

This is not an ADB material. The views expressed in this document are the views of the author/s and/or their organizations and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy and/or completeness of the material's contents, and accepts no responsibility for any direct or indirect consequence of their use or reliance, whether wholly or partially. Please feel free to contact the authors directly should you have queries.

Austria-Nepal Renewable Energy Blended Finance Facility

REEEP

What REEEP Does

REEEP plays a **market development expert** role that

- identifies most efficient ways to support the market
- designs targeted programmes
- coordinates stakeholder cooperation and market learning and action during implementation with a **longer-term commitment to the market**

REEEP delivers a demonstrated **measurable impact & results for funders**

REEEP **catalyses further investment** into projects

REEEP is perceived as an **off-grid energy expert**, impact-driven, impartial, committed partner with genuine interest to work with local government partners with a wealth of experience in driving private sector growth



REEEP develops **innovative, efficient financing mechanisms to strengthen markets for clean energy services** in low- and middle-income countries, for the benefit of vulnerable populations.

REEEP

Our Expertise

20 years of investing in clean energy markets

Results-based Financing (RBF)



- access to energy programmes in Sub-Saharan Africa which includes results-based financing for SMEs, local stakeholder Task Force for policy changes and data driven MRV via EDISON
- >1m Zambians gained access to clean energy through the REEEP-designed pilot programme Beyond the Grid Fund for Zambia

Technical Assistance (TA)



- project origination and preparation facility
- offers free business coaching and investment facilitation to entrepreneurs developing climate and clean energy projects in emerging markets
- >\$2.05bn total investment raised for nearly 200 projects with > 2,062 MW of added generation capacity

Financial Instruments (FI)

IKI SOARING

Supporting local financing institutions in Sub-Saharan Africa with

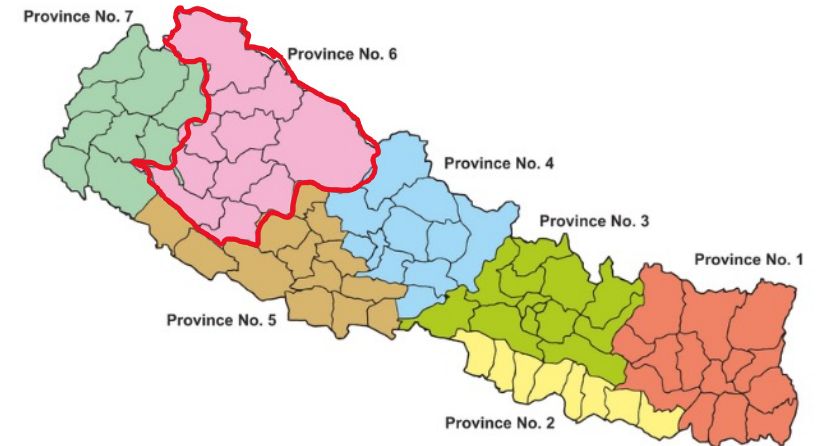
- capacity building
- credit enhancement
- pipeline origination and preparation
- local stakeholder platform for change to address barriers to lending to the clean energy sector

REEEP

Facility Key Points

- Budget: EUR 750,000
- Donor: Austrian Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology
- Project Team: **REEEP**  **Netherlands Development Organisation** 
- Project range: Province 6, Karnali

The facility employs innovative financing mechanisms for local renewable energy projects and provides capacity building activities for key stakeholders to upscale clean energy in Nepal and achieve environmental, social and gender co-benefits.



Our Success Factors

Our outstanding partners:

- SNV – 40+ years experience in Nepal
- NMB – a commercial Bank in Nepal
 - Bank of the Year Nepal: 2017, 2018, 2020, 2021
 - Bank of the Year Asia - 2021
- Strategic partner – Alternative Energy Promotion Center (AEPC)

Our impact

- Direct impact
 - Employing an innovative financial instrument in Nepal: shift from grants and subsidies to credit-based financing for renewable energy
 - Reducing energy poverty, GHG emissions and social improvement
- Indirect impact
 - Mobilizing additional credit lines
 - Impact investment funds and other Nepalese banks
 - Replicating First Loss Guarantee model at local, regional and national level AND in other countries



Years in Nepal

REEEP

NMB Bank Limited

2017, 2018, 2020

Bank of the Year Nepal

Awarded by The Banker, The Financial Times, London



2021

Bank of the Year Asia*
Bank of Nepal

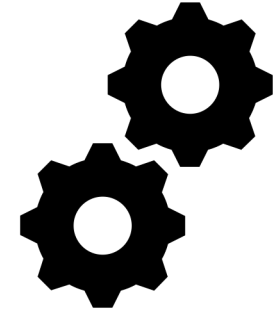
Awarded by The Banker, The Financial Times, London



*based on various criteria such as growth and performance style of the bank, strategic initiatives of the bank, latest services and products brought using digital technology, activities for sustainable development and ability to cope with adverse conditions.

