



United Nations Development Programme
COUNTRY: NEPAL

Government of Nepal



Project Title	Renewable Energy for Rural Livelihoods (RERL)
UNDAF Outcome(s):	Environment and energy mainstreamed into national and local development planning with a focus on gender, social inclusion, and post-conflict environmental rehabilitation
UNDAF CP Indicator	Mechanism for budget allocation to support energy and environment friendly interventions at local level and national level in place
Expected Output(s):	Equitable access to renewable energy services expanded to rural areas to support local livelihoods
Implementing Partner:	Alternative Energy Promotion Centre

Brief Description

The objective of the RERL is to contribute to economic, environmental and social benefits of the rural people by removing barriers that have hindered the wider promotion and use of renewable energy resources particularly in rural areas of Nepal. This objective supports the objectives of both the GON and the UNDP in line with the current UNDAF (2008-2012), AGEC 2010 recommendations and Nepal's 3-year periodic plan (2010-2012). The alternative energy sector objective of GON as mentioned in current Three Year Plan is to improve living standard of rural people, increase employment opportunities and productivity, reduce dependency on traditional energy resources; and attain sustainable development through the integration of the alternative energy with the overall socio-economic activities. The specific objectives of RERL are to a) develop strategy for safe exit ensuring the internalization and institutionalization of best practices into AEP; (b) support AEP for harmonized implementation of various renewable energy initiatives under a broader programmatic framework aligned with Project Identification Form (PIF) submitted to Global Environmental Facility (GEF) Secretariat; (c) support AEP to continue implementation of the WB supported MHVF and on-going micro hydro schemes under this programme; (d) analyse and recommend key areas for UNDP supports to GON for accelerated growth of Rural Energy (RE) sector from the short, medium and long term perspectives; and (e) provide special emphasis and draw linkages between financial, market mechanisms and rural livelihoods in the promotion of RE sector. The programme will continue providing technical and managerial support to AEP to fulfil its commitments under partnership agreements signed with the WB regards to implementation of MHVF.

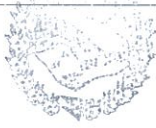
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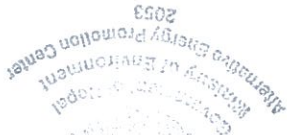
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ADDCN	Association of District Development Committee Nepal
AERC	Alternative Energy Promotion Centre
AGCC	Advisory Group on Energy and Climate change
BSP-N	Biogas Sector Partnership-Nepal
CBO	Community Based Organisation
CDM	Clean Development Mechanism
CEF	Community Energy Fund
CPAP	Country Programme Action Plan (UNDP)
CRT/N	Centre for Rural Technology/ Nepal
DDC	District Development Committee
DEEMC	District Energy and Environment Management Committee
DEES	District Energy and Environment Section
DEEU	District Energy and Environment Unit
DEF	District Energy Fund
DFID	UK Department of International Development
ESAP	Energy Sector Assistance Programme
GEF	Global Environmental Facility
GON	Government of Nepal
GTZ	German Technical Cooperation
GVP	Global Village Partnership
IAEA	International Atomic Energy Agency
MDGs	Millennium Development Goals
MOE	Ministry of Energy
MOEY	Ministry of Environment
MOF	Ministry of Finance
MOLD	Ministry of Local Development
NAVIN	National Association of VDC in Nepal
NEA	Nepal Electricity Authority
NPC	National Planning Commission
PAF	Poverty Alleviation Fund
PDF	Power Development Fund
RE	Renewable Energy
REDP	Rural Energy Development Programme
REF	Rural Energy Fund
REP	Renewable Energy Project
RERL	Renewal Energy for Rural Livelihood
RET	Rural Energy Technology
SO	Support Organisation
SOD	Strategic and Organisational Development
SWAp	Sector Wide Approach
UNCCA	United Nations Common Country Assessment
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
VDC	Village Development Committee
WB	World Bank
WECS	Water and Energy Commission Secretariat

PART I: SITUATION ANALYSIS

1.1 Programme context

Rural Energy Development Programme is ending in 31 March 2011 after its 14 years operation. United Nations Development Programme (UNDP) as well as the Government of Nepal/Alternative Energy Promotion Centre (GON/AEPC) has agreed to extend partnership in this sector for consolidation of best practices learnt from the past; and scaling up renewable energy access with decentralized energy systems for better linkages with the enterprise development and productive end uses. The specific objectives identified for future UNDP/AEPC supported programme are to a) develop strategy for safe exit ensuring the internalization and institutionalization of best practices into AEP; (b) support GON/AEPC for harmonized implementation of various renewable energy initiatives under a broader programmatic framework aligned with Project Identification Form (PIF) submitted to Global Environmental Facility (GEF) Secretariat; (c) support GON/AEPC to continue implementation of the WB supported MHVEP and on-going micro hydro schemes under this programme; (d) analyse and recommend key areas for UNDP support to GON for accelerated growth of Rural Energy (RE) sector from the short, medium and long term perspectives; and (e) provide special emphasis and draw linkages between financial, market mechanisms and rural livelihoods in the promotion of RE sector. In order to fulfill these objectives a five year programme called "Renewable Energy for Rural Livelihood (REEL)" has been conceptualized and submitted to GEF for their review and endorsement. The five year REEL programme is tentatively planned to start from the beginning of 2013. To bridge the gap between April 2011 and January 2013 a two-year REEL bridging programme document has been designed based on the foundations of five-year REEL project concept already submitted to GEF.

1.2 International context

The UN Secretary General's Advisory Group on Energy and Climate Change (AGCCC) report on "Energy for a Sustainable Future" published in April 2010 calls on the United Nations system and its Member States to commit themselves to two complementary goals: ensure universal access to modern energy services by 2030 and reduce global energy intensity by 40 per cent by 2030. AGCCC recommends the following actions toward achieving these two goals.

1. A global campaign should be launched in support of "Energy for Sustainable Development"
2. Finance, including innovative financial mechanisms and climate finance, should be made available by the international community,
3. Private-sector participation in achieving the goals should be emphasized and encouraged, and
4. The United Nations system should make "Energy for Sustainable Development" a major institutional priority.

These goals and recommended actions indicate the future course of global support in the energy sector.

1.3 National context

Furthermore, most of the development priorities identified by The United Nations Development Assistance Framework for Nepal (UNDAF, January 2008 – December 2012) and the Common Country Assessment of the United Nations Agencies (UN CCA) in Nepal still highlight the need to enhance/promote energy sector because its progress in the past still remains slow. During the Three Year Interim Plan (2007/08 -2009/10) of Nepal due to the political instability, poor governance and delayed progress in peace process like other development sectors, energy sector also gained slow progress. The Country Programme Action Plan (CPAP) of UNDP Nepal has also set various targets for the generation of renewable energy to enhance the living conditions of the rural population. Current Three Year Development Plan (TYP) (2010/11 -2012/13) has set an objective

for the alternative energy sector to improve living standard of the rural people, increase employment opportunities and productivity, reduce dependency on traditional energy resources; and attain sustainable development through the integration of the alternative energy with the overall socio-economic activities.

Despite 10 decades of electrification efforts, only 56.1% of the population of Nepal has been reported to have access to electricity. The report of the Labour Force Survey 2008 recorded that still 6.9% of urban and 51.5% of rural population have no access to electricity. More than 4/5 of the population lives in rural areas, where due to poverty and difficult geography, access to energy services is lower than the minimum standard needed for meeting basic household energy needs. The overall energy consumption of Nepal is largely dominated by the subsistence use of traditional forms of energy such as fuel wood, agricultural residues and animal wastes. The share of traditional biomass resources, commercial energy resources and renewable energy resources are 87%, 12% and 1% respectively (Nepal Energy Sector Synopsis Report, 2010). In rural Nepal, more than 92% of total cooking energy consumed is traditional biomass of which fuel wood constitute 75.1% (Nepal Labor Force Survey, 2008). Surveys show an average of 3-4 hours per day spent by women in fuel wood collection; health costs of the traditional fuel usage include mainly respiratory and eye diseases from indoor air pollution, and prolapsed uterus from load carrying. Deforestation remains a serious local problem in many mountain and hill areas and only 29% of the country remains forested, compared to 37% in 1990. 48.5% Nepalese living in rural areas have been reported to have access to electricity, compared to 92.1% living in urban areas (Nepal Labor Force Survey, 2008). Shortages and unavailability of electricity for social uses such as drinking water, lighting for education, media for information, and refrigeration for health clinics; as well as for productive uses such as water pumping for irrigation, agro-processing, and income-generating applications, is an obstacle to meet the related Millennium Development Goals (MDGs).

Energy Crisis in Nepal

Nepal is currently experiencing an energy crisis of unprecedented severity. There is deficiency in capacity as well as in energy supply compared to their respective demands. Government declared National Electricity Crisis in 2008 and announced 38 point measures to address the problems. Furthermore, government formed two high level task-forces consecutively to chart out plans for generating 10,000 MW of hydropower in 10 years; and 25,000 MW of hydropower in 20 years. However, the pace towards developing hydropower has not yet accelerated. As a result of this, people of Nepal are facing acute load shedding problem and this is ever increasing. The demand for grid electricity is currently around 1200 MW but production in the rainy season is 750 MW only. In addition, the gap between supply and demand of grid electricity is increasing every year, as the demand is growing with more than 7% annually while hardly any new power plants are being commissioned (70 to 80 MW of additional installed capacity should be realized every year to meet the growing demand).

The Nepal Electricity Authority (NEA) is facing several challenges in expanding, maintaining and running its operation. The current governance system of NEA is neither able to run its business in commercial line nor is getting adequate financial support from the government to expand its services. High electricity leakages (more than 25%), long load shedding, corruption allegations, revenue deficits and deteriorating image are some of the major challenges which NEA is facing currently. Until and unless NEA is able to overcome these challenges, it will not be able to play a lead role in electricity development. The private sector of Nepal is able to take up only small projects due to the problem of managing equity capital for investment. In addition, the limited road connectivity and the transmission line bottleneck have become serious barriers to the development of hydropower for private sector. Based on the current scenario, the growth of hydropower will remain slow in the coming 4-5 years to come if it goes on in the same manner. And, therefore the renewable energy sector has an important role to play in rural electrification and possibly towards mitigating the negative impacts of load shedding in urban areas.

1.4 Sector Review

Renewable energy technologies (RETs) were promoted in Nepal since the early seventies but the promotional packages were designed and implemented only after the nineties. Subsidy policy, other incentive packages and institutional set up with strong private and public sector participation have been instrumental for the positive and impressive growth of renewable energy sector of Nepal. Currently, the growth rate of renewable energy sector is around 15%. As of 2010, 15.62 MW of micro hydropower has been developed; 7.5 MW of solar power has been developed and installed in the rural household as solar home system; 7,239 water mills have been installed, 9.2 kW wind power have been installed, 415,649 households are using improved cook stoves, and 221,286 biogas plants have been installed in Nepal (MDG Progress Report 2010). It is indicated that 9% of the Nepal's population uses electricity from renewable energy resources (Approach Paper TYP 2010). In the current Three Year Plan there is a target to provide access to electricity to additional 7% of the total rural population from alternative energy sources by installing 15 MW of micro and mini hydropower in the potential Hill districts of Nepal which will benefit the additional 150,000 households from electricity facility; and 125,000 Solar PV home system and 100,000 small solar systems. It is also indicated that an additional 1 MW generation capacity of wind energy system is being planned by the Government of Nepal (Approach paper of TYP 2010).

The rural energy systems development is under the purview of the Ministry of Environment (MOE) and is implemented through the Alternative Energy Promotion Centre (AEP/C). AEP/C takes lead in policy matters, planning, coordination, quality assurance, monitoring and fund mobilisation to implement RE activities. At the district level, it works through the District Development Committees (DDCs) to implement rural energy programmes, particularly through community mobilisation approach and this is being expanded to all other districts. A comprehensive Rural Energy Policy was promulgated by the GoN in November 2006, which highlights the role of the private sector in expanding energy solutions and replacing inefficient and unsustainable use of biomass based energy with cleaner energy sources. It also highlights the role of community-managed energy service delivery and the promotion of productive uses of energy for poverty alleviation.

Various bi-lateral and multi-lateral development partners, such as, Denmark, Norway, Germany, Netherlands, United Nations Development Programme (UNDP), The World Bank (WB), Asian Development Bank (ADB), European Union (EU), USAID, DFID-UK, GIZ etc. have supported Nepal for these RETs promotion. Similarly, various government bodies, line ministries, private sector, non-governmental organisation (NGOs), and community based organisation (CBOs) have played vital role to achieve these outputs.

AEP/C plays a central executing role in coordinating all the interventions from several projects / programmes under its management. Currently, ongoing and recently closed programmes are as follows:

Energy Sector Assistance Programme (ESAP): Funded by the Government of Nepal, Denmark, Norway, KfW-Germany and DFID-UK; it focuses on the promotion of more efficient biomass energy technologies for cooking and heating, solar home systems and mini and micro hydro power installations. The ESAP programme is scheduled to end in the beginning of 2012. A joint review of ESAP II was conducted in January 2011 which provided a comprehensive assessment of the renewable energy sector/programmes in Nepal. The review document proposes harmonisation of energy programmes and preparing the rural energy sector for Sector Wide Approach in the next phase. The process of developing next phase energy programme beyond ESAP II is currently being started.

Improved Watermill Programme (IWWP): Funded by the Government of Netherlands through Netherlands Development Organization (SNV) and the Government of Nepal; this programme was

implemented by the Centre for Rural Technology Nepal (CRT/N). It focussed on improved water mill sector through institutional and local capacity development. The programme was completed in 2010. Currently the programme has been integrated into ESAF II and the Government of Norway has committed for support from the beginning of 2011.

Renewable Energy Project (REP): A joint effort of the European Union and the Government of Nepal which focuses on the promotion of institutional solar energy systems for public services (schools, hospitals, etc), pumping water both for drinking and irrigation purpose as well as for income generating activities. The project is scheduled to end in February 2012.

Rural Energy Development Programme (REDP): Supported by UNDP and the World Bank, REDP focuses on local level capacity building to increase access to clean energy through community mobilization models. It works on community - managed mini and micro hydro, biogas, improved cook stoves and solar home systems. The project is ending in March 2010. UNDP envisions a five year renewable energy programme under "Renewable Energy for Rural Livelihoods" which will be building on the best practices of REDP with an up-scale livelihood approach. This transition document is an outcome of the broader programme.

Biogas Support Programme (BSP): It is a joint programme of three Governments - the Government of Nepal, Government of Germany represented by KfW and the Government of the Netherlands represented by SNV and it focuses on the development of a sustainable biogas sector in Nepal. Now the programme is supported by the GoN, Germany through KfW and the World Bank under GPoBA (Global Partnership on Output Based Aid).

Specific small programmes: Besides these large programmes, there are special smaller programmes of the Government, such as the Ujyalo Nepal Programme (provision of RE in Rukum and other districts- Jajarkot and Rolpa) and the Bio-fuel Programme within AEP.

The REDP has been appraised positively by various independent evaluations and impact assessments. An independent assessment of REDP impacts and contribution to achieving MDGs found substantial improvements in major MDGs indicators. REDP's good practices have been highlighted both nationally and internationally in the form of awards and recognitions. The final evaluation (Dec 2006 to Jan 2007) highlighted a number of positive impacts as well as drawing key lessons as future directions.

As many renewable energy programmes are phasing out in 2012, there have been several efforts by the development partners to develop new renewable energy programmes in line with national and international priority in a more integrated and harmonised way. One of such initiatives has been taken by the Asian Development Bank and the World Bank in close coordination with GON/AEPC to bring a renewable energy up-scaling programme. Likewise in the 2010/11, Government of Nepal allocated one billion Nepali Rupees to expand the micro and mini hydro power sector by mobilizing local resources through active involvement of local bodies. This support will be provided in those areas where extension of national grid might not be possible in short time but is feasible to install micro hydro schemes. New avenues for mobilising resources such as SREP and opportunities for harmonized and co-ordinated Renewable Energy Sector programming are emerging. The current strong initiatives to form Renewable Energy Central Coordination Committee (RECC) and establishment of Central Renewable Energy Fund and establish Rural and Renewable Energy Partnership Forum will also make conducive environment for partnership. Furthermore, the climate change agenda translated into climate resilient planning has also opened up new area of partnership.

