent of the estimated subsidy amount will be released to the project developer against an Advanced Payment Bank Guarantee (APBG) after final approval from REF upon submission of the agreement made between qualified project installer and operator and other necessary documentation with proof for subsidy. The intended percentage of advance payment by the installer should be clearly mentioned in the agreement. The bank guarantee should be in the REF prescribed format if the installation company and the project developer intend to get advance payment for first instalment. The bank guarantee for advance instalment will be returned after supply of material and equipment to the project site and upon hand-over of material to the developer as per the agreement. The APBG paper shall be valid for a minimum of 6 months to 1 year.</p>	<p>NO AMENDMENT PROPOSED</p>
<p><i>Second Installment:</i> The manufacturer/installer will get payment of up to 80 percent of the subsidy amount after a handover of project and upon household connection certification by local government covering electrification of at least 75 percent of target households, successful test run for the prescribed period depending on size of the scheme, submission of the commissioning and the Power Output Test (POT) reports in a prescribed form.</p>	<p><i>Second Installment:</i> The manufacturer/installer will get payment of up to 80 percent of the subsidy amount after a handover of project and upon household connection certification by local government covering electrification of at least 75 percent of target households, successful test run for the prescribed period depending on size of the scheme, submission of the commissioning and the Power Output Test (POT) reports in a prescribed form. 10 PERCENT OF THE SECOND INSTALLMENT WILL BE WITHHELD IN CASE 10 PERCENT OF THE EXTREME POOR HOUSEHOLDS IDENTIFIED DURING PROJECT IDENTIFICATION PHASE HAVE NOT HAD ELECTRICITY CONNECTION</p>
<p><i>Third Installment:</i> REF will release 10 percent amount after Power Output and Household Connection verification. In the event REF has not conducted the Power Output and Household Connection Verification (POHHV), installer can request this 10 percent as advance payment against APBG. After the approval of reports of Testing Commissioning of the project and POV test from MGSP, the installer company may request for POHHV. Prior to making such request, the installer company has to ensure uninterrupted operation of the project. REF has to undertake POHHV in an appropriate season within 1 year of receipt of such a written request for POHHV.</p>	<p><i>Third Installment:</i> REF will release 10 percent amount after Power Output and Household Connection verification. In the event REF has not conducted the Power Output and Household Connection Verification (POHHV), installer can request this 10 percent as advance payment against APBG. After the approval of reports of Testing Commissioning of the project and POV test from MGSP, the installer company may request for POHHV. Prior to making such request, the installer company has to ensure uninterrupted operation of the project. REF has to undertake POHHV in an appropriate season within 1 year of receipt of such a written request for POHHV. 10 PERCENT OF THE THIRD INSTALLMENT WILL BE HELD INCASE FIVE PERCENT OF THE EXTREME POOR HOUSEHOLDS DO NOT RECEIVE ELECTRICITY CONNECTION</p>
<p><i>Final Installment:</i> Remaining 10 percent amount will be released after one year from the date of project hand-over and upon verification of the quality of equipment, ensure of ASS quality and electrification of the remaining 25 percent of households . Also, that10 percent amount may be requested as advance payment against APBG.</p>	<p><i>Final Installment:</i> Remaining 10 percent amount will be released after one year from the date of project hand-over and upon verification of the quality of equipment, ensure of ASS quality and electrification of the remaining 25 percent of households . Also, that10 percent amount may be requested as advance payment against APBG. 5 PERCENT OF THIS AMOUNT WILL BE WITHHELD INCASE ALL THE EXTREME POOR HOUSEHOLDS HAVE STILL NOT RECEIVED ELECTRICITY</p>
<p><i>Subsidy Criteria</i></p>	

Policy Provisions/Section	Suggested GESI related Revisions (ADDED IN CAPITAL LETTERS)
The micro and mini hydropower projects will have to fulfil the following criteria in the project proposal and commit to their implementation and operation accordingly:	The micro and mini hydropower projects will have to fulfil the following criteria in the project proposal and commit to their implementation and operation accordingly:
a) Project electrifying up to 40 new households and as community or institutional project (up to 5 kW):	a) Project electrifying up to 40 new households and as community or institutional project (up to 5 kW):
i. The Projects must only be constructed by a qualified company/contractor.	i. The Projects must only be constructed by a qualified company/contractor.
ii. The commissioning and POT reports submitted by a qualified company/contractor have to be certified by MGSP.	ii. The commissioning and POT reports submitted by a qualified company/contractor have to be certified by MGSP.
