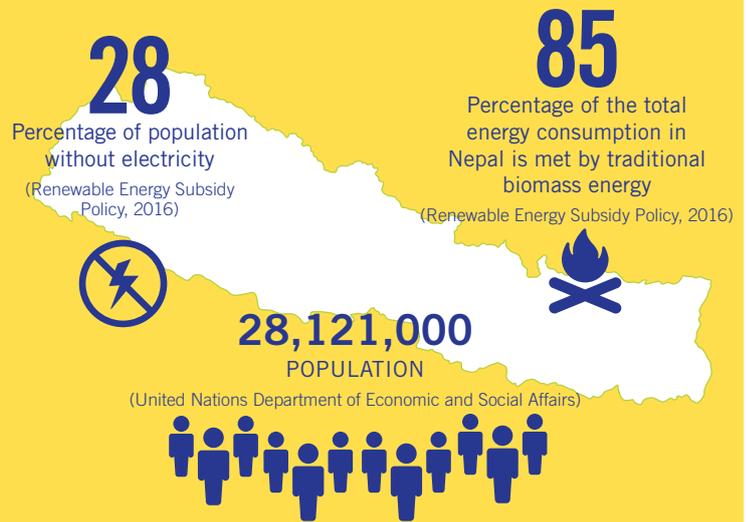


CLEANSTART IN NEPAL

ENERGY ACCESS SITUATION IN NEPAL

It is estimated that 28 percent of people in Nepal live with no access to electricity. Furthermore the low reliability of access and frequent electricity shortages create serious issues for consumption and productive use. Despite a very high potential for hydropower, the Government of Nepal has repeatedly described the situation as a “national energy crisis.”

The main energy source in Nepal is traditional biomass fuel with over 85 percent of the population using it for cooking and heating. Patterns of energy generation, and consumption in combination with socio-economic under-development presents challenges in providing modern energy solutions.



GOVERNMENT TARGETS ON ENERGY ACCESS

The Government of Nepal has endorsed the Sustainable Energy for All initiative, the Sustainable Development Goal no.7 and the Clean Cooking Solutions for all.

The targets of the national strategy by 2030 include:

-  • **Access to electricity for 99% of households.**
-  • **Reduction of households who use firewood as their primary fuel for cooking to 10%.**
-  • **Generation of at least 10,000 MW of electricity.**
-  • **Decrease in energy intensity of GDP by 0.8% per annum.**
-  • **Use of only electric vehicles for public transport.**

The Government of Nepal has also pledged to make all Nepali homes smoke-free by 2017. (Clean Cooking Solutions for All).

CLEANSTART STRATEGIC INTERVENTIONS IN NEPAL

CleanStart in Nepal has four objectives to enable sustainable access to clean energy through microfinance for 150,000 low-income households and micro-entrepreneurs (600,000 beneficiaries).

The programme outputs are:

- 1. Finance for Clean Energy** to strengthen capabilities of financial service providers;
- 2. Technical Assistance** for Clean Energy technologies deployment;
- 3. Knowledge and Learning** to promote awareness and understanding of the potential for microfinance to stimulate adoption of clean energy;
- 4. Advocacy and Partnership** to create an enabling policy and business environments.

RET

CleanStart is supporting partner financial institutions with **technical assistance towards Renewable Energy Technology (RET) lending**. The partner banks and MFIs extend loans for solar home systems, solar system for SMEs, community and domestic biogas plants and improved cook stoves. **More than 68,000 RETs have been financed** as of August 2016 through CleanStart’s partner financial institutions.

UNCDF CLEANSTART partners in Nepal

CleanStart's approach in Nepal is focused on supporting Financial Services Providers and the Government of Nepal's Alternative Energy Promotion Center.

Through a competitive selection process, CleanStart in Nepal has entered into agreements with four financial institutions.

- 1. Ace Development Bank** provides wholesale loans to SAHARA, Himchuli and other cooperatives for on-lending to the end users of RETs.
- 2. NMB bank** (formerly called Clean Energy Development Bank) works with Nirdhan Utthan Bank and NMB Microfinance Bank in energy lending. Nirdhan Bank is now operating in all 75 districts of Nepal and lends over US\$3.7million in energy, which covers more than four percent of its total portfolio.

3. Sana Kisan Bikas Bank Ltd. (SKBBL) is one of the leading wholesale lending microfinance banks in Nepal and works with small farmers' cooperatives in RET lending. With the RET loan facility, SKBBL aims to promote clean cooking and lighting solutions in the houses of all member farmers. Renewable energy is one of the major lending portfolios of SKBBL. Currently the renewable energy covers more than two percent of the total outstanding loan.

4. Jeevan Bikas Samaj (JBS) is a microfinance institution which directly provides loans to its clients for renewable energy.

SHREE HIMCHULI AGRICULTURE COOPERATIVE LIMITED



Improved cookstove used in a home in Nepal. (©UNCDF)

Shree Himchuli Agriculture Cooperative Limited ("Himchuli") was established in 2008 in Kalikot, one of the remote districts of Nepal. Himchuli initiated the promotion of solar home systems (SHS) supported by partners like the Frankfurt School of Management, Winrock International and ACE Development Bank.

In order to scale up its initiative and become more independent from government subsidies, Himchuli partnered with UNCDF CleanStart via ACE Development Bank. To date, the cooperative has disbursed loans for installing 4,724 SHS, and improved cook stoves in 570 households of Phukot VDC. The renewable energy financing scheme has demonstrated 100 percent repayment.

Himchuli has also extended its credit facilities to more than 1,000 SMEs for solar system installation. Shops, hotels and bus counters use SHS for lighting, schools have been utilizing the power to operate computers, and health posts are using it for refrigerating medicine.

JEEVAN BIKAS SAMAJ

Jeevan Bikas Samaj (JBS) is one of CleanStart's partners in Nepal. Established in 1997, JBS offers various services including microfinance and credit plus activities. To date, JBS has financed over 14,000 renewable energy systems for its members in seven districts within the eastern part of Nepal (Cumulative disbursements for renewable energy loans as of April 2016 is \$1.96 million.) The outstanding loans for renewable technologies represent 2 percent of JBS's total loan portfolio. The recovery rate of the renewable energy loans is 100 percent.

The energy loan is part of a housing loan package. The housing loan package includes: the building/house itself, a toilet, a drinking water system and the following renewable energy systems: solar home system and a biogas plant or improved cook stove.

Under the partnership with CleanStart, JBS aims to expand its clean energy lending portfolio and work on several innovations: pilot a pay-as-you-go model, develop an android-based customer service and support app, provide solar power for water irrigation and safe drinking water.



Solar light being used to operate a grocery shop in the evening. (©UNCDF/JBS)