



International Workshop | 16th March 2016 | Kathmandu, Nepal

Best Practices and Business Opportunities for Energy Financing

INTRODUCTION

As per Energy Sector Synopsis Report Nepal 2010 published by Water and Energy Commission Secretariat (WECS), it shows that Nepal is one of the least developed countries where the energy sector is dominated by the traditional energy sources such as fuel woods, crop residues, animal dung, etc. to meet its domestic energy needs. WECS report further states that the very worse figure on renewable energy consumption in Nepal where only 1% of Nepal's total energy needs is being met by such sources viz. biogas, micro-hydro, solar etc. The significantly low level of Renewable Energy (RE) penetration is due to lack of sufficient access to finance. The less penetration of renewable energy consumption brings plenty of business volumes to the financial institutions.

In global perspective, the renewable energy in developed countries is being used and promoted from a very long time and so has been the renewable energy financing. However, the developing countries like Nepal, Bangladesh, Sri Lanka, Afghanistan, etc. are involved in the Renewable Energy Technology (RET) sector later and the renewable energy financing is not fully commercialized.

Considering the available resource potential of renewable energy financing in the country, the Alternative Energy Promotion Center (AEPCC) has taken numerous initiatives to reduce dependency on subsidy and attain sustainable development integrating the alternative energy sources by practicing credit financing model in the past.

AEPCC in its National Rural and Renewable Energy Programme (NRREP) has already established Central Renewable Energy Fund (CREF) as the financial management mechanism for the renewable energy sector. The CREF financial management mechanism is being implemented through private commercial and development banks. It aims to cater to the issues of subsidies and it envisages a 50/50 split of the budget between subsidies and credits. CREF works as an endowment fund and is allowed to earn revenue and retain surpluses. This will not only make the CREF self-financing, but also enhance long-term sustainability beyond the lifetime of the NRREP programme with a motive that subsidies should gradually be phased out and replaced by credit facilities in the near future.

Once proven as an effective financing mechanism for the sector, it is expected that further funds will be committed to CREF by the Government of Nepal and the development partners given the importance of renewable energy in protecting the environment and contributing to rural livelihoods and development.

OBJECTIVES

The workshop will review the success factors and issues of renewable energy financing and business models that have been

Promoted within and outside Asia and the Pacific, and share knowledge of the development of viable models that can be deployed. Key objectives of workshop will be to:

- Address financial, technical and social challenges in RE financing
- Discuss and highlight the existing practices and achievements in RE financing.
- Highlight the innovative RE financing models of the region
- Discuss on the existing policies/incentives in RE financing
- Promote private sector led programmes to achieve an attractive investment profile for RE financing

ORGANISERS

The workshop is being organized by the Alternative Energy Promotion Centre (AEPCC) of Nepal in partnership with the Asian Development Bank (ADB), United Nations Development Programme/Global Energy Fund (UNDP/GEF) and United Nations Capital Development Fund (UNCDF).

ENERGY FOR ALL

In 2008 ADB launched the Energy for All Program to increase its investment in the energy access sector. The Energy for All Partnership was formed in 2009 to extend ADB's support to like-minded organizations and form a coalition that shares the objective of providing modern energy access to 1 billion people by 2015. (<http://www.energyforall.info/>)

Energy for All Program is being supported by various partners including the Governments of Japan, Austria, Australia, Norway as well as Denmark and Switzerland.

The Government of Nepal and Energy for All are working closely with the Sustainable Energy for All Initiative and the Government of Norway-led Energy Partnership to jointly achieve the ambition of Universal Energy Access by 2030.

PARTICIPANTS

Around 150 participants are expected to attend this workshop from:

- PROJECT DEVELOPERS (private sector, technology suppliers, government entities, etc.)
- PROJECT SPONSORS (public sector, bilateral agencies, financial institutions, etc.)
- POLICY MAKERS
- INVESTORS (Banks and Financial Institutions, Equity Investors)

WORKSHOP SESSIONS

Workshop will be held in Hotel Annapurna, Kathmandu, Nepal on 16th March 2016.