iii. The installation company should submit the name list of electrified households and household electrification has to be certified by the VDC/local government/school and one copy of this should be made available to concerned DEEU/S.	iii. The installation company should submit the name list of electrified households (DISAGGREGATED BY CASTE/ ETHNICITY AND SEX OF HOUSEHOLD HEAD) and household electrification has to be certified by the VDC/local government/school and one copy of this should be made available to concerned DEEU/S.
iv. The subsidy request must include a copy of citizenship of at least one user member involved in the project.	iv. The subsidy request must include a copy of citizenship of at least one user member involved in the project. IN THE TERAJ PROJECT SITES IF THE CITIZENSHIP OF CERTAIN HOUSEHOLDS ARE NOT AVAILABLE, THE VDC HAS TO FACILITATE THE PROCESS OF THE HOUSEHOLD ACQUIRING THE NECESSARY CITIZENSHIP PAPERS
v. Recommendation from the VDC/DDC on water rights must be submitted for subsidy application.	v. Recommendation from the VDC/DDC on water rights must be submitted for subsidy application.
vi. The project proposal must include the distance certificate from the DDC. Prior to subsidy disbursement, REF can verify or have verified the distance certification. For determining the transportation subsidy for eligible projects, no more than 8 households per kW has been considered. For the purpose of the transport subsidy, 1 Kosh (two miles) will be considered equivalent to 3.2 km. The transport subsidy will be calculated on the basis of additional km beyond 10 km.	vi. The project proposal must include the distance certificate from the DDC. Prior to subsidy disbursement, REF can verify or have verified the distance certification. For determining the transportation subsidy for eligible projects, no more than 8 households per kW has been considered. For the purpose of the transport subsidy, 1 Kosh (two miles) will be considered equivalent to 3.2 km. The transport subsidy will be calculated on the basis of additional km beyond 10 km. THE SUBSIDY AMOUNT FOR PROJECT SITES IN VERY REMOTE AREAS WITH HEAVY TRANSPORTATION COSTS DUE TO INACCESSIBILITY WILL BE ACCORDING TO THE REVISED GUIDELINES
vii. Necessary document like VDC recommendation, institutional decision, measurement and details of energy consumption by building/electrical equipment should be submitted as the justification of electricity demand for institutional structures.	vii. Necessary document like VDC recommendation, institutional decision, measurement and details of energy consumption by building/electrical equipment should be submitted as the justification of electricity demand for institutional structures. A ONE-STOP WINDOW WILL BE OPENED TO CLEAR SUCH PROCESSES WITH PRIORITY TO WOMEN LED INSTITUTIONS. THE PAPER WORK WILL BE FACILITATED TO MAKE IT EASIER FOR WOMEN TO HAVE INFORMATION AND ACCESS ABOUT NECESSARY DOCUMENTATION..

Policy Provisions/Section	Suggested GESI related Revisions (ADDED IN CAPITAL LETTERS)
<p>viii. Warranty Period: The supplier/installer should give a warranty of minimum 1 year on electrical and mechanical equipment of pico hydro project. The provision related to this has to be clearly mentioned in the contract agreement signed by developer/installer/supplier and pico hydro operator. During the warranty period, the installer/supplier must make one routine check of the scheme and give suggestions to the developer for further improvement in operation and management. The supplier/installer will be responsible for rectifying any problems surfaced due to poor workmanship, material and supervision.</p>	<p>viii. Warranty Period: The supplier/installer should give a warranty of minimum 1 year on electrical and mechanical equipment of pico hydro project. The provision related to this has to be clearly mentioned in the contract agreement signed by developer/installer/supplier and pico hydro operator. During the warranty period, the installer/supplier must make one routine check of the scheme and give suggestions to the developer for further improvement in operation and management. IN CASE OF WOMEN LED PROJECTS, THE INSTALLER/SUPPLIER MUST DO ROUTINE CHECK TWICE OF THE SCHEME AND FACILITATE THE PROCESS FOR SUGGESTED IMPROVEMENT. The supplier/installer will be responsible for rectifying any problems surfaced due to poor workmanship, material and supervision.</p>
<p>b) Mini-Grid Project electrifying more than 40 new households (above 5kW and up to -500 kW):</p>	<p>b) Mini-Grid Project electrifying more than 40 new households (above 5kW and up to -500 kW):</p>