(1) *Policy and regulatory barriers:* Though Rural Energy Policy has already been promulgated but its full-fledged implementation is still pending to various legal frameworks that need to be in place. Some important legislations/regulations such as Rural (Renewable) Energy Act, Rural/Renewable Energy Central Co-ordination Commission Regulation, Central Rural Energy Fund Regulation, Feed in Tariff Act, Alternative Energy Promotion Centre (AEP) Act, Nepal's 20 Years Perspective Plan (2011-2030) are at the different stages of development. Considering the present political situation of the country, it might take significant time to get them through the parliament. In the mean time, the proposed legal frameworks need to align with the new federal structure to be defined

However, many obstacles exist to the expansion of renewable energy use, including inadequate institutional structure, the need for a comprehensive framework for energy service delivery to the poor, high upfront costs of alternative energy compared to traditional fuels, low purchasing power of rural people and lack of viable and sustainable RFT financing mechanism, insufficient attention to productive uses that could pay for energy services, inadequate harmonised and collaborative efforts among the donors in national renewable energy programmes. These challenges and barriers can be regrouped into seven categories and explained as below:

1.6 Gap analysis

In line with the current and future commitments of development partners such as DANIDA, NORAD, DFID, WB, KfW, GIZ, SNV and others, for expanding access to energy services linked to livelihood enhancement opportunities in a harmonized and co-ordinated manner under the leadership of AEP, a two-year Renewable Energy for Rural Livelihood (REEL) programme is designed to support AEP to take a lead on RE Sector development to meet these expectations. Further the programme contributes to achieve the goals of UNDAF, the targets of UNDP-CPAP and Nepal's Three Year Development Plan.

Simultaneously, current Three Year Plan (YFP) (2010/11 -2012/13) of GON has set objective for the alternative energy sector to improve living standard of rural people, increase employment opportunities and productivity, reduce dependency on traditional energy resources; and attain sustainable development through the integration of the alternative energy with the overall socio-economic activities. Meanwhile, Nepal is selected as a pilot country for Scaling-up Renewable Energy Programme (SREP) which is the new funding window under Climate Investment Funds. It is imperative for GON/AEP to come up with a sustainable plan and the appropriate mechanism to implement renewable energy programmes and to expand its reach to the most vulnerable and rural communities. In addition, harmonization of various RE projects/programmes is envisaged as important and urgent priority for GON/AEP.

Most of the above projects/programmes that are/were being implemented via GON/AEP are heavily dependent upon external donor funding and scheduled to end between 2011 -2012. In future, building on the successes achieved so far, AEP needs to enhance its capacity to develop more sustainable RE sector which is less dependent on external support. GON/AEP's proposed Strategic Organisational Development (SOD) plan provides an institutional framework for AEP to function accordingly; and smoothly develop more reliable RE sector in future. The draft SOD provides an assessment of the sector challenges, present organisational context, and recommends strategic priorities for AEP. It also proposes a new organisational structure and a road map for the sector followed by a plan of action for achieving the strategic goals by AEP. AEP mandates as noted in SOD plan document include: a) formulate policies and regulatory frameworks to enable promotion of sustainable clean energy solutions, b) develop and coordinate plans and programmes, c) mobilize resources, d) facilitate promotion and provide technical support to stakeholders, e) design and oversee monitoring and evaluation systems, e) facilitate networking and collaboration in the sector, and e) support R&D and innovative services.

1.5 Future Opportunities

under the New Constitution of Nepal, which is still uncertain at the moment. Absence of detail implementation guidelines and by-laws, and operational modalities aligned with Rural Energy Policy and Smart Subsidy Policy; weak enforcement of national RE policies and the Rural Energy Policy in particular at district and village level because of insufficient knowledge about these policies at the local levels; absence of a government endorsed framework for PPF models in the RE sector (including revenue sharing models) add further challenges in promotion of RE sector in Nepal.

(2) Institutional (capacity) barriers: Limited or non-existence of comprehensive integrated energy planning system at district and village level; inadequate capacity within district and local governments to regulate, develop, implement and monitor RE projects; weak and inadequate networking between energy companies/distributors of RE systems and (micro-) finance institutes; limited sharing of best practices in RE sector amongst different stakeholders and projects/programmes; inadequate harmonization/cooperation between different RE projects/programmes in Nepal are the main institutional barriers.

(3) Financial barriers: High costs of RE systems; high dependency on donor funds; limited knowledge about available financing/incentive schemes to finance RE technologies; limited knowledge within (micro-) finance institutes about market opportunities in the RE sector and how to develop loan-products for the RE sector; risk aversion of finance institutes; insufficient capital within (micro-)finance institutes to finance RE applications; limited knowledge about role of carbon financing to support a sustainable financial environment; and limited availability of credits to user groups are the key barriers related to financing of RE schemes in Nepal.

(4) Technical barriers: Nepal has developed the technical and managerial capacity and skills in the MH sector especially up to 100 kW. Centre of excellence for micro-hydro up to 100 kW has already been established in Nepal at AEP. However, the capacity needs to be enhanced beyond 100 kW. Lack of detailed information on the potential sites and feasibility of RE systems; limited experience with the technical, economic and environmental aspects of RE; inadequate knowledge on the installation, management, operation and maintenance of large RE systems; insufficient capacities both in the knowledge and human resource for manufacturers, installers and maintenance technicians for hydropower plants above 100 kW are the main technical barriers. Similar barriers lie in promotion of large solar systems beyond 100 watts, and particularly use of photovoltaic energy to generate heat.

(5) Information and awareness barriers: Awareness of renewable energy systems at the local level is not adequate; information on the costs and benefits of various RE systems is still lacking at the community level; capacities to understand RE systems and information to compare different RE options and to select the most feasible option at the local situation is inadequate.

(6) Systemic, decentralization and Governance: Systemic characteristics of unified state structure in Nepal are manifested in decision making process which is normally centre-driven. Like in other sectors, renewable energy development programmes, are appraised at the central level and their operation modalities are generally discussed among central level stakeholders. This top-down approach may have, sometimes, led to conflict at the time of implementation and hindered the participation of local bodies and the local level stakeholders. On the front of decentralisation, it has been seen that centre-level institutions, who have decisive powers, always tend to retain their administrative and financial power to control and only delegate implementation responsibilities at the district or lower level. For the sustainability of renewable energy system at the local level, the devolution of power at the local level is a must. Though the current working arrangements at the local level under decentralisation framework has supported to establish more number of renewable energy schemes at the community level from outside, still, the local bodies are not capable of mobilising resources and establishing such systems on their own.

(7) Social, cultural and gender barriers: Many rural areas have their own cultural and social values different from the other regions. The programme implementation modalities have to address

these issues to ensure active participation of local people and incorporate their values. The concerns of women and excluded groups must be addressed while implementing energy programme to make it more inclusive and sustainable.

PART II: STRATEGY

2.1 Broader programmatic framework

The broader objective of the full fledged RERL programme (2011-2015) is to contribute to economic, environmental and social benefits of the rural people by assisting in minimising/removing barriers that have hindered the wider use of renewable energy resources in rural Nepal. As mentioned in the situational analysis, this objective supports the objectives of the GON and the UNDP in line with the current UNDAF (2008-2010), AGEC recommendations and current Three Year Development Plan (TYP-2010-2012) of the Government of Nepal. In the TYP a high priority has been accorded to rural infrastructure and alternative energy has been identified as a critical component. Three critical areas of synchronization among GON priorities and UNCCA/UNDAF priorities have been identified as below, which determines the broader objectives of full-fledged RERL programme.

- *Poverty and inclusive growth:* Access to energy services in the rural Nepal has tremendous importance to assist in reducing poverty. Various studies have already established the link between consumption of energy and poverty incidence. The overarching goal of the Three year Plan of the GON has been poverty alleviation through employment generation and inclusive growth. The plan has identified renewable energy as a means to improve socio-economic conditions of the rural people by integrating energy services with livelihood potentials. The UNDAF (2008-2012) also highlights the importance of rural energy development to minimise environmental deterioration and improve the socio-economic development of rural Nepal.

- *Enhancing wider use of energy services:* In the current context, to enhance wider use of energy services, a long term comprehensive strategy is necessary. The TYP-plan of GON has highlighted some of its main strategies to accelerate energy services by (1) emphasizing the development and expansion of renewable energy under decentralized energy system, (2) giving priority to integrated programmes for improving socio-economic conditions of the rural people and ensuring environmental sustainability while developing alternative energy systems, and (3) strengthening partnership and coordination among major stakeholders (local bodies, private sector and others). The AGEC recommendations also focus on the expanding access to affordable and clean energy systems. Increasing access to energy services is the key to achieving the MDGs and is one of the key areas of intervention for UNDP, together with its core business of capacity building. One of the key concerns for UNDP is supporting capacity development of public institutions to deliver modern energy services at the sub-national and local levels and building national ownership. UNDP is keen to mainstream energy into MDG-based development strategies including strong energy considerations in the national budgeting processes. It is also well understood fact that access alone is not enough to ensure productive use of energy, which has a critical role in socio-economic transformation at the local level. RERL's focus therefore will be on enhancing productive use of electricity with minimum energy spillage towards developing more livelihood opportunities at the local.

- *Energy for Sustainable Development:* The TYP has taken the approach of sustainable development and has emphasized on adopting climate proofing technologies in all the sectors. Furthermore, the climate change issue is listed as the top most priority in the current Draft National Energy Strategy Document prepared by Water and Energy Commission Secretariat (WECS) of GON and the Report of the High Level Task Force on Generating 25,000 MW in 20 Years. AGEC recommendation to support "Energy for Sustainable Development" considers energy as critical factor for realizing the MDGs and enabling sustainable development across much of the globe. This campaign is focused on improving access to modern energy services as well as raising awareness about the essential role of clean energy in reaching the MDGs while addressing climate change, promoting economic growth and

Component 1: RE Institutional Capacity Strengthening- It will focus on two major areas, (a) enhanced institutional capacities on central, district and village level to coordinate, plan and implement the installation of RE systems and consolidation of DEES/D/EU beyond 2012 (b) strengthened regulatory provisions to support RE dissemination at central and district levels and also to promote public private partnerships for micro and mini-hydro development.

Reflecting from the full-fledged REEL programme, the components for the initial two years of REEL will focus on those outputs/activities which are realistically achievable and contribute to build foundation to achieve broader outputs. The components are mentioned as below.

The programme encompasses four critical components which try to address the gaps and barriers as discussed before in Part I (1.6 Gap Analysis). The objective of each component is to support the achievement of the broader goal of providing access to renewable energy as identified in the Three Year Plan of Nepal 2011-2013. The details of the programme components with expected outputs and planned activities are listed in the Results and Resource Framework.

2.3 Programme components

- To support GON/AEPC's commitment to meet the WB target of 4.25 MW (of which 4 MW is remaining to be installed by 2012)
- To provide policy advisory support to enable GON/AEPC to take lead on programme implementation since/beyond 2012
- To support GON/AEPC/renewable energy sector to come up with new institution structures as per the need of the country to deliver decentralized energy systems and services
- To promote sustainable livelihoods through energy-linked value chain enterprises which preferentially encourage participation of women and marginalized communities and focus on enhancing social equity by helping raise their income levels through access to markets, resources, technologies, information and available financing options.
- To strengthen/promote innovative climate proofing energy solutions

In this pursuit, the specific strategic objectives of the two year REEL programme will include:

The current REEL programme document is being formulated as a bridging document for the period of two years (2011-2012) with anticipation that full-fledged REEL document will be finalized and brought to implementation since the beginning of 2013 for next 3-5 years. Therefore the strategic focus of the two year REEL programme is based on the broader five year REEL programme objectives, which has been submitted to GEF for review. The initial two year work plan currently being proposed under the REEL programme document will mainly focus to complete the GON/AEPC and the WB's joint commitments for achieving the targets of 4.25 MW electricity generations through implementation of MHVEP and build foundations for the achievement of full-fledged REEL broader programme objectives as outlined before. The programme will further support the GON/AEPC to consolidate the best experiences/practices of REDP and use them as best practice models in future RE programmes in Nepal.

2.2 Strategic focus of the REEL for 2011-2012

conserving natural resources and biodiversity. The campaign should ensure that energy is made an integral part of the MDG review process in 2010 as well as other major inter-governmental processes — including those on climate change, biodiversity, desertification, food security, and sustainable development.

The programme will mainly bridge the obvious gaps seen in the RE sector through continued support to GON/AEPC. The programme implementation will ensure complementarities with other RE programmes by fostering partnership with central and local level government institutions, private sector, and other development partners. Under the guidance of GON/AEPC the programme will closely work with the Ministry of Local Development (MOLD) and the programme DDCs to develop models of institutionalisation of DEES/DEEU. It is expected that AEPC will establish a formal working relationship with MOLD to support REEL implementation at the programme districts, and Association of District Development Committee Nepal (ADDCCN) and National Association of Village Development Committee in Nepal (NAVIN) will be vital partners to

The programme will also support for creating an enabling environment at the community level to take lead on accessing and utilizing renewable energy solutions; to build linkages between community and micro/macro finance institutions, market developments/information and possible partnership opportunities for implementing livelihood enhancement programme.

The new REEL programme intends to contribute to increase the access to energy services and promote productive end uses by creating favourable institutional and policy environment in RE sector. During the programme period, the technical support/assistance will be provided to create planning, executing, monitoring and evaluating capacities within AEPC and DDCs and at community level as relevant. At the same time, support will be provided to create enabling policy environment to enhance private and public sector capacities for manufacturing and installations of electromechanical equipments to match the increasing demands of RE sector. The major focus of REEL during the transition period (2011-2012) will be to provide support to install 4.25 MW power plants from micro-hydro; support GON/AEPC to develop favourable institutional and policy environment and develop necessary capacity to harmonize renewable energy related actions supported by different agencies leading to comprehensive Sector Wise Approach for RE sector in the long run. However, the commitment under UNDP – CPAAP is to generate 3.15 MW of energy.

Programme Approach

Component 4: Livelihood/Productive end use promotion – This component will focus on augmenting and utilizing local assets and capabilities to create energy-linked value-chain enterprises which will effectively promote product identification, market-driven entrepreneurship, and rural communication and information system that will help communities to explore new income generation avenues. It is envisaged that the corresponding activities will be implemented in partnership and/or cooperation with, amongst others - private sector, other poverty alleviation and livelihood enhancement programmes/projects in Nepal for accessing expertise, resources, technologies and markets.

Component 3: RE Project Financing Enhancement – This component will focus on improved availability of financial support for RE applications engaging banks, MFIs and other funding mechanisms as appropriate. While enhancing financial mechanisms, a strategic financial plan which ensures communities interest and benefits will be taken into consideration. Schemes liable with high interest rates will be avoided. It is envisaged that the corresponding activities will be implemented in cooperation with, amongst others, United Nations Capital Development Fund (UNCDF), the Government of Nepal and various Nepal banks and (micro-) finance institutes, donor agencies and other RE projects in Nepal.

Component 2: Policy and regulatory framework - It will focus on a) support to GON/AEPC in preparing appropriate regulations and policies, and conduct studies related to compatible institutional structure for GON/AEPC beyond 2012, SMART subsidy, Grid synchronization, standardisation and public private partnership, and b) improved donor harmonisation between integrated energy planning, monitoring and quality assurance between different RE projects and programmes. In addition, this component will also link and promote innovative climate proofing energy solutions.

