

# A brighter future

New opportunities need to be proactively identified and supported for private sector



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**W**e need to change the story of Nepal as the country with the lowest energy use and the highest potential. We cannot afford to wait any longer. Denmark and Nepal share a vision of sustainable energy for all, and as longtime partners, we have delivered concrete results. In the last twelve years, more than 1 million households have benefitted from our common engagement to accelerate access to renewable energy technologies in rural Nepal. This has helped many women, children and families to better health, it has created green jobs, and it has mobilized billions of rupees of local investment in the renewable energy sector. At the same time, the Alternative Energy Promotion Center has become a driver of change in developing the renewable energy sector in Nepal.

huge and our ambitions high. We have a goal of reaching another 1 million households with renewable energy technologies, solar, micro and mini hydro and biogas in the next five years. The Government's launch of "Clean Cooking Solutions for All in 2017" is a very important initiative, showing the commitment to our common agenda.

The National Rural and Renewable Energy is innovative as it seeks to realize the great scope of credit financing of renewable energy. The private sector and public-private partnerships are keys to the success of the program. The public sources and development assistance is simply not enough, if we want to ensure universal access to sustainable energy. At the same time, there should be a sound profit to earn for private sector, if they engage in new models for

proven as an effective financing mechanism for the sector, it is expected that further funds will be committed to CREEF, from public, development and private sources.

Increased energy access cannot stand alone however, if the objective is to reduce poverty and create green growth in rural Nepal. In the National Rural Renewable Energy Program, productive end use is a new intervention, to transform access to energy into growth, with an aim of creating 19,000 jobs. At the same time, Denmark and Nepal have agreed to initiate a new big program on inclusive growth, focusing on value chains in agriculture and local infrastructure. Interventions strategically will help open markets for small-scale farmers and accelerate commercialisation of agriculture in rural Nepal.

Energy, infrastructure, markets and production go hand in hand. At the same time, it is not enough to address "bottlenecks" or "barriers" for energy access and green growth. For the private sector to play a transformative role in Nepal's development, a conducive environment needs to be nurtured and new opportunities need to

We are now moving into a new phase of our joint engagement with the new National Rural and Renewable Energy Program. The Nepali Government is taking lead, and all develop-

ment partners have joined. The needs are financing investments in renewable energy.

The Government of Nepal and development partners have therefore agreed to establish a new Central Renewable Energy Fund (CREF)

to be proactively identified and supported. The formation of the Investment Board and the Nepal Business Forum confirm the Government of Nepal's overall focus on private sector development.

## RENEWABLE ENERGY



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**Private sector and public-private partnerships are key to ensuring wider access to energy.**

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mechanism—the CREF to be handled by a bank—with an estimated budget of US \$ 115 million for the next five years. We are not creating a new institution, but buying into existing commercial and development banks, which is more efficient and sustainable. Through subsidies and credits, the CREF will facilitate bankable renewable energy solutions to rural Nepal on an even larger scale. Once established and

And the establishment of the Central Renewable Energy Fund and the Renewable Energy Week and the Investment Forum on renewable energy technologies last month shows continued concrete action.

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