<p>i. The proposed project must have acquired a legal status with registration in the concerned agency.</p>	<p>i. The proposed project must have acquired a legal status with registration in the concerned agency. IF THE PROJECT IS IN THE PROCESS OF BEING REGISTERED, THEN FLEXIBILITY WILL BE MAINTAINED FOR WOMEN LED PROJECTS AND REGISTRATION IN PROCESS PAPERS WILL BE ACCEPTED.</p>
<p>ii. The proposal must include a feasible business plan and a detailed project design addressing community and environmental aspects. .</p>	<p>ii. The proposal must include a feasible business plan and a detailed project design addressing SOCIAL, community and environmental aspects. .</p>
<p>iii. For the proposed project up to 100 kW, the project proposal must include the water-rights certificate from the DDC (District Water Resource Committee).</p>	<p>iii. For the proposed project up to 100 kW, the project proposal must include the water-rights certificate from the DDC (District Water Resource Committee).</p>
<p>iv. The project proposal must include distance (from the nearest motorable road to the project site) certificate received from the DDC. For determining the transportation subsidy for all eligible projects, 8 households per kW has been considered. For the purpose of the transport subsidy, 1 Kosh (two miles) will be considered equivalent to 3.2 km. The transport subsidy will be calculated on the basis of additional km beyond 10 km.</p>	<p>iv. The project proposal must include distance (from the nearest motorable road to the project site) certificate received from the DDC. For determining the transportation subsidy for all eligible projects, 8 households per kW has been considered. For the purpose of the transport subsidy, 1 Kosh (two miles) will be considered equivalent to 3.2 km. The transport subsidy will be calculated on the basis of additional km beyond 10 km. THE REVISED GUIDELINES TO ADDRESS THE NEEDS OF VERY REMOTE PROJECT SITES AND THE HIGH TRANSPORTATION COSTS WILL BE FOLLOWED.</p>
<p>v. Feasibility studies of projects up to 100 kW must be done by companies prequalified by AEPC. For projects of 100-1000 kW, the feasibility study may be commissioned through registered companies as stated in the guideline. The feasibility study of the project should be conducted only after getting approval from MGSP's.</p>	<p>v. Feasibility studies of projects up to 100 kW must be done by companies prequalified by AEPC. For projects of 100-1000 kW, the feasibility study may be commissioned through registered companies as stated in the guideline. The feasibility study of the project should be conducted only after getting approval from MGSP's AND MUST COVER SOCIAL AS WELL AS TECHNICAL ASPECTS.</p>
<p>vi. Project proposal and report must be recommended by MGSP and TRC.</p>	<p>vi. Project proposal and report must be recommended by MGSP and TRC. RECOMMENDATION MUST ENSURE THAT GENDER AND INCLUSION ISSUES HAVE BEEN REVIEWED AND THEIR IMPLICATIONS ADDRESSED IN THE PROJECT PROPOSAL</p>

Policy Provisions/Section	Suggested GESI related Revisions (ADDED IN CAPITAL LETTERS)
vii. The proposed tariff plan must be able to meet operational cost (staff salary, regular maintenance and improvement, etc.) along with setting aside at least 20 percent of the revenue collected for major repair and maintenance.	vii. The proposed tariff plan must be able to meet operational cost (staff salary, regular maintenance and improvement, etc.) along with setting aside at least 20 percent of the revenue collected for major repair and maintenance. IN CASE OF EXTREME POOR HOUSEHOLDS IN THE PROJECT COVERAGE, THE TARIFF PLAN MUST INCLUDE PROVISIONS FOR SUPPORT TO SUCH HOUSEHOLDS.
viii. The project proposal must include the evidence of bank deposit in the project account with mechanism to prevent fund withdrawal for other purpose as a guarantee of equity finance, and a loan approval document. In the event of financial support from local government, a letter to that effect shall be submitted. For the support or investment from agency other than the local government agency, a written memorandum of understanding should be done with AEPC.	viii. The project proposal must include the evidence of bank deposit in the project account with mechanism to prevent fund withdrawal for other purpose as a guarantee of equity finance, and a loan approval document. In the event of financial support from local government, a letter to that effect shall be submitted. For the support or investment from agency other than the local government agency, a written memorandum of understanding should be done with AEPC. IN CASE OF FINANCIAL SUPPORT FROM LOCAL AGENCIES/LOCAL WOMEN'S COOPERATIVES, WRITTEN MEMORANDUM OF UNDERSTANDING CAN BE DONE WITH DEEU/DDC TO ADDRESS MOBILITY CONSTRAINTS OF WOMEN.