Capacity Building and Development Activities

- Market assessment to design trainings
- Capacity building and technical assistance
 - Trainings for **Local Financial Institutions**
 - Trainings for **AEPC and Provincial Energy Units**
 - for local technicians on RET design, installation and maintenance
 - on technology, design, best available technologies
 - meeting for local government representatives and relevant stakeholders
 - workshop to present energy baseline situation of rural municipality
 - development of municipal energy plan
- Handbook for financial institutions
- Energy situation baseline surveys



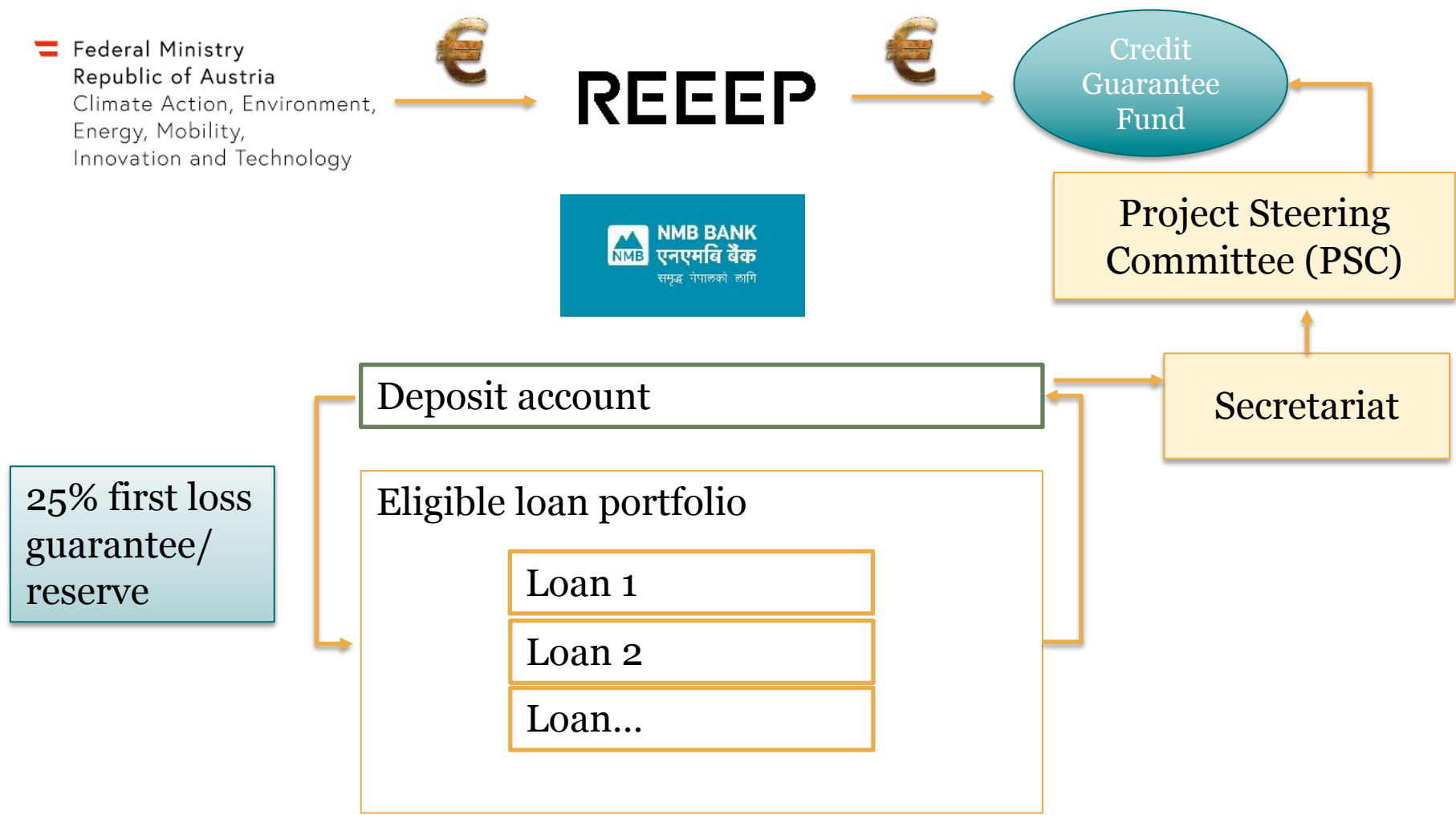
Innovative Financing Mechanism

Through the use of a blended finance instrument (first ever Credit Guarantee Fund in Nepal) and local capacity development, the project works to:

- mainstream commercial lending for small-scale renewable energy projects in Nepal and accelerate Nepal's transition from grants and subsidies to credit-based financing for renewable energy;
 - direct lending
 - wholesale lending
 - vendor financing
- improve Nepal's access to, and utilisation of, international technical assistance and finance.



Credit Guarantee Facility



Current Project Pipeline

1. Biogas plant (waste to energy)
 - Capacity 1800 m³
 - Direct financing
2. Solar mini grid project (productive use of energy)
 - Extension of mini-grids as well as finding and contracting other energy enterprises to use surplus of energy produced
 - Wholesale lending
3. Mini hydro project (200 kw) (productive use)
4. Financial institutions (in province 7 and in RE sector)
 - Wholesale lending solutions



Next Steps

Scale up current activities

- Extension to other regions to other provinces throughout Nepal, possibly to new countries in Asia
- Develop and implement additional financial instruments
 1. Single deal and portfolio based guarantee
 2. Liquidity funds for financing
 3. Hedging of exchange rate risk
 4. Deferred payment letter of credit
- Use of existing project pipeline of NMB Bank, SNV and AEPC
- Cooperate with additional commercial banks in Nepal



REEEP

A wide-angle photograph of a lush green mountain valley. In the foreground, a river flows through a valley floor, surrounded by terraced fields and a small cluster of houses. The mountains rise steeply on either side, covered in dense vegetation. The sky is overcast.

Thank you!

REEEP