

# In The Know

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News of the month

## UNDP Regional Director visits Nepal

Mr. Ajay Chhibber, UN Assistant Secretary General and UNDP Assistant Administrator, and Director of the Regional Bureau for Asia and the Pacific was in Nepal from 28 April-1 May to gain a first hand sense of the current development situation and exchange views on the relevance of current and future UNDP projects and programmes.

While in Nepal, Mr. Chhibber met with the Rt. Honourable Prime Minister Mr. Madhav Kumar Nepal, the Honourable Minister of Finance, the Honourable Vice Chairman of the National Planning Commission, other senior officials, international donors and civil society representatives.

During the meeting with the Rt. Honourable Prime Minister Mr. Madhav Kumar Nepal, UNDP's support to the peace process and Nepal's progress towards achieving the Millennium Development Goals were discussed. During discussions on the peace process and the current political situation, Mr. Chhibber emphasized that "non-violence is vital at this time and all

parties must show restraint and respect for democratic processes. Visionary leadership, dialogue and compromise are needed to navigate successfully through the current impasse".

In the meeting with the Honourable Vice Chairman of the National Planning Commission, Mr. Jagadish Chandra Pokharel, Mr. Chhibber noted that Nepal has made significant progress on the Millennium Development Goals (MDGs) over the last decade despite the difficult economic situation. The country is largely on track on a number of goals such as those related to child mortality, maternal health income poverty and combating HIV/AIDS, malaria and other diseases.

The Honourable Minister for Environment, Mr. Thakur Prasad Sharma and Mr. Chhibber jointly inaugurated Nepal's first 100 KW micro-hydro power plant at Bom Khola in Lukla. The plant was built by



UNDP Regional Director Mr. Ajay Chhibber officially launching the Bom Khola 100 kw micro hydro plant in Lukla

the local community under a joint venture of the Government of Nepal (Alternative Energy Promotion Centre), **UNDP's Rural Energy Development Programme** and the World Bank. The plant provides electricity to a total of 193 households in Lukla, and has contributed significantly to a rise in the local economy and helped changing the lives of the residents of Lukla, especially women and has large environmental benefits.

During his visit to Nepal, Mr Chhibber along with Dr. Yubaraj Khatiwada, Governor of Nepal Rastra Bank, also gave a key note address at a regional conference on the Impact of the Global Financial Crisis on South Asia.

## Micro hydro illuminates Lukla– gateway to the Everest region

The 100 kw Bom Khola micro hydro plant—a joint venture of the Alternative Energy Promotion Centre of the Government of Nepal, UNDP **Rural Energy Development Programme (REDP)**, the World Bank and the local community has brought a huge change in Lukla with the generation of power. The project is the first and the largest system built and owned by a local community in the country.

Commissioned on 6 June 2008, the plant provides electricity to a total of 193 households, of which 147 have been converted into hotels and lodges and the house owners have become hotel managers. The remaining 46 households belong to poor families, who would have never dreamt of having electricity in their houses had the project not been launched in the village. The generation of electricity has significantly contributed to the economy and lives of people in Lukla whose main source of income is tourism.

A quick short walk in the Lukla market can lure a person to stay for some extra days. Electricity has enabled people to run restaurants, bakery with internet and email facilities, retail shops, tailoring centres, ironing centres, coffee houses and pubs with little disco theatres and even a movie house besides the general lighting and heating. The hot cakes and apple pies coming out of the microwaves and big ovens give warmth to the place and a different ambience that holds one in the place for quite a while and the shining coffee machines have expanded the choices of coffee for the visitors. Around four dozen hotels and lodges are serving visitors in Lukla, often known as the gateway to the Everest Region.

Ang Phurba Sherpa, the local community project manager says that they intend to expand the work to generate electricity in two adjoining Village Development Committees with the support of REDP. "There will be 100 per cent electrification in Lukla after this", he said.

Dawa Sherpa of Paradise Lodge and Restaurant says, "Electricity generated has helped to reduce deforestation immensely. People do not have to cut trees for firewood."

Phurung Gyaltsen, the owner of Irish Pub in Lukla says, "After the electricity came, I saw better prospects of earning in my own birthplace so I returned back to my village and opened this Pub. I finished my higher studies in Kathmandu."

Dawa Tshiring of Himalayan Lodge takes pride in hosting diplomats and famous personalities. He says, "Lukla was dark and all we had was solar energy but now we have been able to provide



German Bakery which offers internet and email facilities



Phurung Gyaltsen's little Irish pub



Pasang is running her Khumbu lodge very successfully



Bom Khola power house that was inaugurated

## Special Feature

much better services to our guests with the generation of electricity. People are connected to the outside world through internet and email access otherwise Lukla was like a separate planet before”.

