Dear Readers

I take immense pleasure in informing you that the Delegation of the European Union (EU) to Nepal assumed full Lisbon duties starting 1st of July, 2012 as called for by the Lisbon Treaty signed and endorsed by all the EU Member States in 2010. Many readers might be wondering what this means? It may be recounted that the Lisbon Treaty paved way for the creation of the European External Action Service (EEAS) with the objective of putting into place a more coherent, timely and coordinated common foreign and security policy for the EU.

In November, 2009, Catherine Ashton was appointed the High Representative of the Union for Foreign Affairs and Security Policy and Vice President of the European Commission. As part of the changes brought about, the political and diplomatic wings in the Delegations of the European Union all around the world were brought under the single umbrella of the EEAS alongside the wings looking after development cooperation that have continued to function under the European Commission. The Delegations in the respective countries, as agreed by the Member States in the Treaty, gradually took over the local EU diplomatic representation which otherwise had been held by the EU Member State Embassies on a rotational basis, according to the Presidency in the EU Council of Ministers.

Since then the transfer of the responsibilities of the local diplomatic representation to the EU delegations have been taking place in a planned and organised manner. Other responsibilities for the Delegations taking over the local representation entailed that they chair the regular meetings of the Heads of Missions of the EU Member States and carry out demarches in the respective countries to come up with a common stance on key issues of EU concern.

As mentioned at the outset, in the case of the EU Delegation to Nepal, the transfer of responsibilities took effect from the 1st of July, 2012. The Delegation has been actively contributing to supporting the Government of Nepal (GoN) in different areas of development with an average disbursement of EUR 40 million. It goes without saying that the single-handed efforts of the EU alone will not be able to address the myriad problems that Nepal has been facing in various sectors. Nevertheless, the EU will not waver from its commitment to assist in different sectors irrespective of changes in its institutional set up. This initiative of the EU is largely due to its belief that the GoN will give continuity to the best development practices that are achieved in the course of the implementation of the EU funded projects, even after the projects come to an end.

The Delegation has always adhered to the widely accepted universal norms and values of foreign policy and non-intervention while pursuing its development cooperation activities in Nepal. It is eagerly looking forward to support the electoral activities as and when the political parties in Nepal unanimously agree to hold one in the near future. The sooner the political parties succeed to forge consensus on issues related to elections and the new constitution, the better will be the impact on the overall development of the country.

Although Nepal is passing through many vicissitudes in its attempt to conclude the peace and constitution writing process, the EU strongly believes, that renewal of consensus among all the major political parties on the minimum common political and constitutional agenda will undoubtedly prove instrumental to build a prosperous and peaceful Nepal.

Dr. Alexander Spachis
Ambassador
Head of the Delegation of the European Union to Nepal
European Investment Bank signs financing agreement with Nepal

The European Investment Bank (EIB) is the European Union’s long term financing institution. In terms of lending volume, the EIB is the largest, supranational financial institution. In 2010, total EIB lending reached EUR 72 billion – of which EUR 9 billion outside the EU – supporting over 460 large-scale projects.

Besides supporting projects in the Member States, its lending activities also include financing investments in countries outside the Union - where the EIB lending is governed by a series of mandates from the European Union in support of EU development and cooperation policies in partner countries.

Under the current mandate in Asia and Latin America (ALA IV), the EIB is entitled to lend EUR 3.8 billion with European budget support for EIB Financing Operations in ALA over the period 2007-2013. This regional ceiling is broken down into indicative sub-ceilings of EUR 2.8 bn for Latin America and EUR 1.0 bn for Asia. The terms of reference given to the EIB for its activities in ALA and the geographical coverage complement the EU cooperation strategy with these regions. EIB financing in ALA concentrates on two areas: support of EU presence through financing of foreign direct investment and the transfer of technology and know-how as well as finance projects that contribute to environmental sustainability including climate change mitigation and energy security, even without EU content. In addition to the ALA mandate, investment-grade countries or projects in the region are eligible to receive loans under the EIB’s EUR 4.5bn Energy Sustainability and Security of Supply Facility (ESF).

In general terms, the EIB has two main ways of finance (with regard to both of these financing facilities the EIB may finance up to a maximum of 50% of the total cost of any project):

- **Individual Loans** for capital spending programmes or projects costing more than EUR 25 million
- **Intermediated loans** consisting of loan facilities to banks and financial institutions to help them to provide finance to customers with eligible spending programs or projects costing less than EUR 25 million.

The EIB raises substantial volumes of funds in the capital markets, which it lends on favorable terms to projects furthering EU policy objectives. In 2010 the EIB raised its second largest volume in history, namely EUR 67 billion. It is a large supranational borrower and its consistent superior rating is underpinned by firm shareholder support, a strong capital base, excellent asset quality, conservative risk management and a sound funding strategy.