The reasons behind establishing field offices are to strengthen programme implementation and monitoring support at the district and community level. The cluster field offices are expected to play key role in formulating regional level energy plans, strengthening partnership with other projects and programmes within the region for RE promotion, ensuring quality of energy systems installed at community level, and facilitating support from the centre and other partners for implementation of priority district energy plans and projects. However, with respect to the

Cluster	Region	Planned Power Generation
Cluster 1	Far Western Region	Total capacity 1100 kW
Cluster 2	Mid-western region	Total capacity 1232 kW
Cluster 3	Central and Western region	Total Capacity 923 kW
Cluster 4	Eastern region	Total capacity 1667 kW

Following four clusters are proposed for REFL programme implementation:

The clusters have been defined mainly on the basis of number of micro-hydro schemes already identified to be commissioned during the first two years of REFL implementation. The programme districts within the cluster have been mainly selected based on the analysis of on-going micro-hydro schemes in a district which are at different stages of installation by 2012 to meet the GON/AEPC targets under WB's commitment. Other criteria used for district selection include: number of years of REDP programme implementation in a district, suitability to Government priority and AEPC's programme coverage, accessibility, and commitments for funding support by the DDCs. The ranking of districts by selection criteria is given in Annex 4.

Under the cluster approach, the new programme structure for REFL proposes 4 field offices, headed by energy advisors in each of the programme clusters in order to provide close supervision and backstopping to the district team. It has been noted that several RE projects/programmes implemented under GON/AEPC has been operating through regional offices, and GON/AEPC also plans to open regional offices in near future. To open REFL field offices the REFL PMU needs to liaison with AEPC to explore the possibility of using the same office premises on cost sharing basis. The REFL field offices will be gradually internalised within GON/AEPC management.

The programme will adopt cluster approach of implementation on the ground. The current programme implementation which is being implemented from Kathmandu based Project Management Unit, has experienced several problems in the past. In addition, monitoring of field activities & technical support provided to the district technical team were found insufficient in the past. Further, programme implementation directly through Kathmandu based PMU was found to have posed delays in finalization of micro-hydro schemes which ultimately resulted into high operational cost. Therefore, a change in the current programme structure has also been proposed in line with cluster approach of implementation in order to ensure efficient and effective delivery of the project outputs.

Cluster Approach

undertake advocacy and capacity building activities for the local governments and develop Guidelines and training packages for strengthening decentralised energy planning systems, promoting public private partnership mechanism at the community level and internalisation of DEES/U within the DDC structure. The support to be provided by the programme to these institutions will be guided by GON/AEPC.

- a. Internalize the EDOS of 26 districts within GON/AEPC, salaries of EDOS and other costs related to operation of DEES will be fully covered by GON/AEPC/WB sources effective from 1 April 2011.
- b. DEES of the remaining 14 districts (out of 40 DEES originally supported under UNDP/RDPP) will be converted into DEEUs. The salaries of EDOS and cost of operation of 14 DEEUs will be fully covered by GON/AEPC/WB sources effective from 1 April 2011.
- In the spirit of gradual institutionalization of all the district level structures and staff positions within the Government system, GON/AEPC will explore the possibility of internalizing these sections/units into government system from the next fiscal year 2011/2012. The internalization plan as committed with GON/AEPC remains as follows.

From the first year of RERL (April 2011), the operation of DEES in 26 districts including the salaries of EDOS will be supported by the Government of Nepal through AEPC. The 32 districts, which are not under the AEPC/WB MHVEP programme coverage currently and where DEEUs have been operational, will be jointly supported by UNDP and the Government of Nepal/AEPC as per previous arrangements to give continuity to the work that DEEUs have been doing in promotion of RE activities in those districts.

Commitments of GON/AEPC and UNDP

Through implementation of RERL programme in 26 districts in next two years, an additional 13,500 households will be connected to energy services with generation of 1.65 MW power output in 2011 and 15,000 households connected to energy services with generation of 1.5 MW power output in 2012. These targets are reflected in UNDP CPAF programme document already approved by the GON. Out of total 4.25 MW targets set jointly by the WB and AEPC under MHVEP, a target of 4 MW energy generation remains yet to be installed by 2012 for which a detailed plan has already been worked out by AEPC. The RERL programme will support AEPC to meet that target by 2012. Likewise, 100 (50 macro and 50 micro) energy based enterprises will be established in 20 potential districts by 2011 and additional 150 (50 macro and 100 micro) energy based enterprises will be established in the same districts by 2012.

Targets for RERL (based on the Results and Resource Framework)

The cluster approach of programme implementation through field offices will support gradual institutionalization of the best practices for decentralized energy systems within the government, preferably within Ministry of Local Development and DDCs through technical support by AEPC. One of the visible indicators of internalization and institutionalisation of DEES/DEEU would be the level of funding commitments made by DDCs for implementation of energy projects in the district. In total 26 districts will be covered under RERL for initial two years in four clusters. The 26 programme districts are: Darchula, Baitadi, Bajhang, Bajura, Doti, Achham, Humla, Mugu, Daitikh, Baglung, Gorkha, Sindhupalchowk, Kavre, Dhading, Raswa, Ramechhap, Sindhuli, Sarlahi, Okhaldhunga, Solukhumbu, Sankhuwasabha, Taplejung, Panchthar, Khotang, Bhojpur and Udaypur.

(details of districts falling into each cluster are given in Annex 3).

The cluster approach of programme implementation through field offices will support gradual institutionalization of the best practices for decentralized energy systems within the government, preferably within Ministry of Local Development and DDCs through technical support by AEPC. One of the visible indicators of internalization and institutionalisation of DEES/DEEU would be the level of funding commitments made by DDCs for implementation of energy projects in the district. In total 26 districts will be covered under RERL for initial two years in four clusters. The 26 programme districts are: Darchula, Baitadi, Bajhang, Bajura, Doti, Achham, Humla, Mugu, Daitikh, Baglung, Gorkha, Sindhupalchowk, Kavre, Dhading, Raswa, Ramechhap, Sindhuli, Sarlahi, Okhaldhunga, Solukhumbu, Sankhuwasabha, Taplejung, Panchthar, Khotang, Bhojpur and Udaypur.

offices will be set up and made fully operational.

will start from the beginning of 2012, and by the end of the first quarter of 2012, the four cluster worked out and finalised jointly by UNDP and GON/AEPC. The second phase of the programme assessment a new implementation arrangement for the field level operations of RERL will be accordingly identify suitable locations and staffing need for RERL field offices. Based on the programmes implemented by AEPC and AEPC future plans to establish regional offices, and the end of December 2011, the programme will do an assessment of existing field offices of RE opening of new RERL field offices, the programme will take phased approach. In the first phase till

D. Support AEP/MEFV for harmonization of policies and approaches that will create basis to graduate to sector wide approach in renewable energy sector. Support to renewable energy development has been the agenda of various bilateral and multilateral development agencies. Since government of Nepal has not followed sector wide approach in energy sector, AEP/MEFV currently follows a "Pigeon hole approach", which

C. Institutional capacity strengthening of GON/AEP/MEFV for creating an environment for further expansion and replication of proven modalities of rural energy development: AEP/MEFV as a nodal agency of the government should have strong and appropriate institutional framework. Based on AEP/MEFV's SOD this programme aims to support AEP/MEFV to take full lead on RE sector promotion and implementation. There is a need to review and tailor the SOD based on the current country context and federal structure.

B. Detailed study and analysis for rural energy institutionalization and sustainable operation: For the long term sustainability of the programme operation institutionalization of best practices within the existing organization of permanent structure is necessary. For this, a study of the already created and functional institutions like the DEES/DEEU at DDC level, RE Service Centers, AEP/MEFV established institutions at the regional levels needs to be carried out. How these institutions/organizations remain actively functional when REDP/REERL/ESSAP will not remain in existence will be important to investigate during the period. It will be important to focus on how these institutions/organizations can be internalized in the GON/AEP/MEFV governmental framework.

A. Continue UNDP participation to meet the target of 4.25 MW from 2010-2012 as agreed with the World Bank: The government of Nepal in TYP has given top priority to renewable energy development. The development of micro-hydro has been considered as one of the main component of the alternative energy development plan of the government. During the TYP, the target is to install 15 MW of micro hydro. Meeting the target of 4.25 MW during 2010-2012 as agreed with the World Bank is critically important for meeting the TYP target. The target of REERL for the period 2011-2012 is to provide non-subsidy support, as during REDP III, to get 4.25 MW installed.

The approaches and modalities of RFT development evolved during the years of implementation of REDP which needs to be internalised for the benefit of the Nepalese society. The exit strategy of the programme should facilitate the transformation of REDP supported best practices and models into new programmes that can ensure the long term sustainability of the programme components, their expansion and replications by building capacity of the institutions operating at different levels of hierarchy from macro (central), meso (district level) to the micro (village level).

2.4 Programme Sustainability and Transition Action Plan for REERL (2011 -2012)

The overall programme structure of REERL project is illustrated in Page 27. The REERL project team will work closely with various divisions of AEP/MEFV, particularly the planning and monitoring divisions. Government contribution.

Simultaneously, GON/AEP/MEFV is requested to make necessary arrangements to fund the EDOS for all the DEES. The district programmes in each cluster will be gradually implemented by the government appointed/designated staff at DDC under harmonised implementation framework. Meanwhile, GON/AEP/MEFV will explore to jointly support the programme field offices under

C. The operation of remaining 32 DEEUs, which are not under WB program, will be funded jointly by UNDP and GON/AEP/MEFV. A gradual process of internalization will be explored by GON/AEP/MEFV, so that by the end of 2012, all DEEUs are fully operational under GON/AEP/MEFV's budget.

Continuation of support to KIND project: As in the past, the new REEL programme management unit will continue providing support to implementation of KIND project as defined by KIND project document and guided by subsequent decisions of KIND PEB meetings and other relevant documents. The NPM of REEL will continue to manage the KIND project as usual.

Transfer of assets and properties: The existing assets and properties under REDP will be transferred to REEL project. For property and asset management matter, standard procedures of UNDP in collaboration with GON will be adopted.

- lead by AEPFC.
- will be provided under larger programmatic framework for promotional of RE sector contributing to meeting MDGs and climate change agenda. However, these supports sustainable development and extend support to new innovative energy initiatives technical as well as financial support to intensify UN campaign for energy for d. UNDP support to renewable energy beyond 2012 may concentrate in providing areas.
- GON/AEPFC through its link institutions mandated to work in respective geographical renewable project and its application in livelihood options should be supported by c. Communities which need post project support for sustainable operation of the years.
- budgetary shortfall, the donors may support through central budgetary system for few should be funded under regular budgets of the local governments. However, if there is to support the local government in renewable energy planning and development b. It is understood that in the process of internalization, the institutions created by REDP operational and programmatic modalities in Government's future programmes.
- RE programmes. Internalisation should be understood as inclusion of best practice task force and develop action plans to internalise REDP systems and practices in future relevant partners, programme formulation missions and various working groups or support of Senior Policy and Planning Advisor will engage into discussion with the harmonised system of programme management by GON/AEPFC, AEPFC from the a. For managing the transition from project to programme approach and adopting a fully

Transition from REDP to REEL:

- should also be consistent with the future administrative structure of Nepal.
- (levels) for which specific indicators will be established. The institutional restructuring 'best practices' of REDP shall be done at all levels (central, district and community protected and internalized within government and civil society. Maintaining of the planning, that have become instrumental to bring power to the people should be mobilize communities, strengthened local bodies, institutionalize decentralized policies and AEPFC's SOD. While doing restructuring, institutions that have helped to institutional restructuring of REDP should be consistent with the national plans and F. *Institutional restructuring of REDP in line with future programme support framework.* The assistance will continued (See Annex 5).
- generation as well as strong livelihood activities. In other districts, only technical adds new value to its work. The 26 programme districts will focus on energy should concentrate in main REDP programme district and engage in activities that E. *Concentration of activities in main programme districts:* During the (2011-2012) REEL will be considered for implementation.
- concerned with the development of renewable energy technology leading to SWAP and RE projects in the short term and into a SWAP approach in the long term. programme aims to support AEPFC to build harmonization approach among donors sometime creates confusion and overlaps between similar RE projects. Hence, the Therefore, the activities that result in harmonization of policies and approaches

Operational modalities: Unless otherwise specified, the operational modality for RERL programme implementation for initial two years will follow the modalities adopted by REDP III. The technical and operational guidelines prepared by REDP over the years will remain valid for the implementation of RERL programme as well.

PART III: RESULTS AND RESOURCES FRAMEWORK

The Strategic Results Framework (SRF) for this project has been linked to United Nations Development Assistance Framework (UNDAF) and UNDP Country Programme of Action (CPAP).

UNDAF Outcome: Sustainable livelihoods: By 2012, sustainable livelihood opportunities expanded, especially for socially excluded groups in the conflict affected areas.

CPAP outcome: Environment and Energy mainstreamed into national and local development planning with a focus on gender, social inclusion and post-conflict environmental rehabilitation.

CPAP output: Equitable access to energy services expanded to remote areas

Intended Outcome as stated in the UNDA2011-2012):

Sustainable livelihood opportunities expanded, especially for socially excluded groups in conflict-affected areas

Outcome indicators (only relevant one picked here):

of new remote VDCs connected by energy based services and increased income of communities living in those districts.

Applicable MYFF Service Line: 3.3 Access to sustainable energy services.

Partnership Strategy:

Ministry of Environment (MoEnv) will be the implementing partner, designating the Alternative Energy Promotion Centre (AEPCC) for this purpose. Ministry of Finance (MoF), National Planning Commission (NPC), Ministry of Local Development (MLD), Ministry of Water Resources (MoWR), Ministry of Forests and Soil Conservation (MFSC), Poverty Alleviation Fund (PAF), Department of Women Development (DWD) of the Ministry of Women, Children & Social Welfare (MoWCSW), the World Bank (WB), Association of District Development Committees of Nepal (ADDCCN) and National Association of VDCs in Nepal (NAVIN) will play key roles as members of government and elected bodies in planning, management and integration of experiences into national policy. DDCs and VDCs will play roles in bottom-up planning. At the district level, DDC will be the focal agency for implementation of the Programme through the DEES. District level line agencies and INGOs will provide critical linkages for poverty alleviation and livelihood promotion activities. The private sector as supplier and installer of rural energy systems and local NGOs as support organizations in community mobilization will have crucial roles to play.

Important partners for cooperation with the project include the World Bank on micro-hydro delivery and capacity-building; national energy Programmes on energy service delivery; the Poverty Alleviation Fund on gender and social inclusion strategy, livelihoods promotion and financial supports for the poor; and line agencies, local bodies, /NGO, private sector and other UNDP-supported projects on livelihoods promotion, enterprise development, education, health, forestry and other linkages. The Ministry of Finance (MoF) as the government cooperating agency will channel the IDA grant funding of the World Bank through GON/AEPC to support the district and community level rural energy activities and UNDP will provide technical assistance for implementation.