ix. The net present value of the actual cash flow of the project, after a repayment of loan at an annual interest rate of 6 percent, must be positive.	ix. NO GESI RELATED AMENDMENT REQUIRED
x. The contract agreement for construction of projects up to 100kW must be done with qualified contractor/companies and such agreement must at least include provisions specified by AEPC in the sample contract agreement. In case of projects of 100-1000kW, the contract agreement for project construction may be done with companies recognized by national and international law in accordance with contracting procedure.	x. NO GESI RELATED AMENDMENT REQUIRED
xi. Additional conditions for isolated mini-grid schemes not to be connected to regional or national grid	xi. Additional conditions for isolated mini-grid schemes not to be connected to regional or national grid
Business plan of the project must demonstrate a commitment to use at least 10 percent of the available electricity for productive end-use.	Business plan of the project must demonstrate a commitment to use at least 10 percent of the available electricity for productive end-use. IN CASE OF PROJECTS WITH ABOVE XX PERCENT OF EXTREME POOR HOUSEHOLDS, THE PROJECT MUST DEMONSTRATE A COMMITMENT TO USE AT LEAST 8 PERCENT OF THE AVAILABLE ELECTRICITY FOR PRODUCTIVE END-USE
xiv. Additional conditions for projects to be connected to regional or national grid:	xiv. Additional conditions for projects to be connected to regional or national grid:
A copy of Power Purchase Agreement with the grid operator/distributor has to be included.	A copy of Power Purchase Agreement with the grid operator/distributor has to be included.
Subsidy calculation will be determined based on the number of households not served by the national or regional grid and to be directly connected by the proposed project.	Subsidy calculation will be determined based on the number of households not served by the national or regional grid and to be directly connected by the proposed project. SUBSIDY CALCULATIONS WILL INCLUDE CALCULATIONS REGARDING SUPPORT TO EXTREME POOR HOUSEHOLDS AND FOR ADDITIONAL TRANSPORTATION COSTS FOR PROJECTS IN VERY REMOTE AREAS

Policy Provisions/Section	Suggested GESI related Revisions (ADDED IN CAPITAL LETTERS)
xv. Additional conditions for generation of additional electricity in the area already electrified by the Community Rural Electrification Programme.	xv. Additional conditions for generation of additional electricity in the area already electrified by the Community Rural Electrification Programme.
Subsidy calculation will be determined based on the number of households not served by the national or regional grid and to be directly connected by the proposed project	Subsidy calculation will be determined based on the number of households not served by the national or regional grid and to be directly connected by the proposed project. SUBSIDY CALCULATIONS WILL INCLUDE CALCULATIONS REGARDING SUPPORT TO EXTREME POOR HOUSEHOLDS AND FOR ADDITIONAL TRANSPORTATION COSTS FOR PROJECTS IN VERY REMOTE AREAS
Business plan should include audited financial statements.	Business plan should include audited financial statements AND SOCIAL ANALYSIS IMPLICATIONS AND THEIR MITIGATION MEASURES
A copy of Power Purchase Agreement with the NEA/Grid operator has to be included.	NO GESI RELATED AMENDMENT REQUIRED
xvi. Additional conditions for rehabilitation projects: Existing micro-hydropower schemes that are functioning below the normal capacity or are not functioning at all, can receive subsidy for rehabilitation to increase their power production and to connect new and old users. Eligibility criteria for selecting micro-hydropower schemes for rehabilitation include the following:	xvi. Additional conditions for rehabilitation projects: Existing micro-hydropower schemes that are functioning below the normal capacity or are not functioning at all, can receive subsidy for rehabilitation to increase their power production and to connect new and old users. Eligibility criteria for selecting micro-hydropower schemes for rehabilitation include the following:
Scheme size must be above 5 kW.	Scheme size must be above 5 kW. IF PROJECT IS IN VERY REMOTE AREA THEN THE SCHEME SIZE SHOULD BE ABOVE XX Kw
The scheme must be older than 10 years from the date of operation. Only schemes fully handed-over by NEA to user groups will be eligible for rehabilitation subsidy. But, projects damaged by natural disasters (such as earthquake, land slide, flood, etc) will be eligible for subsidy as rehabilitation projects. Such projects will be dealt with on a project-to-project basis after an evaluation of the damage has been conducted by a technical committee formed by AEPC. For projects damaged by natural disasters, the provision of project to have 10-year old will not be applicable. But, such projects will have to be recommended by the concerned DDC	NO GESI RELATED AMENDMENT REQUIRED
Projects damaged by natural disasters will normally be eligible for subsidy as rehabilitation projects. However, such projects will be dealt with on a project to project - basis after an evaluation of the damage has been conducted by a committee formed by AEPC. If the damage is severe, the projects can be considered as new projects.	NO GESI RELATED AMENDMENT REQUIRED
Only schemes fully handed-over by NEA to user groups will be eligible for rehabilitation subsidy.	NO GESI RELATED AMENDMENT REQUIRED.