The other major innovation of this project is that all electric lines have been put underground and are connected to clean and inconspicuous connection boxes to protect the natural scenery, contrary to other places where wires are hanging up on the air or tied untidily up on the poles and houses. Situated at 2,860m altitude, Lukla is one of the favourite destinations of mountaineers, hikers and tourists in general. The small Tenzing-Hillary airport built in 1964 with the support of Sir Edmund Hillary receives at least 8-10 scheduled flights and 4-5 private helicopters per day during the peak season (March-April, Sept- Oct).



From the Right: Hon'ble Minister for Environment Mr. Thakur Sharma, RBAP Director Mr. Ajay Chhibber, UNDP Resident Representative Mr. Robert Piper and Country Director Ms. Anne-Isabelle Degryse-Blateau, during the inauguration of the micro-hydro plant in Lukla

### Inauguration of Bom Khola micro-hydro plant

The Minister for Environment Mr. Thakur Sharma and UNDP Director of the Regional Bureau for Asia and the Pacific, Mr. Ajay Chhibber jointly inaugurated the 100 kw Bom Khola micro-hydro plant in Chaurikharka Village Development Committee of Solukhumbu district on 29 April 2010.

Addressing the inaugural function, Minister Sharma said hydropower projects like this are beneficial to people and are necessary to lessen the dependency of local people on forest resources for energy.

Mr. Chhibber lauded the role of the Government of Nepal, donors, the Rural Energy Development Programme and the local community for this big achievement. He said, “UNDP is always there to support the rural communities. These kind of projects need to be replicated in other villages as well.”



Hon'ble Minister for Environment Mr. Thakur Sharma, RBAP Director Mr. Ajay Chhibber and the visiting team for the inauguration of Bom Khola micro hydro plant. Photo taken in Lukla airport

The total cost of the Bom Khola Micro Hydro Plant amounted to Rs. 23,245,598

1. REDP/AEPC (the World Bank)	: Rs. 9,183,893	40%
2. Buffer Zone	: Rs. 5,388,900	23%
3. TRPAP (UNDP project)	: Rs. 3,000,000	13%
4. Community	: Rs. 5,672,805	24%
Total	: Rs. 23,245,598	100%

## Support to the Peace Process

**Voter registration piloting exercise completes**

The Election Commission has just completed the voter registration pilot exercise with the new digital photo and fingerprint recognition system in seven Village Development Committees of five districts- Kathmandu, Solukhumbu, Rupendehi, Dang and Dadeldhura with the Danish assistance.

A two member international appraisal mission was jointly assigned by the DANIDA and DFID to assess the effectiveness of the new voter registration system. The Carter Centre also assigned its observers to these five districts.

A satisfactory feedback was received from the observers as the whole exercise was implemented smoothly. The people who were interviewed



**A voter being photographed and registered**

were very positive about this new system. "Now nobody can capture my vote", was a phrase often heard. The ultimate objective will be to have an updated voter list reaching out to all eligible voters, cleaned out of possible duplicates.

The UNDP **Election Support Project** is actively engaged in donor coordination, facilitation and technical backstopping for the whole process since the last one year when it actually started designing the concept and the paper with the Election Commission.

**DFID, UNDP join hands to support Election Commission**

The UK's Department for International Development (DFID) and **UNDP Electoral Support Project** signed a £ 961,823 cost-sharing agreement to support the Election Commission of Nepal (ECN).

This additional resource will be used to purchase the voter registration equipments such as laptops, webcams, finger print scanners, power generators, server systems for the central and all district election offices.



**Data entry with photo for new voter roll**

## News from the field

**Sale of rice husk stoves on the rise**

Rice husk stoves have been gaining popularity in the Terai region. *Metal Nepal*, a Bhairahawa based enterprise with its 60 employers produces 300 stoves in one day under the enterprising leadership of Shekhar Rayamajhi. One rice husk stove is being sold for Rs. 625 thanks to mass scale production. Earlier it used to be sold for Rs. 900. Rayamajhi has sold more than 100,000 rice husk stoves in the Terai region in the past one year.

The **UNDP Global Environment Facility (GEF), Small Grants Programme** initially piloted this enterprise in Bara district in 2007 through the *Nature and Human Development Centre (NHDC)*, an NGO. An associate of this NGO, Rayamajhi established a rice husk stove manufacturing unit in Bhairahawa.

He also franchised the rice husk stove production to a Lucknow (neighbouring state in India) based entrepreneur who is also producing 200 stoves every day.

"The rice husk stove is popular because it is cheap, readily available and simple to use," says Rayamajhi. After spending more than a decade in Australia, Rayamajhi finds it very satisfying to be a successful entrepreneur in his own country. He further adds, "one kg of rice husk costs only 40 paisa (100paisa=Rs.1).



