

PRESS RELEASE

Alternative Energy Promotion Centre and Green Climate Fund sign US\$ 21.12 Million grant to promote the adoption of Clean Cooking Solutions (CCS) in Nepal's Terai region for climate change mitigation and adaptation.

Alternative Energy Promotion Centre (AEPC) and the Green Climate Fund (GCF) today signed a US\$ 49.15 Million Funded Activity Agreement (FAA) to implement the project titled **Mitigating GHG emission through modern, efficient and climate friendly clean cooking solutions**. The funding proposal was approved on 7 October, 2021 by the 30th Board Meeting of the GCF and is the first approved project of a Direct Access Entity (DAE) from Nepal. The project will receive grant amount of US\$ 21.12 Million (Rs. 2 Arab 55 Crore) from the GCF with US\$ 20.95 from the Government of Nepal and US\$ 7.06 from the partner Municipalities and Rural Municipalities as co-financing. Activities will include scaling up the deployment of clean cooking technologies through accelerated investment and market development. This includes installation of 500,000 Electric Stoves, 490,000 Tier 3+ ICS and 10,000-biogas plants.

The FAA was signed by the Executive Director of AEPC, Dr. Madhusudhan Adhikari on behalf of the Government of Nepal and Ms. Veronica Galmez on behalf of Mr. German Velasquez, Director, Division of Mitigation and Adaptation, GCF. Dr. Adhikari stated, "The project will underpin Nepal's efforts to shift towards clean fuels and cooking technologies. Scaling up the government initiative on CCS, the proposed project aims at reaching one million households of the Terai region and reducing an estimated 6.51 million tons of CO₂eq". He further added, "Significant reduction of fuel wood consumption will result in improved health and create more employment opportunities especially for women and vulnerable communities. From a macro-economic perspective, the project will support immensely to reduce Nepal's burgeoning trade deficit that relies heavily on imported fossil fuel".

Mr. Ishwori Prasad Aryal, Joint Secretary, International Economic Cooperation and Coordination Division, Ministry of Finance and NDA focal point said, "This is a milestone for Nepal whereby the first project of DAE has been approved by the GCF". Mr. Aryal added, "This has opened up new pathways for DAEs from Nepal to access and mobilize resources from the GCF to realize the Nationally Determined Contribution (NDC) ambitions towards reducing emissions and climate resilient development and accelerating climate action with the goal to achieve net zero emissions by 2045 as per Nepal's Long Term Strategy for Net-zero Emissions".

The project will help Nepal to address the barriers in the sector ensuring access to finance, regulatory frameworks, quality assurance, strengthening supply chain and empowering institutions to create an enabling environment for CCS in long-term.

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Ministry of Finance
Kathmandu