Policy Provisions/Section	Suggested GESI related Revisions (ADDED IN CAPITAL LETTERS)
<p>xvii. Power Output and Household Connection Verification (POHCV): With the given head and flow, the actual power output should not be less than the designed output in any case. POHCV will be as per REF's guideline. If the actual power generation is less than designed capacity, or in case of irregularity due to carelessness of the manufacturer/installer/supplier, the amount of the reduced kW will be deducted at the cost rate determined/approved by REF and deducted from the third and/or fourth installments to be paid to the manufacturer/ installer/ supplier.</p>	<p>xvii. Power Output and Household Connection Verification (POHCV): With the given head and flow, the actual power output should not be less than the designed output in any case. POHCV will be as per REF's guideline. If the actual power generation is less than designed capacity, or in case of irregularity due to carelessness of the manufacturer/installer/supplier, the amount of the reduced kW will be deducted at the cost rate determined/approved by REF and deducted from the third and/or fourth installments to be paid to the manufacturer/ installer/ supplier. IF THE HOUSEHOLD CONNECTION VERIFICATION IDENTIFIES THAT EXTREME POOR HOUSEHOLDS ARE NOT CONNECTED OR THAT HOUSEHOLDS IN GEOGRAPHICALLY DIFFICULT AREAS WHERE OUTPUT RECEIVED IS LESS DUE TO THE WATER FLOW DIRECTION, XX PERCENTAGE WILL BE DEDUCTED FROM THE THIRD AND/OR FOURTH INSTALLMENTS TO BE PAID TO THE MANUFACTURER/ INSTALLER/ SUPPLIER</p>
<p>xviii. Warranty Period: The supplier/installer must provide at least one year's warranty on the electromechanical equipment of the micro-hydropower Scheme. Such provision has to be clearly mentioned in the Contract signed by the manufacturer/supplier/ installer and the developer. During the warranty period, the installer/supplier must do two routine checks of the scheme and give suggestions to the developer for further improvement in operation and management. The supplier/installer will be responsible for rectifying any problems arising from poor workmanship, material and supervision. The developer will be responsible for problems that are caused by negligence on the part of the operator and manager.</p>	<p>xviii. Warranty Period: The supplier/installer must provide at least one year's warranty on the electromechanical equipment of the micro-hydropower Scheme. FOR SCHEMES LED/MANAGED BY WOMEN IN REMOTE AREAS, THE WARRANTY PERIOD WILL BE AT LEAST TWO YEARS. Such provision has to be clearly mentioned in the Contract signed by the manufacturer/supplier/ installer and the developer. During the warranty period, the installer/supplier must do two routine checks of the scheme and give suggestions to the developer for further improvement in operation and management. The supplier/installer will be responsible for rectifying any problems arising from poor workmanship, material and supervision. The developer will be responsible for problems that are caused by negligence on the part of the operator and manager.</p>
<p>xviii. Productive End-use: Following will be the criteria for productive end-use.</p>	<p>xviii. Productive End-use: Following will be the criteria for productive end-use.</p>
<p>This will only be applicable to new projects constructed under the current subsidy policy.</p>	<p>This will only be applicable to new projects constructed under the current subsidy policy.</p>
<p>As for other provisions, the guideline related to providing such financial support will be enforced after formulating by AEPC.</p>	<p>As for other provisions, the guideline related to providing such financial support will be enforced after formulating by AEPC. FINANCIAL AND TECHNICAL SUPPORT TO WOMEN LED PRODUCTIVE END-USE WILL BE AS SPECIFIED IN THE GUIDELINE</p>
<p>Monitoring and Evaluation:</p>	<p>Monitoring and Evaluation:</p>
<p>a) REF will undertake power output and household connection verification of 25% of the total projects up to 5 kW hydropower projects electrifying up to 40 new households company-and-area-wise, and all larger projects.</p>	<p>a) REF will undertake power output and household connection verification of 25% of the total projects up to 5 kW hydropower projects electrifying up to 40 new households company-and-area-wise, and all larger projects. REF WILL ENSURE THAT THE HOUSEHOLD CONNECTION VERIFICATION COVERS EXTREME POOR HOUSEHOLDS</p>

Policy Provisions/Section	Suggested GESI related Revisions (ADDED IN CAPITAL LETTERS)