On Monday 7 May, the EIB signed a Framework Agreement with the Government of Nepal under which the Bank will be able to start financing capital investments in Nepal.
Rio+20 and the new Agenda for Change: the EU remains committed to sustainable development.

The Rio+20 outcome

The Rio+20 United Nations (UN) Conference on Sustainable Development that took place from 20-22 June provided an opportunity to coherently address the global challenges of sustainable development (social, economic, environment). It gathered a large number of Heads of State and Governments, some 50,000 other government representatives, civil society and private sector participants.

The Conference focused on two interlinked themes: i) green economy in the context of sustainable development and poverty eradication and ii) the institutional framework for sustainable development. The Conference also took stock of achievements since the previous UN sustainable development conferences, in particular Rio 1992 and Johannesburg 2002.

The EU in broad terms welcomes the Rio+20 declaration on ‘the future we want’, although a number of ambitions were not fully achieved. The EU has worked hard to secure a positive outcome on several fronts at Rio, including on the green economy, engagement in key areas for future action and on sustainable development goals. The Rio+20 Declaration now lays the ground for the global community to move forward on a number of fronts in order to achieve sustainable development across the world.

Poverty eradication, changing unsustainable consumption and production patterns and protecting and managing the natural resource base, are overarching objectives and essential requirements for sustainable development. Despite many positive developments over the past twenty years, a large number of challenges and emerging issues are still to be addressed. And in a mutually interdependent world with finite resources, they have to be tackled by a common commitment and a common vision for concrete action.

The green economy is now understood as an important tool for achieving sustainable development. It will enhance our ability to manage natural resources sustainably, and it is recognised that urgent action is needed to tackle unsustainable patterns of production and consumption. The possibility has now emerged to work with a broad range of willing countries to develop policies on the green economy as a common undertaking.

On means of implementation, agreement was reached to set up an intergovernmental process to develop options on a Sustainable Development Financing Strategy to mobilise financial resources. The EU as a whole remains committed to the Official Development Aid (ODA) level of 0.7% of GDP by 2015, and has been steadily increasing its ODA since the Johannesburg Conference in 2002.

Engaging with the non-governmental sector such as businesses and civil society is crucial for the green economy and sustainable development. The Rio+20 declaration calls on business and industry to engage in responsible business practices and corporate sustainability.

The EU and sustainable development – an overview

Over the past 10 years, the EU has played a significant role in providing more and better aid to developing countries, and in delivering it faster and more effectively. The EU remains committed to promoting and supporting sustainable development both internally and in third countries. The EU has worked on improving its development policies so as to better integrate all three dimensions of sustainable development: the environmental, the economic and the social. All three dimensions are about investment in the future. The EU strongly believes that a smart, sustainable and inclusive green economy can generate sustained growth, create decent green jobs and help eradicate poverty. To make that happen, we need to invest in and protect the natural capital upon which the long-term survival of our planet depends.

As the largest donor in the world the EU has contributed substantially to improving the environment for long-term and sustainable investments in developing countries, primarily through its support to debt reduction, fiscal sustainability, institutional strengthening, the development of human capital and physical infrastructure as well as by providing duty and quota free access to its market for products and services from Least Developed Countries (LDC), such as Nepal.

The EU has been at the forefront of efforts to fight hunger and poverty and has been actively engaged, together with its global partners, in promoting gender equality, strengthening the role of civil society and supporting democratic governance. The EU has also been advocating sustainability, in particular via its support for combating climate change, protecting biodiversity, water resources and forests; it has fostered the development of sustainable agriculture,

Newsletter of the Delegation of the European Union to Nepal
renewable energy resources and new and environment-friendly technologies.

Over the past ten years the EU has been financing major initiatives in key sectors to help address the challenges caused by a changing environment and to fulfil its commitments on achieving the MDGs. Following such engagements, many telling examples can be highlighted on how access to sustainably managed resources can lift people out of poverty.

**Food security**

The EU’s policy for rural development in developing countries aims at reducing poverty, increasing food security and protecting natural resources. In it aims to improve food security in favour of the poorest and the most vulnerable under a medium and longer term perspective and to lead to sustainable solutions. Its main objective is to address the structural causes of food insecurity, thereby putting agriculture at the heart of the international debate on development.

**Energy**

Energy is one of the main priorities for EU action. In its recent Agenda for Change, the European Commission highlights access to sustainable energy services as a key factor to reduce poverty and foster sustainable development, while contributing to climate change prevention and adaptation and environmental protection in developing countries. The EU also committed to supporting the Sustainable Energy for All initiative with the goal of achieving universal access by 2030 with the three interlinked objectives of: 1) ensuring universal access to modern energy services; 2) doubling the rate of improvement in energy efficiency; 3) doubling the share of renewables in the global energy mix. The European Union streamlines energy in its development cooperation work through its geographical and thematic instruments with actions at local, national, regional and global level.