Project title and ID (ATLAS Award ID): Renewable Energy for Rural Livelihood

Intended Outputs	Output Targets for (years) ¹	Indicative Activities	Responsible Parties	Inputs	Funding source
<p>1. Equitable access to renewable energy services expanded to rural areas to support local livelihoods (UNDP CPD, CP Output 4.1.1)</p> <p>Output Indicators:</p> <ul style="list-style-type: none"> # of new remote VDCs covered by energy services. – % of Dalit, Janajati and ethnic/religious minorities connected to energy services – % of energy based enterprises owned by Dalits and Janajatis and minorities – # of women or women's groups having energy-based micro-enterprises <p>Proportion of traditional fuels in the total household energy consumption</p> <p>Baseline: 15.62MW of hydro electricity generated from Micro-hydro as of 2010 (national).</p> <p>Baseline: RE Policy approved in November 2006, and piloting in 6 districts has begun in 2007.</p>	<p>2011</p> <ul style="list-style-type: none"> • Framework for RE/RL model established. • 13500 additional households connected to energy services with generation of 1.65 MW power output in 26 RE/RL district and 5 additional AEPC/WB districts. • Prepared framework/guideline and implementation guidelines for PPP models including possible revenue sharing schemes for higher capacity more than 100 kW; • Training organised to develop capacity of Private sector on installation, manufacturing of plants higher than 100 kW <p>2012</p> <ul style="list-style-type: none"> • 15000 additional households connected to energy services with generation of 1.5 MW power output in 26 RE/RL district and 5 additional AEPC/WB districts. 	<p>(Component become Activity 1 in AWP)</p> <p>Activity 1: Renewable Energy Institutional capacity strengthening</p> <p>Actions:</p> <ol style="list-style-type: none"> 1. The capability of AEPC, private sector and government organizations at central, district and village level is enhanced to disseminate RE successfully. 2. Necessary trainings are completed for enhancing capacities of manufacturers and installers to design, manufacture and install micro/mini-hydro systems 100 kW and above, solar energy systems and small wind generators (hybrid); 3. Necessary trainings are completed for survey and installation teams within companies to improve quality of installed micro/mini hydro plants 4. RE resource assessments completed (serving as inputs to the integrated district energy plans) and establishment of database of the resources; 5. Technical assessments of available RE systems, its standardization (including costs, benefits, etc) and best practice examples documented; 6. Support to AEPC on RE systems using a PPP model to facilitate cooperation between the private, public sector and local organizations supported. 7. Supported the demonstration scheme to establish a mini-grid connecting various micro-hydro systems (about 100 kW) with additional micro-hydro and solar power plants installed; 8. Supported to AEPC for developing training courses for relevant government agencies at central, district and village level and stakeholders on existing (rural) RE policies and in the areas of integrated energy planning. 9. Support for advocacy and public awareness programmes on applications and cost and benefits of RE, CDM and climate change mitigation as well as on Awareness creation on 	AEPC	682978	UNDP

¹ For detailed output targets the detail Annual Workplan should be referred while developing Annual Work Plans.

² The details of these indicative activities as sub-outputs have been placed in Annex

³ Among the 5 indicative activities nos. 1 and 5 will be fully funded and no. 4 partially funded by UNDP and accordingly will be entered into Atlas. However, the parallel funded activities are also reflected in the RRF to show partnership.

RE policy integrated in 72 districts		<p>emission trading to policy makers, communities, private sector, and local government bodies.</p> <p>10. Preparation of framework and implementation guidelines for PPP models including possible revenue sharing schemes;</p>			
	<p>2011</p> <ul style="list-style-type: none"> 2 Studies conducted on: 1) Implementation of Rural Energy Policy framework reflecting peoples' aspiration and the governing structure of Nepal; 2) feed-in-tariff act and grid connection framework both for MH and solar energy and encourage Nepal Electricity authority to have simple power purchase agreement; A workshop on improving cooperation/harmonization in integrated energy planning, monitoring and quality assurance between different RE projects/programmes. Piloting on community managed rural electrification modality <p>2012</p> <ul style="list-style-type: none"> Supported AEPCC for developing training courses for relevant government agencies at central, district and village level and stakeholders on existing (rural) RE policies and in the areas of integrated energy planning. Community managed rural electrification pilot project completed 	<p>Activity 2: Policy and Regulatory framework</p> <p>Actions:</p> <ol style="list-style-type: none"> Prepared institutional guideline for RE frameworks reflecting peoples' aspiration and the governing structure of Nepal; Supported to AEPCC for improvements to the smart subsidy system for RE applications (based on geography, economy and need) ; Supported in the preparation and approval stage for a feed-in-tariff Act and grid connection framework both for MH and solar energy and encourage Nepal Electricity authority to have simple power purchase agreement; Proposed and implemented mechanisms to improve cooperation/harmonization in integrated energy planning, monitoring and quality assurance between different RE projects/programmes. Conducted study and piloting on community managed rural electrification modality similar to government's 8020 rural electrification modality incorporating the best practice of community mobilisation, end-use promotion, gender participation etc. 	AEPCC	55,000	UNDP

<p>Baseline:</p> <p>(These targets are identified for project use only not mentioned in the CPAP – RRF).</p> <p>2011</p> <ul style="list-style-type: none"> Supported AEPc for operationalization of existing micro/ hydro debt fund. Supported to develop framework for carbon finance activities <p>2012</p> <p>A workshop completed on networking between energy companies/RE system distributors and MFIs for smooth operation of the systems</p>	<p>Activity 3: RE project financing enhancement</p> <p>Actions:</p> <ol style="list-style-type: none"> Support to establish new innovative financing mechanisms for repayments of microfinance loans, eg. mobile banking, satellite office, etc. (Outreach expansion); Strengthen the network between energy companies/RE system distributors and MFIs for smooth operation of the systems; Support to establish framework for carbon finance activities (programme of activities - PoA) for enhancing financial sustainability of RE investments; and Support AEPc for operationalization of micro hydro debt fund. 	<p>AEPc</p>	<p>38250</p>	<p>UNDP</p>	
<p>495 entrepreneurs have rural energy based micro-enterprises as well as macro enterprises. (2010)</p> <p>Baseline: Approximately micro-enterprises created by REDP I, II & III.</p>	<p>(These are CPAP RRF targets and some are additional)</p> <p>2011</p> <ul style="list-style-type: none"> 100 (50 macro and 50 micro) energy based enterprises established in 20 districts <p>2012</p> <ul style="list-style-type: none"> Additional 150 (50 macro and 100 micro) energy based enterprises established in 20 districts Conducted study on the impacts of end use promotion in terms of their livelihood enhancement. 	<p>Activity 4: Livelihood/Productive end use promotion</p> <p>Actions:</p> <ol style="list-style-type: none"> Completed training to the entrepreneurs to establish enterprises for income generating activities from end use application based on the availability of the products; and Enhanced livelihood of the users/entrepreneurs through enterprise development. Provided incentives as well as technical support for the establishment of enterprises; Conducted study on the impacts of end use promotion in terms of their livelihood enhancement. Adapted value chain approach in productive end use. Supported to the establishment/strengthening rural information and communication Centre 	<p>AEPc</p>	<p>200,000</p>	<p>UNDP</p>
<p>Monitoring and Communication (US\$): Approx. 5% of UNDP fund allocated for the project.</p>					
<p>Total of UNDP (US\$)*</p>					
<p>Total of GON/WR (US\$)</p>					
<p>Grand Total (US\$)</p>					

*Programme support cost is included in UNDP's fund

PART IV: ANNUAL WORK PLAN BUDGET SHEET

Annual work plans with budgets have been formulated for two periods, April –December 2011 and January –December 2012 and are subject to change based on the discussions with the concerned parties. The details of all the Work Plans have been given in Annexes 1 and 2.



Annual Work Plan

Nepal - Kathmandu

Award ID: 00061635

Award Title: Renewable Energy for Rural Livelihoods

Year: 2011

Report Date: 4/4/2011

Project ID	Expected Outputs	Key Activities	Timeframe		Responsible Party	Planned Budget				
			Start	End		Fund	Donor	Budget Deser	Amount US\$	
00078161	Renewable Energy for Rural Liv	Advisory & technical services			NEP-Alternative Energy Promoti	04000	UNDP	71600	Travel	1,500.00
						04000	UNDP	72100	Contractual Services-Companies	3,750.00
						04000	UNDP	72600	Grants	3,500.00
						04000	UNDP	71400	Contractual Services - Individ	189,057.00
						04000	UNDP	72200	Equipment and Furniture	5,000.00
						04000	UNDP	72400	Communic & Audio Visual Equip	5,400.00
						04000	UNDP	72500	Supplies	5,400.00
						04000	UNDP	73100	Rental & Maintenance-Premises	16,309.00
						04000	UNDP	73400	Rental & Maint of Other Equip	13,500.00
						04000	UNDP	74200	Audio Visual&Print Prod Costs	12,000.00
					NEP-Alternative Energy Promoti	04000	UNDP	74500	Miscellaneous Expenses	6,002.00
					UNDP	04000	UNDP	74500	Miscellaneous Expenses	30,959.00
					NEP-Alternative Energy Promoti	04000	UNDP	71300	Local Consultants	3,000.00
					NEP-Alternative Energy Promoti	04000	UNDP	71600	Travel	3,000.00
					NEP-Alternative Energy Promoti	04000	UNDP	72600	Grants	77,500.00
					NEP-Alternative Energy Promoti	04000	UNDP	71300	Local Consultants	11,500.00
					NEP-Alternative Energy Promoti	04000	UNDP	71600	Travel	7,000.00
					NEP-Alternative Energy Promoti	04000	UNDP	72100	Contractual Services-Companies	29,000.00
					NEP-Alternative Energy Promoti	04000	UNDP	72600	Grants	199,273.00
					NEP-Alternative Energy Promoti	04000	UNDP	74500	Miscellaneous Expenses	2,500.00
					NEP-Alternative Energy Promoti	04000	UNDP	71300	Local Consultants	13,000.00
					NEP-Alternative Energy Promoti	04000	UNDP	71600	Travel	2,000.00
					NEP-Alternative Energy Promoti	04000	UNDP	72500	Grants	12,000.00
TOTAL										651,150.00
GRAND TOTAL										651,150.00



Annual Work Plan

Nepal - Kathmandu

Award Id: 00061635
 Award Title: Renewable Energy for Rural Livelihoods
 Year: 2012

Report Date: 4/4/2011

Project ID	Expected Outputs	Key Activities	Timeframe		Responsible Party	Planned Budget				
			Start	End		Fund	Donor	Budget Descr	Amount US\$	
00078161	Renewable Energy for Rural Liv	Advisory & technical service			NEP-Alternative Energy Promoti	04000	UNDP	71600	Travel	3,000.00
						04000	UNDP	72100	Contractual Services-Companies	5,000.00
						04000	UNDP	75700	Training, Workshops and Confer	5,000.00
						04000	UNDP	71400	Contractual Services - Individ	237,500.00
						04000	UNDP	72200	Equipment and Furniture	2,000.00
						04000	UNDP	72400	Communic and Audio Visual Equip	3,600.00
						04000	UNDP	72500	Supplies	3,600.00
						04000	UNDP	73100	Rental & Maintenance-Premises	20,400.00
						04000	UNDP	73400	Rental & Maint of Other Equip	18,000.00
						04000	UNDP	74200	Audio Visual&Print Prod Costs	12,000.00
						04000	UNDP	74500	Miscellaneous Expenses	5,000.00
						04000	UNDP	74500	Miscellaneous Expenses	33,333.00
						04000	UNDP	71600	Travel	3,000.00
						04000	UNDP	72100	Contractual Services-Companies	5,000.00
						04000	UNDP	72600	Grants	74,500.00
04000	UNDP	71600	Travel	7,000.00						
04000	UNDP	72100	Contractual Services-Companies	232,348.00						
04000	UNDP	74500	Miscellaneous Expenses	2,500.00						
04000	UNDP	71600	Travel	2,000.00						
04000	UNDP	72600	Grants	15,000.00						
04000	UNDP	75700	Training, Workshops and Confer	10,219.00						
TOTAL									700,000.00	
GRAND TOTAL									700,000.00	

Tentative Annual Work Plan 2011

ANNEX - 1

Award title: Renewable Energy for Rural Livelihood

Duration: April-Dec, 2011

CPAP output 4.1.1. Equitable access to energy services expanded to remote areas.
Related CP outcome:

ANNUAL TARGETS	PLANNED ACTIVITIES	Sources of Fund	Donor	PLANNED BUDGET					
				Budget Description	Unit cost	No. of units	Amount (USD)	Remarks	
(Start with CPAP Annual Targets, indicating (CPAP) in parentheses, then add additional Annual Targets)	List all activity results and associated actions (including key M&E actions)	71600	UNDP (04000)	Travel				248273	
				Contractual service company	5000	1	5000		
				Grant	7500	2	15000	two advisory positions SEPPA and MEE will supported	
				Grant	15,300	2	30600		
				Grant	1110.5	26	28873		
				Grant	3712.5	32	118800		
				Contractual service company	5000	2	10000		

13500 additional HHS connected to energy services in districts

Action: Capacity development of AERC/REDP/DEES, MH FG policy maker on application and cost benefit of RE, monitoring, grid connection, mini-grid, micro francs, digital ELC and gasification, CDM and climate change mitigation

Action: Supported for operation of DEEU in 32 districts in line with RE policy 2006 through collaboration with DDCs (to be revised with AERC in June 2011 - Nepal Fiscal Year budgeting)

Action: Supported for operation of 26 DEES (until 15 June 2011)

Action: Prepared framework and implementation guidelines for PPP models including possible revenue sharing schemes;

Action: Supported ADDCN and NAVIN for institutionalization.

Action: Technical Support to AERC

Activity Result 1: Support on capacity development and institutional strengthening on RE sector

Action: Developed Capacity of Private sector on Survey and installation of plants higher than 100 kW and upto 1 MW	72100	UNDP (04000)	Contractual service company	12000	1	12000	AEPc has allocated 50000 USD
	72600		Grant	1000	5	5000	
Action: Provided support for creation of MH cooperative in 5 additional districts.	71300	UNDP (04000)	Local Consultant	3000	1	3000	AEPc has allocated 50000 USD
Action: Establishment of database of RE resources assessments:	71300		Local Consultant	5000	1	5000	
Action: Documentation of technical assessments of available RE systems (including costs, benefits, etc.) and best practice examples:	71300	UNDP (04000)	Local Consultant	5000	1	5000	AEPc has allocated 50000 USD
Action: Support for Establishment of a mini/macro grid connecting various micro/mini hydro systems from the same stream and its grid connection	74500		Miscellaneous (training)	2500	1	2500	
Action: Conducted Annual review meeting	71300	UNDP (04000)	Miscellaneous (training)	2000	1	2000	AEPc has allocated 50000 USD
Action: Conducted Feasibility of Governing mechanism in micro hydro (100-500kW)	71300		Local Consultant	3500	1	3500	
Action: Carried out Evaluation of minigrid project	71300	UNDP (04000)	Local Consultant	3500	1	3500	AEPc has allocated 50000 USD
Activity Result 2: Provide support on Policy and regulatory framework	71600		Travel	2000	1	2000	
Action: Conducted study on Implementation of Rural Energy Policy in frameworks reflecting peoples' aspiration and the governing structure of Nepal (which is going towards a federal structure):	71300	UNDP (04000)	Local Consultant	5000	1	5000	AEPc has allocated 50000 USD
Action: Supported to AEPc for improvements to the smart subsidy system for RE applications (based on geography, economy and need) :	71300		Local Consultant	8000	1	8000	
Action: Supported in the preparation and approval stage for a feed-in-tariff act and grid connection framework both for MH and solar energy and encourage Nepal Electricity authority to have simple power purchase agreement:	71300	UNDP	Local Consultant	8000	1	8000	AEPc

	Action: Conducted study and piloting on community managed rural electrification modality similar to government's 80 :20 rural electrification modality incorporating the best practice of community mobilisation, end-use promotion, gender participation etc.	72600	UNDP (04000)	Grant	12000	1	12000	
	Activity Result 3: Provide Advisory services and technical services on RE project including financing enhancement						8750	
	Action: Supported to establish framework for carbon finance activities (programme of activities - PoA) for enhancing financial sustainability of RE investments:	71600		Travel			1500	
	Action: Supported AFPC for operationalization of existing micro/ hydro debt fund.	72600	UNDP (04000)	Grant	3500	1	3500	
	Action: Conducted financial and accounting spot check in DESS	72100		Contractual Services Companies	3750	1	3750	
	Activity Result 4: Support for livelihood and productive end uses promotion initiatives at the district level.	71600		Travel			83500	
	Action: Supported DEES to implement energy based livelihood packages in 14 selected districts. (including training and enterprise development)	72600	UNDP (04000)	Grant	5000	14	70000	Only 14 districts will be covered with the allocated budget
100 enterprises will be established	Action: Supported DEES to implement energy based livelihood packages in 12 selected districts. (including training and enterprise development)	72600		Grant	5000	12	60000	
	Action: Supported for implementation of Rural Information and Communication Centre in market centers served by micro hydro.	72600		Grant	1500	5	7500	
	Action: Conducted Innovative study/ pilot initiation related to electricity based new end-uses and enterprise	71300		Local Consultant	3000	1	3000	
Programme Support Activities							367523	
Sub-Total (1-4)							283627.1	