<p>b) Impact assessment will be carried out through an independent consultant/institution on an annual basis. Such assessment will assist in directing programme and subsidy delivery mechanism towards a right direction. The finding of the assessment report shall be presented to Mini Grid Coordination Committee, the ESAP steering committee and the review mission conducted by the GoN and participating donor agencies.</p>	<p>b) Impact assessment will be carried out through an independent consultant/institution on an annual basis. Such assessment will assist in directing programme and subsidy delivery mechanism towards a right direction. IT WILL COVER NOT ONLY TECHNICAL ASPECTS BUT ALSO SOCIAL ISSUES OF WHICH HOUSEHOLDS HAVE NOT RECEIVED ELECTRICITY AND THE BARRIERS OF OTHER HOUSEHOLDS EXPERIENCING ANY KIND OF EXCLUSION. The finding of the assessment report shall be presented to Mini Grid Coordination Committee, the ESAP steering committee and the review mission conducted by the GoN and participating donor agencies.</p>
<p>c) Public hearing will be organized prior to construction of the project. RRESC will be responsible for facilitating such hearing and the representative of district energy and environment section/unit will compulsively participate in such hearing.</p>	<p>c) Public hearing will be organized prior to construction of the project. RRESC will be responsible for facilitating such hearing, ENSURING THAT WOMEN, THE POOR AND PEOPLE FROM SOCIAL GROUPS EXPERIENCING ANY FORM OF EXCLUSION ALSO PARTICIPATE and the representative of district energy and environment section/unit will compulsorily participate in such hearing.</p>
<p>d) Studies on consumer satisfaction and operational performance of the project will be conducted on an annual basis.</p>	<p>d) Studies on consumer satisfaction and operational performance of the project will be conducted on an annual basis. CONSUMER SATISFACTION STUDIES PRESENT THE SATISFACTION ASSESSMENT WITH DISAGGREGATION BY WOMEN/MEN AND DIFFERENT SOCIAL GROUPS</p>
<p>6. Rural Energy Fund</p>	
<p>Rural Energy Fund (REF) has been established to channel subsidy renewable energy programmes on biomass energy technology, solar energy (SHS and SSHS), micro and mini hydropower and other programmes with the support of the Government of Nepal and external donors. Currently, while subsidy amount under ESAP being mobilized through this fund, subsidy amount of other programmes under AEPC will be mobilized gradually after preparing the detail modality of the REF. REF will remain under the supervision of the Alternative Energy Promotion Development Board. There may be one or more funding mechanisms as required by various ongoing and future programmes in the field of rural energy. If the Government of Nepal provides the fund other than the matching fund available for subsidy for renewable energy particularly for electrification (e.g. solar energy, micro and mini hydropower project, etc.) and installation of biomass energy system, subsidy will be channelled through this Fund in accordance with the modality of the Fund. Only concerned officer level staff of AEPC can make the final subsidy recommendation to REF.</p>	<p>Rural Energy Fund (REF) has been established to channel subsidy renewable energy programmes on biomass energy technology, solar energy (SHS and SSHS), micro and mini hydropower and other programmes with the support of the Government of Nepal and external donors. Currently, while subsidy amount under ESAP being mobilized through this fund, subsidy amount of other programmes under AEPC will be mobilized gradually after preparing the detail modality of the REF. REF will remain under the supervision of the Alternative Energy Promotion Development Board. There may be one or more funding mechanisms as required by various ongoing and future programmes in the field of rural energy. If the Government of Nepal provides the fund other than the matching fund available for subsidy for renewable energy particularly for electrification (e.g. solar energy, micro and mini hydropower project, etc.) and installation of biomass energy system, subsidy will be channelled through this Fund in accordance with the modality of the Fund. Only concerned officer level staff of AEPC can make the final subsidy recommendation to REF. THIS RECOMMENDATION MUST BE MADE AFTER GENDER AND INCLUSION ASPECTS OF THE SUBSIDY HAVE BEEN ASSESSED BY THE CONCERNED OFFICER LEVEL STAFF.</p>

Policy Provisions/Section	Suggested GESI related Revisions (ADDED IN CAPITAL LETTERS)