Rice husk stoves being taken to the market for sale

Even a poor household can cook one meal with 1 kg of rice husk. A household that uses rice husk stove saves Rs. 8,000 per annum as the rice husk replaces firewood. Besides the economic benefits, it saves environment as it saves forest, reduces indoor kitchen pollution and saves women many hours of collecting firewood."

**Drinking water tap changes lives of the rural poor**

The construction of the Utisedi drinking water scheme has brought a big relief to the residents of Tamakot in Kalidanda village of Achham district, a remote settlement, 44 kilometers away from the district headquarters Mangalsen. Due to the availability of the water tap nearby, the villagers are able to keep themselves clean and healthy. There are less chances of suffering from water-borne diseases and the number of people suffering every year from diarrhea has greatly reduced. With the availability of water at accessible distance, people now have also constructed toilets in their houses and sanitation has improved immensely—"all thanks to the support of UNDP **Quick Impact for Peace Support Initiative (QIPSI)** Programme" say the villagers.

The project was prioritized, planned and formulated by the members of the community themselves. The total cost was estimated by the Local Development Fund Board (LDFB) to be Rs. 301,408 out of which QIPSI grant was Rs. 237,112.00 and community contribution Rs. 64,296.00. A contractual agreement was made between the LDFB and the Users Group and the project was completed in stipulated time. The community monitored and were part of every decision making process.

Out of a total of 61 households, 23 are *dalits* (previously categorized as low caste and untouchable). The tap is now shared by all castes and there is no discrimination in the use of water. The time saved in fetching water is spent on other domestic chores and children are able to go to school on time. The difficult days are gone, especially for women!



Constructed tap at Tamakot

## Partnership for Development

## Microfinance services to be expanded to hills and mountain regions

The **Enhancing Access to Financial Services (EAFS)** project was launched on 8 April by Dr. Yubaraj Khatiwada, Governor of the Nepal Rastra Bank (Central Bank) in the presence of the representatives from microfinance institutions, donors, development partners and other stakeholders. The project provides grant support to selected microfinance institutions to enable them expand their services in 24 districts in the hills and mountain regions covering 54 out of 75 districts in the country. The major objective is to provide access to affordable financing to very remote areas and poor people.

The project is implemented by the *Nepal Rastra Bank* with technical and financial assistance from UNDP and UNCDF. The first phase of the project cost is US\$10 million and UNDP and UNCDF have committed US\$ 1.5 million each.

This is UNCDF's first intervention in microfinance sector in Nepal to promote inclusive finance bringing in its rich experience from other countries. Eight Micro Finance Institutions (MFIs) of the country have been selected through a rigorous evaluation process to become partners in the outreach which is supported by a Performance Based Grant Agreement. These eight MFIs will receive in aggregate over US\$ 1 million to help meet the additional cost associated with frontier expansion to reach new rural and remote based clients. The target of these MFIs is to reach an additional total 200,000 rural poor households

during the project period - until July 2012.

Addressing the event, Dr. Yuba Raj Khatiwada, Governor of the *Nepal Rastra Bank* which is

responsible for the oversight and promotion of microfinance institutions stated, "the MFIs have to be more proactive to increase their outreach in the hill and mountain regions with diversified services including crop insurance, health/life insurance etc. The challenges of operating in rural hills are high and the loan affordability of people is low." He further stated that microfinance policy refinement is important for meeting the present economic challenges.

Speaking on the occasion, UNDP Country Director Ms. Anne-Isabelle Degryse-Blateau said, "the project is designed to start making a difference in the lives of the rural poor by creating opportunities for economic development. At present only 4 percent of the rural poor in the hill and mountain regions are covered by microfinance institutions. This project will make credit, closer and more accessible to these deprived people. This will also provide them opportunity to take loans at a reasonable rate of interest, contrary to the current situation where people



Exchange of Performance Based Grant Agreement document between Mr. Ram K. Shrestha, CEO of *Swabhalamban Micro Finance Institution* and the National Programme Director of EAFS, Mr. Vishnu Nepal

are paying up to 60% interest rate." The Government of Nepal has stressed the importance of the microfinance sector and is now in the process of implementing the **Microfinance Act 2008** to regulate and develop the sector. Microfinance had been one of the important agendas of the Government to address poverty since 1970s when it first introduced the *Small Farmers Development Programme*.

This is the first time that the Government of Nepal at the central level and UNDP have come together to provide access to financial services for the rural poor. In the past, UNDP has worked with the rural poor communities through social mobilization programmes in partnership with the District Development Committees and Village Development Committees. The MFIs feel encouraged by the partnership which enables them to serve a larger section of the rural population in the hills and the mountain regions where they had not been able to reach due to high cost of operation.