71400		Contractual services indiv.	11121	17	189057	
72200		Equipment & Furniture	1000	5	5000	
73400	UNDP (04000)	Rental and maintenance of other equipment	1500	9	13500	
73100		Rental and maintenance - Premises	1700	9	15300	
74200		Audio Visual & Printing	2000	6	12000	
72400		Communication & Audio visuals	600	9	5400	
72500		Equipment	600	9	5400	
74500		Supplies				
73100	UNDP (04000)	Misc. expenses			6002	
74500	UNDP (04000)	Premises alteration	1009	1	1009	
74500	UNDP (04000)	(M&E, security, communication)	30959	1	30959	
Grand Total					651150	

Particulars	Amount in US \$
Funded	651150
Unfunded	67,000
Total	718150

Prepared by

Approved by

Project Manager

UNDP

Tentative Annual Work Plan 2012
ANNEX -2

Award Title: Renewable Energy for Rural Livelihood
Duration: Jan-Dec, 2012

CPAP output: 4.1.1. Equitable access to energy services expanded to remote areas.
Related CP outcome:

ANNUAL TARGETS	PLANNED ACTIVITIES	Sources of Fund	Donor	PLANNED BUDGET					Remarks
				Budget Description	Unit cost	No. of units	Amount (USD)		
CPAP Annual Targets:	List all activity results and associated actions (including key M&E actions)								
	Activity Result 1: Support on capacity development and institutional strengthening on RE sector	71600		Travel				241848.4	
	Action: Support to AEPFC for demonstrations schemes of RE systems using a PPP model to facilitate cooperation between the private and public sector as well as local organizations (2 selected micro-hydro projects);							7000	
		72600	UNDP (04000)	Grant	3000	1		3000	
	Action: Supported ADDCN and NAVIN for institutionalization.	72600		Grant	7000	2		14000	
	Action: Technical support for AEPFC								Two advisory positions SEPPA and MEE will
		72600		Grant	20391	2		40782	supported
	Action: Supported AEPFC in operation of DEEU in 32 districts in line with RE policy 2006 through collaboration with DDCs	72600		Grant	5392.7	32		172566.4	
	Action: Capacity development of AEPFC/REDP/DEES, MH FG on application and cost benefit of RE, monitoring, grid connection, mini-grid, micro francs, digital ELC and gasification, CDM and climate change mitigation	72100	UNDP (04000)	Contract travel services (community)	5000	2		10000	
	Action: Provided support for creation of MH cooperative in 5 additional districts.	72600		Grant	2000	5		10000	unrecovered
	Action: Provide support for creation of Federation of MH cooperative	72600		Grant	2000	1		2000	
	Action: Conducted Annual review meeting	74500		Miscellaneous (training)	2500	1		2500	
	Activity Result 2: Provide support on Policy and regulatory framework	71600		Travel				27218	
								2000	

13000 additional HHS connected to energy services in districts.

	Action: Supported to AEPIC for developing training courses for relevant government agencies at central, district and village level and stakeholders on existing (rural) RE policies and in the areas of integrated energy planning.				Training, seminar, workshop	2609	2	5218	
	Action: Proposed and implemented mechanisms to improve cooperation/harmonization in integrated energy planning, monitoring and quality assurance between different RE projects/programmes.	75700			Training, seminar, workshop	5000	1	5000	
	Action: Community managed rural electrification pilot project (similar to government's 80:20) completed incorporating best practice of community mobilisation, end-use promotion, gender participation etc.	72600			Grant	15000	1	15000	
	Activity Result 3: Provide Advisory services on RE project financing enhancement							13000	
		71600			Travel			3000	
	Action: Strengthened the network between energy companies/RE system distributors and MFIs for smooth operation of the systems;	75700			Training, seminar, workshop	5000	1	5000	
	Action: Supported to establish framework for carbon finance activities (programme of activities - PoA) for enhancing financial sustainability of RE investments;	72600			Grant	5000	1	5000	Unfunded (5000)
	Action: Support to establish new innovative financing mechanisms for repayments of microfinance loans, e.g. mobile banking, satellite office, etc. (Outreach expansion);	72100			Contractual Services Companies	5000	1	5000	Unfunded (5000)
	Action: Financial and accounting spot check in DEES conducted	72100							
	Activity Result 4: Support for livelihood and productive end uses promotion initiatives at the district level.							82500	
		71600		UNDP (04000)	Travel			3000	
	Action: Supported DEES to implement energy based livelihood packages in 14 selected districts. (including training and enterprise development)	72600			Grant	5000	14	70000	
	Action: Supported DEES to implement energy based livelihood packages in 12 selected districts. (including training and enterprise development)	72600			Grant	5000	12		Unfunded (50000)

100 enterprises will be established

Action : Conducted study on the impacts of end use promotion in terms of their livelihood enhancement.
 Action: Supported for implementation of Rural Information and Communication Centre in market centres served by micro hydro.

72100		Contractual service company	5000	1	5000	
72600		Geni	1500	3	4500	
Sub-Total (1-4)						
Programme Support Activities						
71400		Contractual services indiv.	12500	19	237500	
72200		Equipment & Furniture	1000	2	2000	
73400		Rental and mainte of other equipment	1500	12	18000	
73100	UNDP (04000)	Rental and mainte - Premises	1700	12	20400	
74200		Audio Visual & Printing	1000	12	12000	
72400		Communication & Audio visuals Equipment	300	12	3600	
72500		Supplies	300	12	3600	
74500		Misc. expenses	5000	1	5000	
74500	UNDP (04000)	(M&E security, communication)	33333.32	1	33333.32	
Grand Total						
700000						

Particulars	Amount In US \$
Funded	700000
Unfunded	90000
Total	790000

Prepared by
 Project Manager

Approved by
 UNDP

PART V: MANAGEMENT ARRANGEMENTS

The programme will be operated under UNDP NEX/NIM guidelines. The Executive Director of AEPCC will be the Project Executive (National Project Director) of this programme. The planning and monitoring functions of RERL will be performed in coordination with concerned departments/units of AEPCC. AEPCC will ensure the quality assurance of this project jointly with UNDP.

As per the Results Management Guide (RMG) of UNDP, project management arrangements include the following roles:

The RERL Advisory Board (AB): The advisory board of RERL will be constituted in line with REDP project advisory committee. To provide overall policy guidance an AB will be constituted under the chairpersonship of the Secretary of the MOEnv. Executive Director of AEPCC will be the secretariat for AB. The other potential members will be representatives from the following:

1. Ministry of Finance (MoF)
2. National Planning Commission (NPC)
3. Ministry of Local Development (MLD)
4. Ministry of Energy (MoEnergy),
5. Ministry of Forests and Soil Conservation (MFSO),
6. Poverty Alleviation Fund
7. Department of Women Development (DWD) of the Ministry of Women, Children & Social Welfare (MoWCSW)
8. The World Bank (WB)
9. Association of District Development Committees of Nepal (ADDCN)
10. National Association of VDCs in Nepal (NAVIN)
11. Civil Society
12. Private sector
13. ESAP II
14. UNDP

The AB is expected to meet once a year to assess the progress and achievement of the project as well as provide overall policy direction. The AB members may undertake joint monitoring field visits for acquiring first hand information regard to project performance and delivery, providing guidance to resolve any issue pertaining to field implementation and gathering lessons from the field for policy advocacy/review/formulation.

The RERL Project Executive Board (PEB): PEB will be the decision making body of the programme and will take necessary management and policy decisions. The executive director of AEPCC will play the role of Project Executive/NPD, to whom the National Programme Manager will have to report and take approval. This is important for national ownership and leadership of the programme. The Project Executive has the overall responsibility to implement the project activities as per the Annual Work Plans in agreement with the Senior Beneficiary and the Senior Supplier (See Figure in page 27). The Project Executive will call meetings of PEB and facilitate agreement on decisions required for smooth implementation of project activities. The Senior Beneficiary is the representative of project beneficiaries. This group will be consulted by the NPM for decisions when tolerances have been exceeded.

The Project Board will have three roles:

- Project Executive role - will be played by the Executive Director of AEPCC as the representative of Implementing Partner. S/he will also chair the Board,
- Senior Supplier role - will be played by the Assistant Country Director (ACD) of Energy, Environment and Climate Change unit of UNDP to provide guidance for technical feasibility of the project,
- Senior Beneficiary role - will be played by the representative from ADDCN and NAVIN; MOLD

and MOF will ensure the interest of the beneficiaries.

The FEB may invite the NPM and UNDP concerned Programme Officer in meetings, and request to support in project operations as necessary.

Project Assurance: The project assurance role ensures that work is done in line with the objectives and targets set for the programme and supports the Project Executive Board by carrying out objective and independent project oversight and monitoring functions. This role also ensures appropriate project management milestones which need to be managed and completed by the project team. Although the FEB has the overall quality assurance role of the project, project implementation will be supported through an additional assurance role performed by a designated UNDP Programme Officer.

National Project Manager: The NPM will run (detail job description is provided in Annex 5) the project on a day-to-day basis on behalf of the Project Executive Board. The prime responsibility of the NPM is to ensure that the project produces the results specified in the project document and the annual work plan, to the required standard of quality and within the specified constraints of time and cost. For any changes the NPM will have to make a case for consideration to the FEB. Once the changes are endorsed by the FEB, this will be formalised through necessary budget and annual work plan revision.

Project Professional and Support Team: Under the NPM and Project Executive, the project will have following professional team in order to implement stipulated activities within the given time frame. The professional team structure has been developed by addressing the suggestions made by the REDP Management Audit and targeting the current delivery milestones.

To support AEPFC internalise the RE practices and to institutionalise existing structures as well as to support AEPFC in developing synergistic linkages between other RE Programmes, REFL intends to provide extended support by sponsoring two expert positions. One position will support policy and planning related works to develop harmonised approach among programmes/donors and to develop a long term national level RE programme. Likewise, the position will support to monitor REFL and other programmes being implemented through AEPFC and to contribute the learning from existing activities in broader programmatic framework of AEPFC. These two expert positions will be recruited by AEPFC under their terms and conditions under the grant support provided by UNDP.

A brief of the agreed positions are as follows. A detail TOR for the following positions is found in Annex 6.

Agreed Positions under REFL (housed within AEPFC and PMU)

Below two positions will be housed under AEPFC	Duties	Remarks
a. SRPEPA – Senior Renewable Energy Policy and Planning Advisor	Undertakes 70% AEPFC function and 30% REFL function Directly reports to Executive Director - AEPFC	The position will be recruited by AEPFC (based on their terms and conditions) under a separate grant agreement between UNDP and AEPFC The TOR for this function will be prepared jointly between UNDP and AEPFC

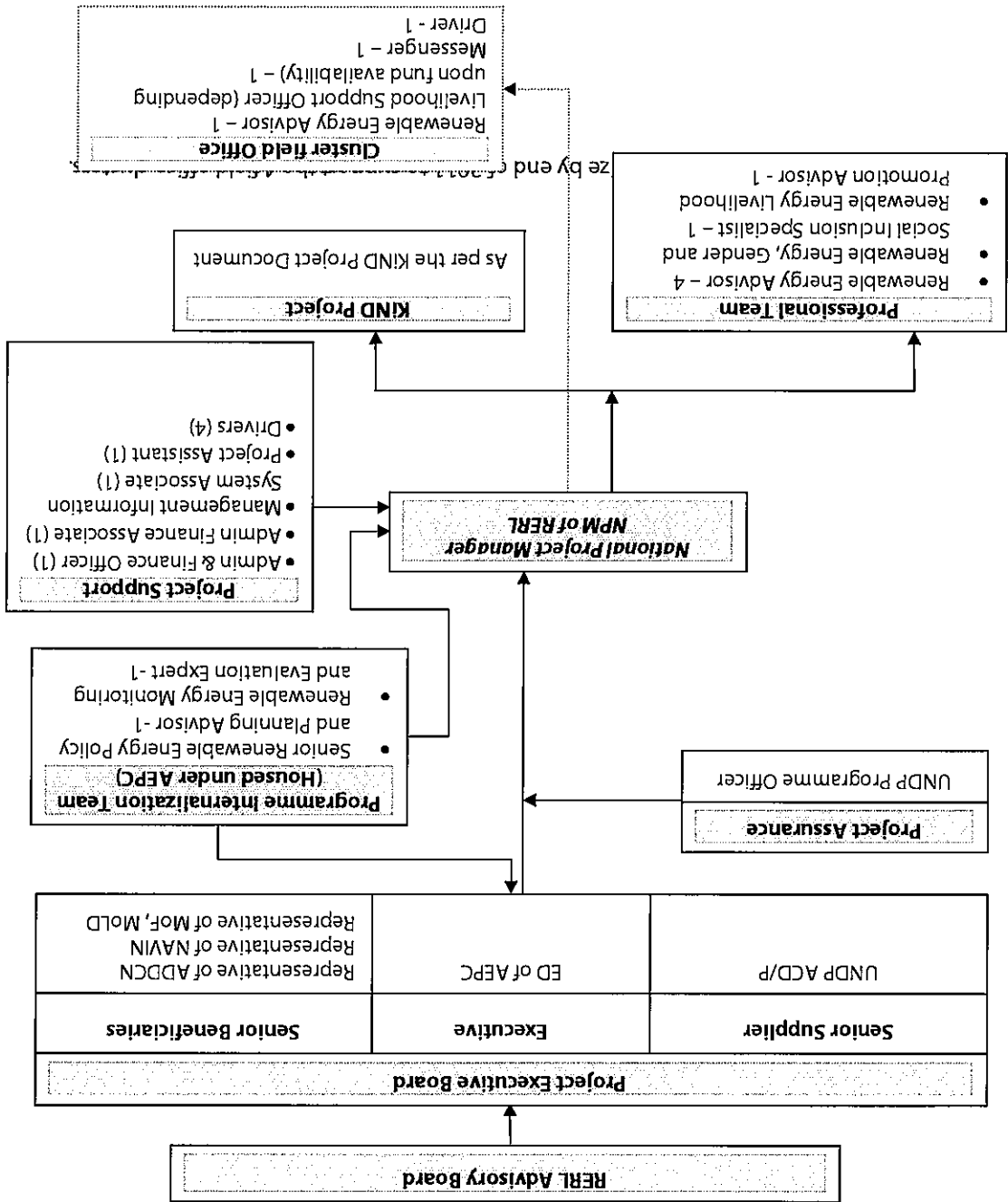
Positions under Project Management Unit	Duties	Remarks
<p>b. REMEA – Renewable Energy Monitoring and Evaluation Expert</p>	<p>Undertakes 60% AEP/C function and 40% RERL function - AEP/C Directly reports to Executive Director</p>	<p>The position will be recruited by AEP/C (based on their terms and conditions) under a separate grant agreement between UNDP and AEP/C The TOR for this function will be prepared jointly between UNDP and AEP/C</p>
<p>a. NPM – National Programme Manager (1) NPP4</p>	<p>Undertakes 100% RERL functions Manages and implements the project based on the AWP</p>	<p>This position will be advertised</p>
<p>b. REA – Renewable Energy Advisor (4) NPP2</p>	<p>Undertakes 100% RERL functions. REAs will oversee respective proposed clusters/regions to meet the programme targets and outputs REAs will assist the establishment of field offices where they will be integrated in 2012 REAs will have to spend 60% of their time in field</p>	<p>Based on the REDP III REA TOR, the duties, functions and responsibilities remain the same. The existing REAs will be transferred into the RERL project.</p>
<p>c. REGSIA – Renewable Energy, Gender and Social Inclusion Specialist (1) NPP2</p>	<p>Undertakes 60% RERL functions and 40% supports AEP/C in mainstreaming GESI functions</p>	<p>This is a new position and needs to be advertised</p>
<p>d. RELPA – Renewable Energy Livelihood Promotion Advisor (1) NPP2</p>	<p>Undertakes 60% RERL functions and 40% supports AEP/C in mainstreaming/promoting Livelihood Enhancement functions</p>	<p>Based on the REDP III, LPA TOR, the duties, functions and responsibilities remain the same. The existing LPA will be transferred into the RERL project.</p>
<p>e. AFO - Administration and Finance Officer (1) NPP1</p>	<p>Undertakes 100% RERL functions and oversees all financial, management and HR (20%) related matters</p>	<p>This is a new position and needs to be advertised</p>

The job descriptions of aforesaid positions are given in Annex 5. Based on the matching job qualification and competency required, the above positions will be filled timely.