<p><i>6.1. Rural Energy Fund Committee</i> REF will be directed by a committee. There will be representatives from the Ministry of Environment, Ministry of Finance, National Planning Commission, external donor organisations, the private sector and non-government organisations and renewable energy experts in the committee. REF committee shall convene for general meetings on a quarterly basis and ad-hoc meeting will also be held if requested by members of the Executive Committee (EC). The committee will review on a quarterly basis financial and physical progress, and make available comment and recommendations on the fulfilment of investment targets, and assess the sufficiency of funds and cash flow with relation to investment and operational expenses. The committee will review the annual audited financial report and will submit report to Alternative Energy Promotion Development Committee annually.</p>	<p><i>6.1. Rural Energy Fund Committee</i> REF will be directed by a committee. There will be representatives from the Ministry of Environment, Ministry of Finance, National Planning Commission, NATIONAL COMMISSION OF WOMEN, NATIONAL COMMISSION OF DALITS, NATIONAL FEDERATION FOR DEVELOPMENT OF INDIGENOUS PEOPLE (NEFDIN), external donor organisations, the private sector and non-government organizations and renewable energy experts AND GENDER EQUALITY AND SOCIAL INCLUSION EXPERTS in the committee. REF committee shall convene for general meetings on a quarterly basis and ad-hoc meeting will also be held if requested by members of the Executive Committee (EC). The committee will review on a quarterly basis financial, SOCIAL and physical progress, and make available comment and recommendations on the fulfilment of investment targets, IMPLICATIONS ON WOMEN, POOR AND THE EXCLUDED and assess the sufficiency of funds and cash flow with relation to investment and operational expenses. The committee will review the annual audited financial report AND THE SOCIAL AND GENDER AUDIT and will submit report to Alternative Energy Promotion Development Committee annually.</p>
<p><i>6.2. REF Executive Committee</i> The existing ESAP subsidy amount will be managed by the Executive Committee with assistance from the REF secretariat. AEPC ED will be the Director of the Fund and ESAP CA from donor agencies and the Account Chief of the Centre will be other members of the committee. The Director of the REF will be responsible for the daily operation and for all matters pertaining to the use of the Fund. For the payment of subsidy amount made available by ESAP, there will be joint signatures of donor agency representative and the Director of the committee, while Director will sign in other than ESAP fund. The EC will meet on a regular and on as and when required basis. ESAP will bear the cost of operation of the secretariat of the REF. Existing arrangement will continue for the subsidy amount available from donor agencies to REDP until the mechanism of the Fund is amended.</p>	<p><i>6.2. REF Executive Committee</i> The existing ESAP subsidy amount will be managed by the Executive Committee with assistance from the REF secretariat. AEPC ED will be the Director of the Fund and ESAP CA from donor agencies, the Account Chief of the Centre AND MEMBER OF THE GESI UNIT IN AEPC (WHEN FORMED AS PER GESI MAINSTREAMING GUIDELINES) will be other members of the committee. The Director of the REF will be responsible for the daily operation and for all matters pertaining to the use of the Fund. THE EC WILL ENSURE THAT INCLUSION ASPECTS ARE ADDRESSED IN THE USE OF THE FUND. For the payment of subsidy amount made available by ESAP, there will be joint signatures of donor agency representative and the Director of the committee, while Director will sign in other than ESAP fund. The EC will meet on a regular and on as and when required basis. ESAP will bear the cost of operation of the secretariat of the REF. Existing arrangement will continue for the subsidy amount available from donor agencies to REDP until the mechanism of the Fund is amended.</p>
<p><i>6.3. REDP- Programme Management Committee</i> A Programme Management Committee (PMC), with AEPC's ED as the chairperson, can take decision related to programme implementation including the development of necessary guideline.</p>	<p><i>6.3. REDP- Programme Management Committee</i> A Programme Management Committee (PMC), with AEPC's ED as the chairperson, can take decision related to programme implementation including the development of necessary guideline. IT MUST ENSURE INTEGRATION OF GESI IN ALL RELEVANT DECISIONS.</p>

Policy Provisions/Section	Suggested GESI related Revisions (ADDED IN CAPITAL LETTERS)