**Water**

The EU is committed to meeting the MDG on improved access to safe drinking water and basic sanitation as it recognizes that water plays a crucial role in development (cooperation) as an essential catalyst for inclusive growth, especially in the agriculture and energy sectors.

**Biodiversity and forestry**

The EU is the largest contributor of biodiversity finance to developing countries. The volume of EU ODA relating to biodiversity increased by about 240% in real terms during the 2006-2010 period, from EUR 1.3 billion in 2006 to EUR 3.1 billion in 2010. In addition, the EU is supporting developing countries in managing their forest resources sustainably, addressing forest governance issues, in combating illegal logging and associated trade, and in designing strategies to mitigate climate change.

**Climate Change**

The EU has taken decisive action to integrate climate change issues in development cooperation and has steadily increased commitments on Climate Change (CC) since 2002. CC has been placed at the heart of EU external relations as a cross-cutting issue to be tackled integrally in the fight against poverty. The European Commission alone has provided traditional ODA for CC related interventions around EUR 3.3 billion since 2002, focusing to a large extent on energy, forestry and biodiversity sectors.

**Sustainable consumption and production**

A switch is needed from unsustainable to sustainable patterns of development. The EU is committed to sustainable development, growth and jobs. Achieving this means promoting better products, more efficient

---

**Case study: the SWITCH Asia Programme [EUR 152 million for 2007-2013]**

The SWITCH-Asia Programme responds to the need for a change from unsustainable to sustainable patterns of development. Through partnership projects the programme stimulates Asian businesses to produce cleaner and more sustainable goods and services. It targets small and medium-sized enterprises (SMEs) who play a key role in development since they are a source of local employment. SWITCH-Asia also raises awareness amongst consumers and works closely with policymakers and governments across Asia.

Focusing on Sustainable Consumption and Production (SCP) the programme addresses:
1) Supply side: by promoting new processes and technologies to make business production more environmentally sustainable and efficient; 2) Demand side: it supports consumer behaviour and choices in the use of goods and services that are more environmentally friendly.

So far, the programme is funding 47 projects in 15 Asian countries, including Nepal, in areas such as green public procurement, cleaner production, eco-labelling, etc. Each of the funded projects contributes to quantifiable reductions in CO2 emissions and resource, water and energy consumption. They employ innovative mechanisms, such as voluntary agreements, public-private partnerships, upgrading technical standards or reinforcing existing SCP service providers to make them self-sustainable on the market.
production methods and improved consumption patterns. In other words, there is a need to integrate environmental sustainability with economic growth and welfare by decoupling environmental degradation from economic growth and doing more with less. Sustainable Consumption and Production (SCP) is a comprehensive approach to understanding the multiple social, economic and political drivers of environmental change in the world. It consists of the integration of Sustainable Production (SP) concerning the supply side, and Sustainable Consumption (SC) referring to the demand side of human economic activities.

In 2012, the EU provided funding to two regional projects - Sustainable and Efficient Industrial Development (€1.9 million) implemented by Center for Appropriate Technology (GrAT) Austria, and Lead Paint Elimination (€1.4 million), implemented by International POPs Elimination Network, Sweden under the switchasia programme.

One of the main actions under Sustainable and Efficient Industrial Development project is to benefit from the capacity building initiatives, direct assistance programs, and best practice exchange forums on various tools and techniques to improve the Resource Efficiency (RE), and adoption of Responsible Production (RP) framework. This would make SME’s to switch towards sustainable practices through showcasing of best practices such as optimisation of processes, better water and waste management, improved energy efficiency, access to greener technology, increase in renewable energy usage, reduction of greenhouse gas emission, reduction in use and disposal of hazardous chemicals etc.

The Lead Paint Elimination project contributes to global efforts aimed at the elimination of the production and use of all decorative lead paints. The project implemented in the seven participating countries (Bangladesh, India, Indonesia, Nepal, Philippines, Sri Lanka, and Thailand) ultimately seeks to reduce the environmental and social costs of producing and using these harmful products.

Sustainable Energy for All

The UN General Assembly declared 2012 to be the International Year of Sustainable Energy for All, in order to raise awareness of energy issues worldwide. Access to modern, affordable energy services in developing countries is crucial to sustainable development, contributing to the attainment of the Millennium Development Goals.

SE4ALL (Sustainable Energy for All) is a global initiative of the UN Secretary General, aimed at achieving three key objectives by 2030:

- Ensuring universal access to modern energy services
- Doubling the global rate of improvement in energy efficiency
- Doubling the share of renewable energy in the global energy mix

In order to meet these targets, SE4ALL teams entered into dialogue with a number of countries, to assess the current situation as regards sustainable energy, and to identify potential partnerships in preparation for the recently concluded Rio+20 UN Conference on Sustainable Development. For South Asia, there are three “first mover” countries involved in this stocktaking exercise, including Nepal, Bangladesh and India.