The organogram of full-fledged RERL (the stage after completion of transitional plan) will have three tiers – Project Management Unit (PMU), Field Offices and District bodies. The PMU will be smaller and engage primarily in coordinating, facilitating, monitoring and reporting.

The *project management structure* is illustrated as below.

<p>f. AFA – Administrative and Finance Associate (1) SU6</p>	<p>Undertakes 100% RERL functions and oversees all financial, administration and logistics matters</p>	<p>Based on the REDP III, AFA TOR, the duties, functions and responsibilities remain the same. The existing AFA will be transferred into the RERL project.</p>
<p>g. MISA – Management Information System Associate (1) SU6</p>	<p>Undertakes 100% MIS functions and assists in communication matters too</p>	<p>Based on the REDP III, MISA TOR, the duties, functions and responsibilities remain the same. The existing MISA will be transferred into the RERL project.</p>
<p>h. PA - Project Assistant (1) SUS</p>	<p>Undertakes 100% RERL functions and assists in all project administrative, logistics, transport matters</p>	<p>This is an upgraded position from Office Secretary and needs to be advertised</p>
<p>i. D – Driver (4)SU2</p>	<p>The drivers will be designated to each cluster field offices once established</p>	<p>TOR remains unchanged, the existing drivers of REDP III will continue</p>



5.1 Implementation arrangement at the district level

On the basis of selection criteria (see Annex 3), 26 districts have been selected for full-fledged RERL programme implementation including renewable energy based/supported economic activities linked to value chain and regional or national market potential. Out of the total 40 programme districts of REDP III, there will be no programme support to 14 districts from the end of March 2011. These districts will only receive technical support as and when needed by the GON/AEPC through locally hired staff under DEEUs. The names of 26 programme districts are given in Annex 4.

At the district level, the working modality already agreed with the GON/AEPC for REDP III will be continued through the district project team and support organization. RERL district team will continue to work closely with the district authorities; particularly the DDCs. Project site specific activities will be jointly prepared and implemented by RERL programme team and DDC (DEES/U) team. Likewise, RERL programme team in the district will coordinate with other district line agencies like District Technical Officers (DOL/DAR) for better collaboration in infrastructure related projects. District level work will be implemented by EDO (as in REDP III) and s/he will work in close coordination with the RE Adviser and Livelihood Adviser.

Following programme structure has been identified for RERL district team:

A. DEES - In 26 DDCs, DEES will be continued which will be supported by GON/AEPC.

- a. Energy Development Officer (EDO) – 1
- b. Technical Officer (TO) - 1
- c. Office Assistant (OA) - 1
- d. Messenger - 1

B. DEEU - In 32 DDCs, RERL will support TOs financially and technically as and when required.

- a. Technical Officer (TO) - 1
- b. Assistant - 1

C. SUPPORT ORGANIZATION (SO) - In 26 DDCs, RERL will support the SO for community mobilisation task. The ongoing structure will be continued and if/where necessary the SOs will need to have a new contract based on the programme requirements.

- a. Community Mobilization Coordinator (CMC) - 1
- b. Community Mobilizer (CM) - 4

District Energy Fund (DEF): District Energy Fund (DEF) will be created and/or strengthened under DDC in all programme districts to channel financial resources for rural energy development. As per the existing practice and guideline agreed by AEPC, the District Council has endorsed the formation of DEF. DEES will be responsible for the operation of DEF. EDO and LDO will be signatories for the operation of DEF account.

Bottom-up Planning and Implementation of Programme Activities: To give continuity to decentralised management systems and the bottom-up/community level planning approach, capacities of the local authorities (LDOs, EDOs, TOS), Community Organisations (COs) and Functional Groups (FGs) will be strengthened to help them plan and manage RE projects/programmes. RERL will assist the DDCs and VDCs to identify potential implementation sites for the livelihood promotion based on the community-managed rural energy systems. The programme will also assist in preparation of VDC and district level livelihoods and rural energy development plans.

The main sources of fund for the programme will be UNDP and IDA/World Bank. The programme will follow the GON's Rural Energy Policy (2006) and Subsidy Policy for Renewable Energy (2006) to implement its initiatives. UNDP will provide technical assistance which will be directly channelled through the PMU. The World Bank's fund will be channelled through AFPC which will be allocated to implement district level activities under grant/subsidy policy of the government to install Micro Hydro Schemes. Flow of fund is contingent upon the approval of Annual and Quarterly Work Plan by the FEB. For UNDP's fund, the PMU will prepare quarterly plan according to the NEX/NIM modalities. Based on the approved quarterly work plan, the NPM will request UNDP for quarterly advances. Annual advance of IDA/WB fund will be delivered as grant to DEF through existing

5.3 Fund Sources and Fund Flow Mechanism

Based on the current political scenario and unstable government, REEL might face following risks that could delay the project delivery targets and impact the programme in various possible ways.

- The risks and uncertainties are still prevalent in Nepalese societies as there has been very slow progress in constitution making and peace building. The lack of elected local government bodies and unstable security situation owing to fluid political situation may hamper programme implementation through DDC. The programme plans to approach this challenge by engaging DEES and SO staff into inclusive and participatory dialogues with the local communities and political parties for setting priority at the district level with regards to selection of energy projects. Building on the experience of REDP, maintaining a cohesive relationship with local communities and their leaders is essential, though not formally representing any local government.
- Promotion of livelihood in remote places is difficult and REEL plans to conduct activities in close partnership with business communities of the districts (chamber of commerce and other associations), which would also promote the social capital of the programme. Networking and partnership at local level is important for smooth implementation of the energy service delivery and effective use models contained in REEL programme will be determined by progress in the local capacity building agenda.
- Market inflation might be a risk to complete the project in the approved budget plan. Increase in cost of equipments and climate-induced disaster events provide threat to the energy systems that are being planned or already built.
- With the load-shedding and *bandhs*, manufacturers in the market might be hampered for timely supply of materials, causing delay in commissioning of power plants.
- In addition, frequent change of Government authorities like LDOs and ED of AFPC in an unstable political scenario is a possible risk to smoothly implement the RE initiatives/activities as planned.

5.2 Risk Analysis

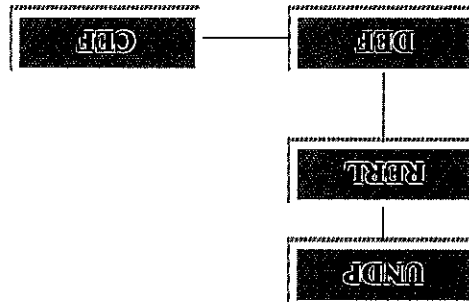
The local level planning of programme activities will be facilitated by the technical advice of DEES and central office of AFPC/REEL. The district level annual plans will be prepared by the DDC through DEES as per the decentralized energy and livelihoods planning guideline. With endorsement of District Council, the annual programme and budget will be submitted to PMU (REEL Central Office, Kathmandu). The PMU will review and compile the annual plan and programmes of all districts and prepare a consolidated work plan with budget. The work plan will also include activities to be implemented directly by the PMU and AFPC, and submit a consolidated plan to AFPC. After the approval of annual plan, the PMU will prepare Annual Work Plans following the NEX modality which will be approved by the Project Executive/NPD and endorsed by the UNDP. Once the Annual Work Plan is approved, appropriate quarterly and activity plans will be prepared by PMU and the district and community level activities will be implemented by the respective DEES.

mechanism upon the approval of PEB. For channelling of fund from AEPCC to DEF, the AEPCC and respective DDC will sign a Memorandum of Understanding (MOU) based on the approved work plan. In addition, as practiced in REDP, DDC will continue to allocate 5% of its resources for renewable energy related projects in the proposed project sites. Similarly, the budget for activities to be implemented directly by RERL Kathmandu Office will be deposited into RERL account.

The project fund will channelize from RERL to DEF as per the work plan. As per the current practice, the EDO and LDO will be the signatories for the operation this account.

At the district level, the fund will flow from DEF to the accounts of the Support Organization and Functional Groups under MOUs between DDC and concerned parties. EDO and Coordinator of SO will be the signatories of SO account. Similarly, the EDO and Chairperson or Manager of FG will be the signatories of FG accounts.

The fund flow mechanism is illustrated as below.



5.4 Management and Financial Audit

Based on National Implementation policies, UNDP will conduct management and financial audit of the programme on an annual basis. The audit will also look into the compliance of the programme on sub-contract agreement as well as fulfillment of work plan. Formal financial audit will be carried out by a government-registered auditor at all levels of implementation. In addition, Public Audit will be mandatory at the community level.

PART VI: MONITORING AND EVALUATION

Monitoring and Evaluation practices in Nepal have focused mainly on the delivery of physical and financial quantitative targets rather than socio-economic impact assessments or even productive use of the services rendered. The NPC's Poverty Monitoring and Analysis system (PMAS) included two energy related indicators: the percent of population with access to electricity, and average per capita electricity consumption. These two indicators show only coverage and quantity of energy use. These indicators do not help in understanding the distributional aspect with respect to income, social and gender perspective not they do indicate the types of uses of energy and their impacts.

The M/E component of the programme will be built on the work done by the Monitoring & Evaluation of Energy for Development (M&ED) International Working Group led by Global Village Energy Partnership (GVEP) and EDF as well as on Department for International Development (DFID) of UK Government, International Atomic Energy Agency (IAEA), and the WB work on guidelines and methodologies for energy indicators for sustainable development. The selected indicators should clearly indicate the progress regarding the contribution of energy to the livelihood enhancement and contribution to the achievement of MDG goals.

The project will be monitored against the annexed M & E Framework, which builds on the CPAP M & E Framework. Progress against each of the indicators will be reviewed at least annually, and the tracking table updated accordingly. In order to facilitate the monitoring and evaluation of the future programme, baseline information related to selected indicators should be generated from the sample REDP project sites. The survey results will provide knowledge about the delivery, use and effects/impacts of the current energy programme; identify gaps and direct future actions. This study should be carried out during the first six months of 2011.

The Project will also monitor and report a core set of indicators relating to gender and social inclusion, empowerment and voice, livelihoods, and capacity development, as guided by UNDP.

In order to assess the programme performance at all levels, AEP, PMU, WB and UNDP will carry out regular monitoring to ensure the quality, relevance and effectiveness of the project. UNDP field monitoring team will carry out regular monitoring visits to assist the project team in performing quality assurance and measuring the impacts of activities undertaken. The monitoring exercises will be made coordinated, consultative and participatory involving the DDCs, VDCs and local communities. The results of monitoring will become inputs for regular and mandatory programme review and evaluation. The PMU will prepare a monitoring plan every year that will also include quarterly regional review of programme activities.

The PMU will prepare monthly progress report (MPR to AEP), Quarterly Progress Report (QPR to UNDP), trimester progress report (TPR to AEP and WB) and Annual Programme Report (APR to AEP and UNDP) every year. The programme will be subject to a mid-term evaluation by independent evaluators during the third year of operation (which will be undertaken under the larger REFL programme).

In addition, in accordance with the programming policies and procedures outlined in the UNDP POPP the project will be monitored through the following:

Within the annual cycle

- On a quarterly basis, a **quality assessment** shall record progress towards the completion of key results, based on quality criteria and methods captured in the Project M & E Framework annexed hereto.

- An **Issue Log** shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.

- Annually
- Based on the initial risk analysis submitted (see annex 1), a **risk log** shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
 - Based on the above information recorded in Atlas, **Quarterly Progress Reports** (QPR) shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard UNDP report format. The signed QPR for the previous quarter shall be submitted with the Quarterly Work Plan and FACE by each NIM project to the concerned programme units for the release of quarter advance.
 - A project **Lesson-learned log** shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project
 - A **Monitoring Schedule Plan** shall be activated in Atlas and updated to track key management actions/events
- Annually
- **Annual Review Report.** An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board and the Outcome Board. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the QPR covering the whole year with updated information for each above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level. The M & E Framework and updated Tracking Tool will be annexed to the Annual Review Report.
 - **Annual Project Review.** Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes. If necessary, following the Annual Project Review, the Annual Review Report should be revised and finalized.
- The *project M & E framework* is given in Annex 6

PART VII: LEGAL CONTEXT

The project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement (SBAA) between the Government of Nepal and UNDP, signed by the parties on 23 February 1984. The host-country implementing agency shall, for the purpose of the SBAA, refer to the government co-operating agency described in that Agreement.

The following types of revisions may be made to this project document with the agreement and signature of the UNDP Resident Representative only:

- a. Revisions in, or addition of, any of the annexes of the project document
- b. Revisions which do not involve significant changes in the project objectives, outputs or activities of the project, but are caused by rearrangement of inputs agreed to or by cost increases due to inflation and
- c. Mandatory annual revisions, which re-phrase the delivery of agreed project inputs or increased expert or other costs due to inflation or take into account agency expenditure flexibility.

PART VIII: ANNEXES

Annex - 1	Work plan for the April–December 2011
Annex - 2	Annual Work Plan for 2012
Annex - 3	Programme District Selection Criteria
Annex - 4	Programme Districts
Annex - 5	Job Descriptions
Annex - 6	Project M & E Framework

ANNEX - 3
District Selection for RERL

S.No.	Districts	Duration of programme implementation in districts			Ongoing Micro Hydro Schemes under 4.25 MW (no and kw of schemes)			Accessibility		Less preference to the districts providing less support and difficult to get support from DDC		Pilot initiative	Regionalisation			Total	Ranking	Remarks	
		>10 yrs	5 to 10	< 5	Low (<3 plants and < 60 kW)	Medium (<6 and <120 kW)	High (>6 and >120 kW)	No motorable road upto DHQ/seasonal road	Motorable road upto DHQ	<5% as equity or difficult to get support	>5% as equity		equity plus other support (internals staff)	Gasifier, francis turbine, mini grid	Central				East/West
Far-Western Region																			
1	Darchula		2					1										13	
2	Bahadri	1				3		2		1								10	
Mid-Western Region																			
4	Bajhang		2					2										14	After March 31
5	Bajura		2					1										13	
6	Doti		2					2										14	
7	Achham		1					2		1								12	
Mid-Western Region																			
8	Humla		2					1										9	
9	Mugu		2			1												9	
10	Dalekh		2			3		2										12	After March 31
Western Region																			
12	Kailkot		3					1										14	
13	Lumla		3					1										12	
14	Jajarkot		3					1										14	
15	Rukum		3					1		1								13	
16	Palpa		3					2										13	
Western Region																			
18	Baglung		1					2		1								12	Mini-grid
After March 31																			

Annex- 4

RERL Programme Districts

Districts internalized in AEPc	Harmonized Districts	RERL Main program Districts
Dadeldhura	Kalikkot	Darchula
Pyuthan	Jajarkot	Baitadi
Myagdi	Rukum	Bajhang
Parbat	Roipa	Bajura
Tanahun	Jumla	Doti
Gulmi		Achham
Kapilbastu		Humla
Dolakha		Mugu
Tehrathum		Dalekh
		Baglung
		Gorkha
		Sindhupalchowk
		Kavre
		Dhading
		Rasuwa
		Ramechhap
		Sindhuli
		Sarlahi
		Okhaldhunga
		Solukhumbu
		Sankhuwasabha
		Taplejung
		Panchthar
		Khotang
		Bhojpur
		Udaypur
9 Districts	5 Districts	26 Districts

- The incumbent will carry out programme activities approved by the REERL Project Executive Board (PEB) under the guidance and supervision of the Project Executive/NPD. More specific responsibilities will be:
1. Prepare Annual Work Plan with budget allocation based on the Annual Plans of the DDCs and submit it to PEB for approval.
 2. Ensure the timely mobilization and utilization of programme personnel, subcontracts, training and equipment inputs, whether these are procured by the Programme itself or by other agents.
 3. Exercise overall technical, financial and administrative oversight of the programme, including supervision of national and international personnel assigned to the programme.
 4. Carry out regular follow-up and monitoring to the districts and communities and facilitate joint monitoring visits from the centre.
 5. Ensure timely preparation and submission of required reports, including technical, financial, study tour/fellowship reports.
 6. Ensure close coordination between the program planning of REERL and AEPIC to achieve better synergy.
- Besides, the NPM will carry out tasks and/or provide supports to:
7. Support AEPIC (SREPPA) to strengthen the DDCs, line agencies, private sector, NGOs and civic society organizations to successfully institutionalize the decentralized rural energy planning and management approach as envisaged in the Rural Energy Policy.
 8. Implement activities related to the human resources development, community mobilization, private sector development, NGOs strengthening and gender and social inclusion.
 9. Maintain close cooperation with member organizations represented in AB and PEB as well as UNDP and the World Bank in implementing the programme activities.
 10. Prepare the Individual Performance Plans and Performance Appraisal Reports of all staff.
 11. Participate and encourage the participation of programme staff in different forums that may be organized by various agencies related to rural energy, local development, governance, poverty alleviation, livelihoods, and gender and social inclusion related subjects.
 12. Facilitate/Support AEPIC (SREPPA) to take lead role in networking meetings amongst the key stakeholders of rural energy systems development and other related government and donors agencies.
 13. Document and disseminate the lesson learned through studies, audio visual production and electronic means such as CD-ROM and DVD.
 14. Provide additional support as requested by the NPD, UNDP and the World Bank and as required to make the programme a success.
 15. Participate in meeting, training, workshops and events organised by UNDP.