<p>6.4. Tasks of Rural Energy Fund The main objective of REF will be to provide cash subsidy to enhance access to the renewable energy technology for the rural people of Nepal. The EC of REF will carry out the following tasks:</p>	<p>6.4. Tasks of Rural Energy Fund The main objective of REF will be to provide cash subsidy IN AN INCLUSIVE MANNER to enhance access to the renewable energy technology for the rural people, INCLUDING WOMEN, POOR AND THE EXCLUDED, of Nepal. The EC of REF will carry out the following tasks:</p>
<p>a) Formulate the terms and conditions for support to subsidy within the framework of the Renewable Energy Subsidy Arrangement as decided by Government of Nepal.</p>	<p>a) Formulate the terms and conditions for support to subsidy within the framework of the Renewable Energy Subsidy Arrangement as decided by Government of Nepal, ENSURING THAT WOMEN, POOR AND THE EXCLUDED ARE SUPPORTED BY THE SUBSIDY ARRANGEMENTS</p>
<p>b) Approve and disburse subsidy to projects that are recommended by programmes.</p>	<p>b) Approve, ENSURING THAT GESI ISSUES ARE ADDRESSED and disburse subsidy to projects that are recommended by programmes.</p>
<p>c) Carry out the necessary activities to make the existing credit arrangement improved and simple, undertake necessary promotion, awareness and encouragement to increase participation of commercial banks to enhance access of rural users of renewable energy to credit.</p>	<p>c) Carry out the necessary activities to make the existing credit arrangement improved and simple, undertake necessary promotion, awareness and encouragement to increase participation of commercial banks to enhance access of rural users, INCLUDING WOMEN, POOR AND THE EXCLUDED of renewable energy to credit.</p>
<p>d) Undertake necessary effort to minimize the transaction costs associated with credit in rural area through complimentary tools such as group lending and guarantee system with participation of more and more financial intermediaries such as local financial institutions, cooperative institutions, etc.</p>	<p>d) Undertake necessary effort to minimize the transaction costs associated with credit in rural area through complimentary tools such as group lending and guarantee system with participation of more and more financial intermediaries such as local financial institutions, cooperative institutions, WOMEN'S COOPERATIVES etc.</p>
<p>e) Develop necessary penalty mechanism, as well as guideline/manual to administer subsidy delivery in collaboration with respective technical support programme.</p>	<p>e) Develop necessary penalty mechanism, as well as A GESI SENSITIVE guideline/manual to administer subsidy delivery in collaboration with respective technical support programme.</p>
<p>f) Function as the secretariat of the REF committee</p>	<p>f) Function as the secretariat of the REF committee</p>
<p>6.5 Auditing</p>	<p>6.5 Auditing</p>
<p>Auditing of REF will be done by the Auditor General's Office on an annual basis or in accordance with agreement made with the donor agency. The final annual audit report will be made public through the AEPC website.</p>	<p>NO GESI RELATED AMENDMENT PROPOSED.</p>
<p>7. Other Provisions</p>	
<p>7.1. Preparation and Approval of Guideline, Standard and Procedure The guideline, standard and procedure stipulated in this delivery mechanism will be prepared by the related programme and be approved as described in the delivery mechanism and if not described, AEPC will approve them.</p>	<p>NO GESI RELATED AMENDMENT PROPOSED</p>
<p>7.2. Interpretation If there appears a problem or lack of clarity during the implementation of this delivery mechanism, the interpretation made by AEPC will be final.</p>	<p>NO GESI RELATED AMENDMENT PROPOSED</p>

Policy Provisions/Section	Suggested GESI related Revisions (ADDED IN CAPITAL LETTERS)
<p><i>7.3. Review</i> Subsidy delivery mechanism shall be reviewed every two years or as per the requirement. An independent consultant shall appraise the performance of qualified companies every alternate year.</p>	<p><i>7.3. Review</i> Subsidy delivery mechanism shall be reviewed every two years or as per the requirement. An independent consultant shall appraise the performance of qualified companies every alternate year. THIS APPRAISAL WILL INCLUDE ASSESSMENT OF GESI RELATED ISSUES</p>
<p><i>7.4. Repeal</i></p>	
<p>7.4.1 "The Renewable (Rural) Energy Subsidy Delivery Mechanism 2065" has been repealed.</p>	<p>NO GESI RELATED AMENDMENT PROPOSED</p>
<p>7.4.2 The work and actions undertaken according to the mechanism specified in 7.4.1 above will be considered as being in accordance with this mechanism</p>	<p>NO GESI RELATED AMENDMENT PROPOSED</p>