On 7th May 2012, Nepal received a delegation from the SE4ALL initiative, for a series of meetings over three days. The participants included representatives from UN agencies, development partners and government. The purpose of the visit was to ascertain Nepal’s status regarding energy access, opportunities for energy efficiency and renewable energy, as well as to gain an overview of ongoing donor initiatives and the government’s institutional set up in the sector.

All government institutions visited were very supportive of the Secretary General’s initiative and expressed their desire for Nepal to take part. There is strong consensus amongst all partners that the development of the energy sector is essential to the development of Nepal. The government reaffirmed its commitment to promoting hydropower, as well as other alternative energy sources such as solar, and wind power, in order to reduce Nepal’s reliance on fossil fuels.

The EU is a key stakeholder and driver of the sustainable energy agenda. The EU Sustainable Energy for All Summit was held in Brussels on 16 April, where President Barroso announced a new EU Energising Development Initiative. The goal is to provide 500 million people in developing countries with access to sustainable energy services by 2030. He also announced an EU Technical Facility fund of over 50 million euros, which will be mobilised over the next two years to support those countries opting in to the initiative and undertaking the necessary reforms.
European Union funds new SWITCH Asia project aimed at developing sustainable construction practices in ten districts of Nepal

The EU Delegation to Nepal is committed to promoting sustainable development, growth and jobs in Nepal. Through its global SWITCH Asia Programme the EU seeks to stimulate Asian businesses to produce cleaner and more sustainable goods and services, specifically targeting Small and Medium Enterprises (SMEs).

The recently launched project 'Vertical Shaft Brick Kiln and other Sustainable Construction Practices' is part of SWITCH Asia and is aimed at promoting energy efficient and environment friendly production methods in ten districts of Nepal. The EU has provided EUR 2 million funding (NPR 210 million) and it will be implemented by Deutsche Management Akademie Niedersachsen (DMAN, Germany), the Skat Foundation and the Federation of Nepal Cottage and Small Industries.

The construction sector in Nepal is a key source of CO2 emissions and air pollution, and the sector accounts for the largest share in the use of natural resources. As many people, decision- and policy makers are not aware about Sustainable Construction Practices and ‘Green Building’ solutions, the project hopes to increase awareness in these areas. This is particularly relevant at a time when demand for ‘Green Building’ practices is increasing at the supply and demand side.

The reduction of environmental degradation will be mainly achieved through interventions at the grassroots level in the construction business focusing on supply chain actors including production and construction workers, technicians, engineers, architects and entrepreneurs (contractors, construction materials producers & real estate developers).

The 40-month project aims to tackle global warming and environmental degradation and is designed as the continuation and scaling up of the activities that were previously implemented by the former Swiss-funded VSBK/CESEF Project Nepal. More specifically, the project seeks to: i) Reduce energy consumption and CO2 - emission from building material production sector; ii) Create an enabling policy & regulatory framework; iii) Mobilise / capacitate private sector stakeholders for green building materials and solutions; iv) Inform consumers about benefits of cleaner/low energy building material.

The project will prepare the groundwork for establishing local solutions towards Sustainable Construction Practices. An additional goal is to build up local business capacities, while establishing synergies at both national and regional levels.
Europe Day in Photos

Ambassador Spachis and his wife welcoming the guests

Ex-Speaker of the CA with Norwegian Ambassador

EU Delegation group photo

Europe Day invitees pose for a snap

Newsletter of the Delegation of the European Union to Nepal
The EU Delegation congratulates all 2012 Erasmus Mundus scholarship recipients and extends its best wishes to the students as they further their studies in Europe.

The Erasmus Mundus Programme

The Erasmus Mundus Programme aims to enhance quality in higher education through scholarships and academic cooperation between Europe and the rest of the world.

Erasmus Mundus offers:

* **Scholarships** to students and researchers of exceptional quality to follow an Erasmus Mundus Masters Course or Joint Doctorate at two or more European universities
* Nearly 130 masters and doctoral courses to choose from
* **Scholarships** to promote the exchange of students between European and non-European universities - study periods can vary between 3 months and 3 years
* A scheme open to students throughout the world

For more information:

* Study in Europe website – [www.study-in-europe.org](http://www.study-in-europe.org)

Published by Dr. Alexander Spachis, Ambassador, Head of the Delegation of the European Union to Nepal

**Delegation of the European Union to Nepal**

Uttar Dhoka Sadak, Lainchaur, P.O. Box: 6754, Kathmandu, Nepal.
Tel.: +977-1-4429445/6, Fax: +977-1-4423541
Email: [delegation-nepal@eeas.europa.eu](mailto:delegation-nepal@eeas.europa.eu)

Editor: Ambar Mainali