Responsibilities:

Post Title:	National Programme Manager (NPM) – NPP 4
Duty Station:	Kathmandu with frequent travel to the districts
Duration:	Post valid for the entire duration of the programme. Service contract issued annually, if extended based on performance appraisal.

Job descriptions of REERL staff

ANNEX 5

16. Support and promote gender equality and social inclusion in program activities as well as among the project staff.

Qualifications:

The candidate should have at least Master's degree in energy/Natural resources related field or management from Nepal or equivalent University. The candidate should have at least 10 years of working experience in rural energy and rural/local development efforts with at least 3-5 years of successful managerial experience. The candidate should have relevant experiences of working with government agencies and financial institutions. Working experience with bi-lateral and multi-lateral development agencies will be given priority. Experience on planning, monitoring and evaluation of rural energy development will be an added advantage. The candidate must be computer literate. Ability to speak and write in Nepal and English is required.

Post Title: Renewable Energy Advisor (REA) (4 positions - one REA assigned in each cluster field office) - NPPP 2

Duty Station: Kathmandu/Field Office, with responsibility of frequent visit to the districts under the assigned region.

Duration: Post valid for the entire duration of the programme. Service contract issued annually, if extended based on performance appraisal.

Responsibilities:

The REA will work under the supervision and guidance of the NPM. One REA will be assigned to each REAL cluster/field office. *Until the field offices are established, 60% of REA time has to spend in the field as a mandatory function.* REA will have to work closely with other REAs assigned in different regions based on their comparative technical expertise to be used in the region of his/her assignment. REA will be responsible for ensuring achievement of all the outputs related to the installation and operation of rural energy systems, particularly the community managed micro hydro systems in the districts under the assigned region. REA will also be responsible in identifying the possible end use of the developed energy and work closely with RELPA. REA is also expected to support other Renewable Energy activities of AEPFC in the region.

Specific responsibilities of REA will be as follows:

1. Work with the DDCs to establish and strengthen DEES, DEF and other committees as per the programme procedure in the districts.
2. Provide technical backstopping to DEES to implement participatory and decentralized energy systems development package in the district, prepare annual plan, programme and budget, and implement the approved activities effectively and efficiently.
3. Support EDOs for implementation, consolidation, improvement and institutionalization of rural energy systems development package including community mobilization, human resources development, gender and social inclusion and economic and environment related activities implementation.
4. Develop and strengthen DEES as a professionally oriented organization and provide advisory support in the recruitment of staff for the DEES.
5. Monitor and review the performances of DEES at regional level: achievements, fund management, outcomes and impacts at local levels.
6. Support DEES, as the resource person, for conducting training, workshop seminar and orientation on various aspects of rural energy systems development, specifically technical subjects to staffs of

1. Work on action research and innovative strategy related to livelihoods promotion outcomes based on micro-hydropower development through end-use facilities and multi-sectoral linkages with the other sectors to make an impact on poverty alleviation and employment generation.
2. Prepare annual rural energy based livelihoods plans, programmes and budgets of the potential districts for submission to the FEB for approval and to AEPFC for the inclusion in the Government Red Book.
3. Provide advisory support to the DDCs/DEES, in identifying potential energy-linked livelihoods and environmental activities in project districts based on local assessment of skills, resources and markets.

Responsibilities: The RELEA will work under the direct supervision and guidance of the NPM. The incumbent will be mainly responsible for leading the livelihood team and supporting the NPM in formulating strategies for the effective promotion of livelihoods and environment development activities in achieving the programme outputs as appropriate and for facilitating the flow of technical advisory, innovative experiences, training and other inputs to the districts.

Duration: Post valid for the entire duration of the programme. Service contract issued annually, if extended based on performance appraisal.

Duty Station: Kathmandu, with frequent visit to the districts.

Post Title: Renewable Energy Livelihoods Promotion Advisor (RELPA) – NPP 2

Qualifications: The candidate must have bachelor's degree in Civil Engineering, Mechanical Engineering, Hydro-Engineering and Electrical Engineering and preferably a Master's degree in rural development, renewable energy, environmental management or related field. The candidate with Master degree shall have at least 5 years' practical experience of working in the energy sector in Nepal. Likewise, the incumbent with Bachelor's degree shall have at least 8 years' practical experience of working in the energy sector in Nepal. A REA must have knowledge of all the major sectoral issues and possess analytical skills in planning and management of energy development. The REA must be computer literate, trainer and facilitator. Proven abilities in English and Nepali speaking and writing are required. Preference will be given to candidates who have working experience with bi-lateral and/or multi-lateral development agencies as well as with the VDCs, DDCs and/or line agencies.

7. Prepare articles, success stories, best practices lesson learned and problematic issues related to organizations as required at the local levels.
8. Implementations of rural energy systems development.
9. Develop partnership at the regional level with other institutions working on rural development agenda to develop synergy between RELEA supported program and other initiatives.
10. Support the DDC/DEES in consolidation of RE activities and institutionalization of DEES/DEEU.
11. Provide technical inputs and work closely with RELPA, REPE and REM&EE specific to their areas of expertise.
12. Perform other duties and responsibilities as assigned by the NPM to make this programme a success.
13. Support and promote gender equality and social inclusion in program activities.

Responsibilities: The REGSIA will closely work with REAs and RELPA under the overall guidance of the NPM. The incumbent will be responsible for supporting the RELPA in formulating strategies for the effective participation of intended beneficiaries especially the poor, women, and socially excluded in project activities for achieving the outputs as appropriate and to facilitating the flow of technical advisory, innovative experiences, training and other inputs to the districts.

Duration: Post valid for the entire duration of the programme. Service contract issued annually, if extended based on performance appraisal.

Duty Station: Kathmandu, with frequent visit to the districts.

Post Title: Renewable Energy Gender and Social Inclusion Specialist (REGSIS) - NPPP 2

Qualifications: The candidate must possess a Master's degree in business administration, Sociology or other related equivalent subjects. The candidate should have at least 5 years of working experience in livelihood promotion in rural areas. The candidate should have extensive knowledge about renewable energy. The RELPA must possess research, report writing and computer skills. The candidate must have practical experience of implementing the participatory development programmes at the local level. Priority will be given to candidates with working experiences related to rural energy sector development and/or environment management. Previous working experience with bi-lateral and/or multi-lateral development agencies will be an added advantage. Ability to speak and write in Nepal and English is required.

4. Assist NPM to prepare reports, guidelines and operational modalities on rural energy based small and micro enterprises development, mobilization of the local entrepreneurs and optimization of natural resources.
5. Provide advisory support to REGSIA and REAs in preparing participatory and consultative framework, implementing economic activities and monitoring of undertaking of on-farm, off-farm and forest-based income generating activities at local levels.
6. Establish livelihood promotion indicators, assist in establishment of baseline data and develop a participatory M&E system.
7. Develop guidelines, strategies and plans for livelihood promotion activities for each cluster.
8. Work as a trainer and resource persons in the training organized by the programme for developing trained manpower on livelihoods promotion at local levels.
9. Prepare a list of priority sector line agency programs, I/NGO and donor programs directly relating to livelihoods promotion. For this liaison with line agencies, NGOs, private sector, civic society organizations, research institutions, donor agencies and others as required.
10. Prepare a quarterly progress report on all activities being done for livelihoods promotion, community mobilization, gender and social inclusion and document the implementation of all programme activities.
11. Provide additional support as requested by the NPM and as required to make this programme a success.
12. Support to develop partnership in implementation of livelihood enhancement activities with other programs and projects.
13. Support AEPCC to develop end-use livelihood promotion strategies, plans and outputs in synergy with other programs and projects.
14. Support and promote gender equality and social inclusion in program activities as well as among the project staff.

Specifically, the AFO will:

Responsibilities: The AFO will work directly under the supervision and overall guidance of NPM. The AFO will be responsible to ensure smooth administrative, human resource and financial management to the program. The incumbent shall also be responsible for smooth information flow and devote 30% of his time on human resource development matters. The incumbent will directly supervise the AFA, PA and Drivers.

Duration: Post valid for the entire duration of the programme. Service contract issued annually, if extended based on performance appraisal.

Duty Station: Kathmandu, with regular travel to districts.

Post Title: Administrative and Finance Officer (AFO) – NPPP 1

Qualifications: The candidate must possess a masters' degree on social science or bachelors in engineering (Civil Engineering, Mechanical Engineering, Hydro-Engineering, and Electrical Engineering). The incumbent with Masters Degree should have at least 5 years' practical experience of working in the rural development sector and 10 years experience for the candidates with bachelors' degree. Preference will be given to candidate with working experience in rural energy and/or environment and GSI related development works in Nepal. A REGSIS must have knowledge of all the major sectoral issues and possess analytical skills in planning and management of development programs. The candidate must be computer literate, trainer and facilitator. Proven abilities in English and Nepali speaking and writing are required. Preference will be given to candidates who have working experience with bi-lateral and/or multi-lateral development agencies as well as with the VDCs, DDCs and/or line agencies.

1. Be responsible for providing advisory supports to DEES to carryout the functions for planning and management of vulnerable community development framework in the district.
 2. Work on action research based on participatory and consultative frameworks on gender and social inclusion. Specific emphasis will be to the development of strategy and implementation modality for ensuring the social development outcomes at local levels.
 3. Develop gender and social development indicators and assist in establishment of baseline data and develop a participatory M&E system.
 4. Work as trainer and resource person in the training and orientation on gender and social inclusion and other related subjects to staffs, technicians, community people and other stakeholders.
 5. Supervise and monitor the district level operations, particularly related to the gender and social inclusion and ensure corrective measures.
 6. Network with agencies, I/NGOs and donor projects for resource pooling, collaboration and coordination for synergetic outcomes.
 7. Provide advisory support to DEES to monitor and document the achievements and lesson learned.
 8. Provide additional support as requested by the RELPA, REAs and NPM and as required to make this programme a success.
 9. Support AEPFC to develop GESI strategy for RE sector and develop capacity of AEPFC to implement such strategy across all the programs implemented by AEPFC.
 10. Support to develop partnership with other institutions to work on GSI issues.
- REGSIA is expected to devote 60% of his/her time to implement REL functions and 40% of his/her time support and mainstream gender and social inclusion initiatives in AEPFC. More specifically the REGSIA will:

1. Support data entry of information collected at field level into computer system
2. Carry out necessary analysis and prepare summary tables for reports
3. Assist REM&EE in designing, developing and upgrading MIS system as needed
4. Provide necessary support in computer operation and solve related problems.
5. Ensure regular back-up of MIS database and electronic documents stored in computers.
6. Identify and develop an appropriate GIS for central and district level offices of REERL.

Responsibilities: The MISA will work directly under the supervision and overall guidance of NPM. The incumbent will closely work with REM&EE, REAs, RELPA and REGISS on daily basis. The incumbent will be responsible to update database in line with overall M&E system developed by UNDP and also assist in communication related functions. The incumbent will also work closely and liaison with REM&EE of AEP. Specifically, the MISA will:

Duration: Post valid for the entire duration of the programme. Service contract issued annually, if extended based on performance appraisal.

Duty Station: Kathmandu, with regular travel to districts.

Post Title: Management Information System Associate (MISA) - SU 6

Qualifications: The AFO shall have a Master's degree in a relevant field with work experience of at least 7 years. The incumbent shall have experience in management of procurement, organization of training programmes and provision of secretarial and communication services. Proven abilities in English writing and computer skills are required. The candidate must have previous experience of working in the UNDP and/or the World Bank financed or implemented programmes.

1. Maintain accurate financial and personnel records of the programme as required by GON, UNDP and The World Bank.
2. Supervise administrative and financial records of DESS, SOs, MHFGs as needed.
3. Assist NPM in all matters related to financial and administrative functions of the programme.
4. Manage all correspondence related to administrative, financial and security related matters.
5. Maintain the inventory and keep records of all office equipment, furniture, fixing, and vehicle.
6. Undertake physical verification of all assets and update records.
7. Work as a resource person and trainer on administrative and financial management to train programme staffs, DESS and others stakeholders.
8. Undertake all tasks related to the audit and financial management.
9. Carry out additional support as requested by the NPM and as required to make this programme a success.
10. Carry out all the administrative coordination with all districts and regional activities.
11. Provide support to NPM, REAs and RELPA for financial planning and budget revisions.
12. Monitor and update financial delivery and timely inform NPM and team to take corrective actions.
13. Assist the NPM in preparing progress reports, situation reports and impact studies on periodic manner.
14. Timely prepare annual work plan, budget revision, quarter work plan and financial reports to be submitted UNDP.
15. Provide support to NPM in the implementation of human resource development initiatives, organize HRD related training, workshop, seminar and orientation to community people and staffs of all key stakeholders on energy technology and management.

Qualifications: The AFA shall have a Bachelor's degree in a relevant field with work experience of at least 5 years. The incumbent shall have experience in management of procurement, organization of training programmes and provision of secretarial and communication services. Proven abilities in English writing and

7. Develop a system for linking-up REFL MIS system with district office and train REFL staff on handling the system.
 8. Assist in preparing the data and analysis in proper GIS presentations in the programme reports and studies.
 9. Support in documentation and supervise the operation of Documentation Centre and Assist NPM and team in disseminating lessons and best practices as appropriate.
 10. Carry out additional support as requested by the REMEE and NPM and as required to make this programme a success.
 11. Assist AFPC to develop indicators, monitoring tools and formats for monitoring and evaluation suitable to the nature of responsibilities undertaken by REFL and its partners.
- Qualifications:** The MISA shall have a Bachelor's degree in arts, commerce, or a relevant field with at least 5 years work experience in GIS and management information system (MIS). The incumbent must have practical experience on various aspects of MIS such as data collection, data entry and data analysis and GIS such as Arc view, Arc info and other GIS related software. Priority will be given to candidate with practical experience on documentation and publication works. Preference will be given candidates with previous working experience with national level communication and publication house, bi-lateral and/or development agencies. Abilities in English writing and computer skills are required.
- Post Title: Administrative/Finance Associate (AFA) – SU 6**
- Duty Station:** Kathmandu, with regular travel to districts.
- Duration:** Post valid for the entire duration of the programme. Service contract issued annually, if extended based on performance appraisal.
- Responsibilities:** The AFA will work directly under the supervision of AFO and overall guidance of NPM. The AFA will be responsible to ensure smooth administrative and financial management to the programme. Specifically, the AFA will:
15. Maintain accurate financial and personnel records of the programme as required by GoN, UNDP and The World Bank.
 16. Assists AFO in the preparation of financial records of DESS, SOS, MHFGs as needed.
 17. Assist AFO and NPM in all matters related to financial and administrative functions of the programme.
 18. Manage all correspondence related to administrative, financial and security related matters.
 19. Maintain the inventory and keep records of all office equipment, furniture, fixing, and vehicle.
 20. Undertake physical verification of all assets and update records.
 20. Assist AFO in training on administrative and financial management to train programme staffs, DESS and others stakeholders.
 21. Assist AFO to undertake all tasks related to the audit.
 22. Carry out additional support as requested by the AFO and NPM and as required to make this programme a success.

computer skills are required. The candidate must have previous experience of working in the UNDP and/or the World Bank financed or implemented programmes.