Time	Activity
08:30 -9:00	Registration
09:00 -10:00	Opening Session Welcome speeches by Government, ADB and other invited guests
10:00 -10:30	Tea/Coffee Break
10:30: 12:00	Session 1: Policy Framework and Programs This session will highlight the initiative taken by GoN/Development Partners on RE financing through CREF.
12:00 – 12:30	Session 2: Introduction to Central Renewable Energy Fund (CREF)
12:30 – 13:30	Lunch Break
13:30 – 15:00	Session 3: Regional Experience in Renewable Energy Financing This session will bring together the regional experience and best practices for the RE financing. Case Studies and business models from Asia will be discussed in local market perspective.
15:00 -15:30	Tea/Coffee Break
15:30 -17:00	Session 4: Access to Finance: This session will discuss how CREF and other green financing programs address the barriers limiting private sector funding in the energy access sector. Additionally, this session will highlight the challenges and barriers that persist, despite these interventions and discuss what additional development support is required.
17:00 - 17:30	Session 5: Moving Forward: Moderated panel discussion to discuss take away from the workshop and way forward.
18:00-20:00	Networking Dinner

OUTCOME OF THE WORKSHOP

- Increased awareness on latest policy developments on RE financing
- Sharing national and international RE financing business models and their replication
- To identify the existing issues & challenges in RE financing
- Increased awareness to mobilize private and public sector investment

- To introduce new business models for RE financing for effective utilization of RETs at commercial, industrial and domestic scale

For more information, contact

Mr. Rudra P. Khanal
Assistant Director
Alternative Energy Promotion Centre
rudra.khanal@aepc.gov.np
www.aepc.gov.np

Jiwan Acharya
Senior Climate Change Specialist (Clean Energy)
Sustainable Infrastructure Division
Regional and Sustainable Development Department
Asian Development Bank
jacharya@adb.org
www.adb.org

Binod Prasad Shrestha
Director
Renewable Energy Project Support Office (REPSO)
Winrock International
binod@winrock.org.np
www.winrock.org.np

Upcoming Events:

Energy for All Investor Forum (Kathmandu, Nepal, 17th March 2016). AEPAC and ADB's Energy for All Program will be hosting a 1-day investor forum to discuss investor opportunities in the energy sector in Nepal. (Contact: Mr. Rudra Khanal at rudra.khanal@aepc.gov.np and Mr. Coy Navarro - cnavarro.consultant@adb.org)

For inquiries and more information, you may contact Mr. Jiwan Acharya at jacharya@adb.org.
Mr. Manu Binod Aryal at manu.aryal@aepc.gov.np



Call for Project Ideas

The Alternative Energy Promotion Centre (AEPC), in partnership with the Asian Development Bank (ADB), United Nation Capital Development Fund (UNCDF) and United Nation Development Programme/Global Environment Fund (UNDP/GEF) and is soliciting Project Ideas for the Energy for All Investor Forum 2016 to be held on 17 March 2016.

After the success of the first and second forums in 2013 & 2014, Energy for All is opening its project development services once more to entrepreneurs who are contributing to the reduction of energy poverty in Nepal. *Project Ideas* that successfully go through the selection process are eligible to receive support in business model refinement, financial modeling, investment structuring, and accessing local and international investor networks.

The Energy for All Program of the Asian Development Bank aims to provide access to modern energy to millions of people in the Asia-Pacific region. It is a platform for cooperation, knowledge, and technical exchange bringing together key stakeholders and the governments, private sector, financial institutions, and non-governmental partners. AEPC was established on November 3, 1996 under the Ministry of Population and Environment with the objective of developing and promoting renewable/alternative energy technologies in Nepal, and is implementing the 5 year National Rural and Renewable Energy Program of the Government of Nepal since July 16, 2012. The Government of Nepal, ADB, UNCDF and UNDP/GEF are working closely with the Sustainable Energy for All initiative and Energy for All Partnership to jointly achieve the ambition of Universal Energy Access by 2030.

Organizations/companies that are interested to apply for the Forum are requested to visit and submit their project ideas in the format given in the www.aepc.gov.np by Monday, February 22, 2016.



Alternative Energy Promotion Centre
Khumaltar, Lalitpur, Nepal
Phone: 5539390, G.P.O. Box: 14364