## Partnership for Development

## Finnish youth politicians visit Nepal

Eight Finnish youth politicians (23-29 years) were on a week long visit to Nepal from 9-18 April to observe development activities, understand governance systems and observe environment and climate change related programmes. Coordinated by UNDP Finland and Demo Finland (INGO), the visit of the Finnish Youth Politicians was facilitated by UNDP in Nepal.

While in Nepal, the youth politicians interacted with the Nepali youth politicians, met with the Constituent Assembly members working on the Millennium Development Goals and with the UN Youth Advisory Panel—comprising of young eight members from all the sections of society who advise the UN Country Team on various youth related issues.

To understand corruption issues in Nepal, the team met with the Director of Transparency International, Mr. Ashish Thapa. To gain a perspective on the transition period and the constitution making process in Nepal, the team visited the Centre for Constitutional Dialogue and witnessed the support rendered by UNDP in the Constitution making process in Nepal. They also met with the Honourable Vice Chairman of the National Planning Commission, Dr. Jagadish Chandra Pokharel and Mr. Minendra Rijal, Minister for State, Ministry of Federal Affairs, Constitutional Assembly Parliamentary and Culture Affairs.

As environment conservation is one of the most important agendas of the Government of Finland, the Youth Politicians went to observe various

ongoing UNDP environmental programmes in the mid-western region of Nepal.

They visited the Bardiya National Park, where they were briefed by the **Wetlands** project on the critical issues and importance of preserving wetlands. They also observed conservation activities in and around *Ghodaghodi Lake* in Dhangadi.

The team interacted with community forest user groups supported by the **Western Terai Landscape Complex Project** in the Mohana corridor in Kailali district and also participated in the plantation of tree saplings in the forest area.

The team gained a firsthand knowledge of the successful community conservation initiatives with very little support from the state.

The communities expressed their strong desire to expand the conservation activities and make their adjoining villages a model of community forestry and a hub for tourism. The young politicians also learned how women micro-



Finnish youth politicians with CA members



Watching the conservation activities in Ghodaghodi lake



Interacting with the Community Forest Users Group in Kailali

entrepreneurs started their fishery project and how it is making impact on their lives and status. Highly impressed by the huge natural resources and rich bio-diversity, the team left with a message that Nepal should invest enough resources to save the incredible rivers, forests and mountains which are invaluable to bring in more resources to the country and the local communities through tourism.

## Regional conference on the impact of the Global Financial Crisis

The UNDP Regional Centre for Asia Pacific in collaboration with UNDP Nepal and the National Planning Commission hosted a South Asia conference on the Impact of the Global Financial Crisis and their linkages with the Millennium Development Goals (MDGs).

The audience for the conference were about 40 representatives from South Asia (focal points from the Government, UNDP Country Offices and NGOs or Civil Society Organisations).

The overall objective of this workshop was to share findings of

the country level studies with policy makers, CSOs, academia, donors, media and UNDP Country offices.

The workshop was planned with the intention of exchanging knowledge on the social and economic impact of the crisis; sharing lessons learned and to provide policy makers in the respective countries with experiences in implementing social safety nets and lessons learned in implementation.

Opening the workshop, Regional Director for Asia and the Pacific Mr.



Participants at the regional conference

Ajay Chibber said, "While the Asia region has done well to rebound from the crisis, there remain important challenges ahead to ensure an Asian Century, and with political stability Nepal could benefit enormously from the rapid growth in the region."

## Consultations for the next APHDR on Climate Change kicks off

The South Asia consultation on the next *Asia Pacific Human Development Report (APHDR) on Climate Change* took place in Kathmandu from 29-30 April. About 35 participants from nine different countries participated in this workshop. The participants were representatives of governments, intergovernmental organisations, UN agencies, civil society, academia, think tanks and media institutions based in the respective sub-region.

This report will be the fourth in a regular series, led by the Human Development Report unit, housed at the UNDP Regional Centre in

Colombo. The main purpose of the consultation was twofold: one part was to introduce the South Asian stakeholders to the Asia-Pacific HDR history, concept, process and the proposed approach for the next APHDR. The second part was to identify South Asian perspective(s) and priorities on climate change and human development to advance the discussions on the report, taking into account the suggestions received from other consultations held in the region.

The 2010 APHDR on Climate Change seeks to bring a unique perspective to this theme by providing new and innovative Asia-Pacific thinking on key

ingredients for a more sustainable pathway.

The APHDR will seek to identify policy levers that can be used to begin to encourage a broad scale shift in mindset – towards a new development paradigm for Asia-Pacific by looking at a number of distinct groups of people across the region already being affected by climate change, but who also have high aspirations and are 'on the move' socio-economically. The consultation workshop was concluded by Mr. Ajay Chibber, UN Assistant Secretary General, Assistant UNDP Administrator and Regional Director for Asia and Pacific.