Post Title: Project Assistant – SU 5

Duty Station: Kathmandu

Duration: Post valid for the entire duration of the programme. Service contract issued annually, if extended based on performance appraisal.

Responsibilities:

The PA will work directly under the supervision of AFO and overall guidance of NPM. The PA will be responsible to ensure smooth administrative and secretarial functions of the programme. Specifically, the PA will:

1. Maintain records of activities or works to be done by all teams and NPM.
2. Analyse and advice project team on travel, security or other operational and logistical issues.
3. Assist the MIS&CA to collect lessons and managing knowledge.
4. Handle the office reception and related tasks.
5. Handle and support REAs in organising all travel related matters
6. Supervise telephone system, facsimile, photocopier, internet, e-mail, etc.
7. Arrange appointments as required by programme staff
8. Assist AFA in maintaining filing system, mailing, data entry, vehicle log books and inventory lists.
9. Manage vehicle pool and office equipment.
10. Carry out additional support as requested by the AFO and NPM and as required to make this programme a success.

Qualifications:

The PA shall have an intermediate level degree in a relevant field with working experience of at least 5 years. The candidate must be computer literate and must be fluent in writing and speaking English. Previous experience in the UNDP and /or the World Bank funded programmes will be an added advantage.

Post Title: Drivers – 4 Positions – SU 2

Duty Station: Kathmandu and/ or Districts, with frequent travel to programme districts/VDCs

Duration: Post valid for the entire duration of the programme. Service contract issued annually, if extended based on performance appraisal.

Responsibilities:

The Driver will work directly under the supervision of AFO, PA and overall guidance of NPM. The driver will be responsible to ensure smooth and safe driving and maintenance of the office vehicle. Specifically, the Driver will:

1. Drive the assigned office vehicle as per the rules and regulations specified.
2. Ensure safe driving of the office vehicle as the schedule prepared.
3. Keep daily log of vehicle movement and fuel consumption as prescribed.
4. Assist OS in collection and distribution of programme related mails and documents.
5. Carry out additional support as requested by the AFA and NPM and as required to make this programme a success.

Qualifications: The Driver must hold a valid driving license for car/jeep and motorcycle with the minimum of 10 years of driving experience in both all weather and fair weather roads. The incumbent must be able to read and write Nepali and English. Priority will be given to candidate with the working experiences in the development projects and at local levels. Previous experience in the UNDP and/ or the World Bank funded programmes will be an added advantage.

Annex-6 M & E Framework

Project Title: Renewable Energy for Rural Livelihood
Atlas Award ID:

Outcomes, Outputs and Activity Results	Indicator(s)/ Quality Criteria	Baseline(s)	Target(s)	Source(s)/ Means of Verification	Timing	Tracking		
						Current status	Last date of measurement	Remarks on progress
National priority or goal: Peace Building								
UNDAF Priority No. 1: Consolidating Peace; National Institutions, processes and initiatives strengthened to consolidate peace								
CPAP Outcome 4.1: Environment and Energy mainstreamed into national and local development planning with a focus on gender, social inclusion and post-conflict environmental rehabilitation.	# of new remote VDCs connected by energy based services and increased income of communities living in those districts.	From 40 districts, 10,442 additional households have been electrified through REDP	25 districts connected by energy based services and increased income of communities living in those districts	Project Progress Reports Alternative Energy Promotion Centre progress reports	2012			
CPAP Output 4.1.1. Equitable access to renewable energy services	% of Dalit, Janajati and ethnic/religious minorities connected to	2091 HHs of Dalit and Janjati and 4,027 HHs of other ethnic/	100% coverage in programme	Project Progress Reports	2012			

expanded to rural areas to support local livelihoods	energy services	religious minorities were connected to energy services	VDCs					
	% of energy based enterprises owned by Dalits, Janajatis and minorities	495 enterprises were established, out of which around 80% belong to Dalit, Janjati and ethnic minorities.	Maintain 80% of energy based enterprises as owned by Dalits and Janajatis in the programme VDCs	Project Progress Reports	2012			
	% of women or women's groups having energy-based micro-enterprises	198 women owned energy based enterprises. 41% of energy based micro-enterprises owned by women or women's groups (<i>baseline established for 2009</i>)	50% of total energy based enterprises owned/run by women at the end of 2012	Project Progress Reports	2012			
	Proportion of traditional fuels in the total household energy consumption	35% consumption of traditional fuels reduced in the programme VDCs (2009) No new data (Survey not conducted in 2010, in 2011 survey will be conducted to assess the fuel-wood consumption)	45% reduction in programme VDCs by end of 2012	Project Progress Reports	2012			

Local Project Appraisal Committee Meeting
for

Renewable Energy for Rural Livelihood

21 March 2011

UN Conference Hall
Pulchowk, Lalitpur

Minutes

Participants: As per Annex 1

Agenda:

1. Welcome remarks by Mr. Jorn Sorensen, Deputy Country Director (DCD), UNDP
2. Presentation of draft project document by Energy, Environment and Climate Change Unit (EECCU), UNDP
3. Discussion
4. Conclusion/closing remarks by:
 - Dr. Narayan Chauagain, ED, AEPC
 - Mr. Jorn Sorensen, DCD, UNDP (Vijaya Singh, ACD, UNDP)

Proceedings:

Mr. Jorn Sorensen welcomed all the participants and highlighted the purpose of holding Local Project Appraisal Committee (LPAC) meeting for the transitional phase of new energy programme "Renewable Energy for Rural Livelihood". He expressed UNDP's interest to expand the support in renewable energy sector beyond 2012 and shared that this proposed project will pave the way for a more coordinated and full-fledged program in future.

He then requested the Energy, Environment and Climate Change Unit to proceed with the presentation of draft project document as per the agenda.

Mr. Vijaya Singh, Assistant Country Director – EECC Unit introduced the team involved in the preparation in the REFL document

- Consultants - Dr. Govind Nepal, Dr. Madan Basnyat
- Climate Change Programme Analyst, UNDP – Ms. Anupa Rimal Lamichhane

Dr. Basnyat and Ms. Lamichhane made a presentation on REFL project document (Please find Presentation as Annex 2).

Points raised and discussed:

Mr. Khadka (NPC) appreciated the presentation and the well written document; he requested for clarity on district selection and wanted to know whether ongoing REDP districts were being continued or new sites were proposed under REFL program.

Mr. Nepal (MOLD) requested clarity on support/regularization of positions under DDC (DEES/U) and suggested that for institutionalization of DEES/U within DDC further collaboration with MOLD was needed. He also shared that currently DDC are preparing their periodic plan and it is the right time to discuss to include such an arrangement. This will help the DDC team to allocate budget/provisions accordingly. He also enquired if RERL is a centrally implemented program or whether DDC is implementing the activities under RERL. He raised following points for clarification,

- a) if DDC is an implementing partner then AEPFC should only facilitate and not implement because this will create confusion
- b) currently there is weak partnership between AEPFC and DDC, as DDC plays a supportive role in implementation of AEPFC funded/supported programs and to strengthen the partnership, DDC should be able to commit funds for the energy program
- c) linkage with DOLIDAR (MOLD) is missing which has a mandate to work on infrastructure matters; identifying DOLIDAR's role will prevent operational level conflict later at the time of internalization
- d) fund flow mechanism as presented in the project document doesn't provide linkage to DDF
- e) cost overrun should not be termed as risk and the project should limit its activities within the approved budget, however market inflation can be taken as a risk factor.

Mr. Shiva Paudyal (Danish Embassy) appreciated the transitional RERL document which reflects to support the harmonization of renewable energy program within AEPFC which could later on build foundations for Sector Wide Approach. DANIDA is currently supporting AEPFC to set up harmonized approach and to develop a national Renewable Energy Program. He added that RERL needs to coordinate and collaborate with ESAP II program to avoid any duplication because both the projects are working on similar areas. He requested AEPFC to prepare a strategic plan to coordinate between two projects for better management.

Mr. Lamichhane (ADDCN) highlighted the important activities undertaken by ADDCN and NAVIN to promote PPP model and the advocacy work towards internalization of DEES/U under AEPFC/DDC/RDP-programme. He flagged out that the new RERL document plans to strengthen the local governance system, however, he pointed out that the role of ADDCN is not very clearly mentioned in the document and requested for inclusion in the document. He also requested for clarity regarding the human resource plan/recruitment of staffs under RERL project, where some positions are transferred from RDP III and few new positions are identified.

In the same line **Mr. Upadhyay (NAVIN)** suggested that the project should focus on decentralized renewable energy system at the community level. He pointed out that design of activities are not adequate enough to highlight the role of these associations. He shared few activities like training packages on renewable energy promotion and formulation of PPP guidelines that is currently being prepared with the assistance of these associations should be reflected in the analysis document and likewise, can benefit directly from the work and focus on implementation of training packages and guidelines for the new programme during implementation.

Mr. Thomsen (ESAP II) appreciated the alignment between RERL and ESAP II program. He pointed out three areas for improvement, a) linkages with SRFP, b) component 3 of the RERL programme can build on from ESAP II interventions where a lot of work has slowly

been done for strengthening financing mechanisms under this component, c) the term grant and subsidy is missing from the document which needs to be included for clarity.

Mr. Yamashita (WB) pointed out GON/AEPC has not confirmed with WB formally on the transition period of REDP/REEL and the transfer of funds to REEL from April 2011. WB raised concerns regarding the formalising of the process would not be completed before April 2011; hence requested immediate action from AEPC to inform WB formally.

Mr. Sharad Neupane (UNDP), while appreciating the new programme document, suggested preparing an exit strategy in the initial phase of the project to internalize the DEES/U as envisaged in the programme document. He suggested that the staff and salary structures should be made similar to DDCs so that it will be easier to integrate later. He also suggested that energy being one of the important activities under DDC, the project team should focus on how to utilize block grants to support the energy projects at the local level in an efficient manner. He also pointed out that with regards to REDP, the new programme should provide maintenance to the older systems which were installed under REDP phase. He alerted the programme team to be cautious while making linkages with loan facilities, so that the community should not be held liable to pay high interest rate. He requested the team to prepare a strategic/realistic financial plan to support the well-being of the community.

Ms. Bhattarai (UNDP) pointed out that the livelihood component is small and doesn't correlate well with the name of the project REEL which in her opinion needs to be changed. She also enquired if a cost benefit analysis of REDP was undertaken before up-scaling into another renewable energy programme. Since the programme's important component is livelihood, linkage with MEDEF is not very clear and the analysis of gender with focus on women is presented thinly in the programme document.

Mr. Sorensen (UNDP) welcomed all inputs, comments and suggestions and assured the participants that the ECC team will try to incorporate as appropriate in the REEL programme document. He excused himself from providing the concluding remarks because of time limitation and handed over the responsibility to Mr. Vijaya Singh, ACD to represent him.

Dr. Chaulagain (AEP) and Mr. Singh (on behalf of UNDP) thanked everyone for all their contribution and provided his inputs and clarifications on the concerns and queries raised. They appreciated all the suggestions and confirmed to incorporate as far as possible in the project document.

- On the query of site selection, Mr. Singh and Ms. Lamichhane clarified that REEL project sites are consolidated from REDP sites mainly focusing on ongoing MH schemes, accessibility and pilot initiatives under AEPC.

- Regarding the regularization of DDC positions, Mr. Chaulagain clarified that AEPC will currently be supporting the positions under DEES/DEEU under DDC. However he also informed that regularization needs to be done within the MOLD/DDC management structure in future. AEPC is planning to devise mechanisms on the internalization

- Special focus is necessary for donor harmonization

Dr. Narayan Chaulagain, in his remarks thanked all the participants for their valuable contribution in the LPAC meeting. He further summarized the following points and highlighted the areas of improvement which needs to be taken into consideration by AEPF and RERL as follows.

Conclusion:

and recruiting new position which has new TORs. was finalized by continuing with few positions where there was no change in the TOR while finalizing the HR plan. Hence, based on the analysis, the RERL recruitment plan different stages of installation and this factor was also taken into priority consideration at the WB-MHVER component, under which various MH schemes are currently at working with REDP. Dr. Chaulagain emphasized that it is also important to understand be crucial to implement the project and not based on people that are currently was analyzed jointly by UNDP/AEPF focusing on functions of the positions that would Regarding the recruitment, Mr. Singh (UNDP) shared that the human resource plan

limitation. The inputs will be incorporated in the larger programme document. provide a foundation for the full-fledged RERL programme hence it has its own component will receive more weight-age; however, the current draft document is to document is a transitional project document and in the full-fledged phase this Regarding livelihood component, Dr. Chaulagain clarified that the current draft

RERL will try to reflect in the project document to formalize this partnership. MOU is also established between DDC and AEPF for such an arrangement. However, informed that such a partnership arrangement (5% of DDC fund currently is planned for energy sector) is in practice under REDP implemented project sites. The formal Regarding DDC matching funds, Mr. Singh thanked MOLD for this proposal and also

with MOLD to support the internalization model. been conducted at all the supported DDCs. It was highlighted that AEPF needs to work the support of REDP via ADDCN/NAVIN the capacity strengthening activities have associations will be guided by AEPF. Mr. KM Singh (REDP) added that currently with associations under RERL would be vital. He clarified that the support of both the He emphasized that similar coordination and advocacy related role of these both these institutions to implement PPP and DDC level institutional advocacy work. Clarifying the role of ADDCN/NAVIN, Mr. Singh shared that REDP supported the role of

process for which operation guidelines are being finalized with the assistance from ADDCN.

- With this assurance, he thanked all participants for their valuable contribution and endorsement of the project. The meeting adjourned at 13:45 hours.
- The proposed programme document on REEL has been approved by LPAC.
 - The programme document for REEL will be improvised based on the review, comments and inputs received.
 - UNDP will present the revised document to the Government for signatures.
 - The LPAC minute will be shared to all the participants for further comments, if any.

At the end, **Mr. Vijaya Singh**, in his closing remarks thanked all the distinguished participants for their valuable remarks and comments made on the new pro-doc of REEL. He concluded the LPA meeting with following note.

- implementation of RE programmes.
- AEPF will be working closely with ADDCN, NAVIN and MOLD for the currently under discussion at the higher ministerial level
 - GON has already started to strengthen the relationship between MOLD and AEPF and as a result MOLD has been proposed for AEPF board which is all its activities in WB MHVEP project districts.
 - GON has taken a very strong priority to complete WB MHVEP of 4.25 MW and due to this reason the current transitional document of REEL respects this commitment as the strategic focus for the initial two year (2011/2012) to align districts like MEDEP, PAF and other for livelihood component
 - RE programmes will have linkages with other programmes in the respective districts like MEDEP, PAF and other for livelihood component
 - RE programmes will mobilize community participation
 - Future energy programs will be aligned under SWAF approach to avoid duplication and promote horizontal sharing