

# SOUTH ASIA SUBREGIONAL WORKSHOP

# INCLUSIVE CLEAN ENERGY TRANSITIONS IN BHUTAN AND NEPAL

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# Nepal: Filling Funding Voids: Private Sector's Strategic Role

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# Private Sector Contribution to the Nepalese Economy

**Nepal GDP: USD 45 Billion**

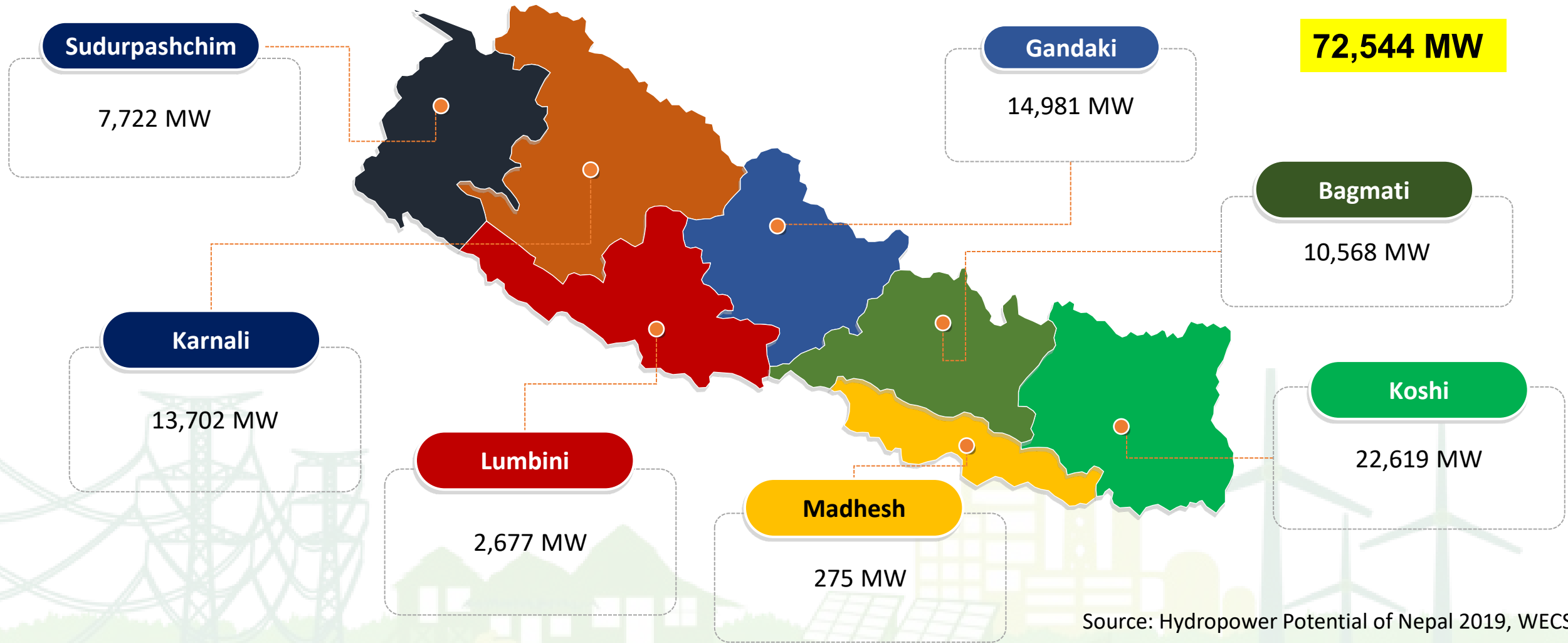
**GDP Contribution : 80%**

**Employment : 87%**

**Investment : 77%**

**Domestic Credit : 91.87%**

# Nepal's Hydropower Potential



Source: Hydropower Potential of Nepal 2019, WECS

## Private Sector's Funding Requirement : By 2035

	Amount in USD Billion
<b>Fund to Manage</b>	<b>46.5</b>
• NEA	8
• By Government of Nepal	6
• Climate Financing	2
• NRN	12
• Foreign Grants and Loans	8.5
• Bank Financing	10.0

28,500 MW

2035

The private sector has to invest more than USD 22 billion in the Energy Sector to achieve 28,500 MW by 2035

## Private Sector Investment : The Scenario

Pharping  
Hydropower  
Plant built with  
British  
Assistance

500 KW

1911

First Private  
Investment in  
Hydropower

125 MW

1996

Power Cut (Load  
shedding) 16 hrs.  
daily  
60% Energy Access

851 MW

2015

Free From Power  
Cuts (Load  
Shedding)

1,182 MW

2018

98% Households  
with access to  
Electricity

3,505 MW

2025

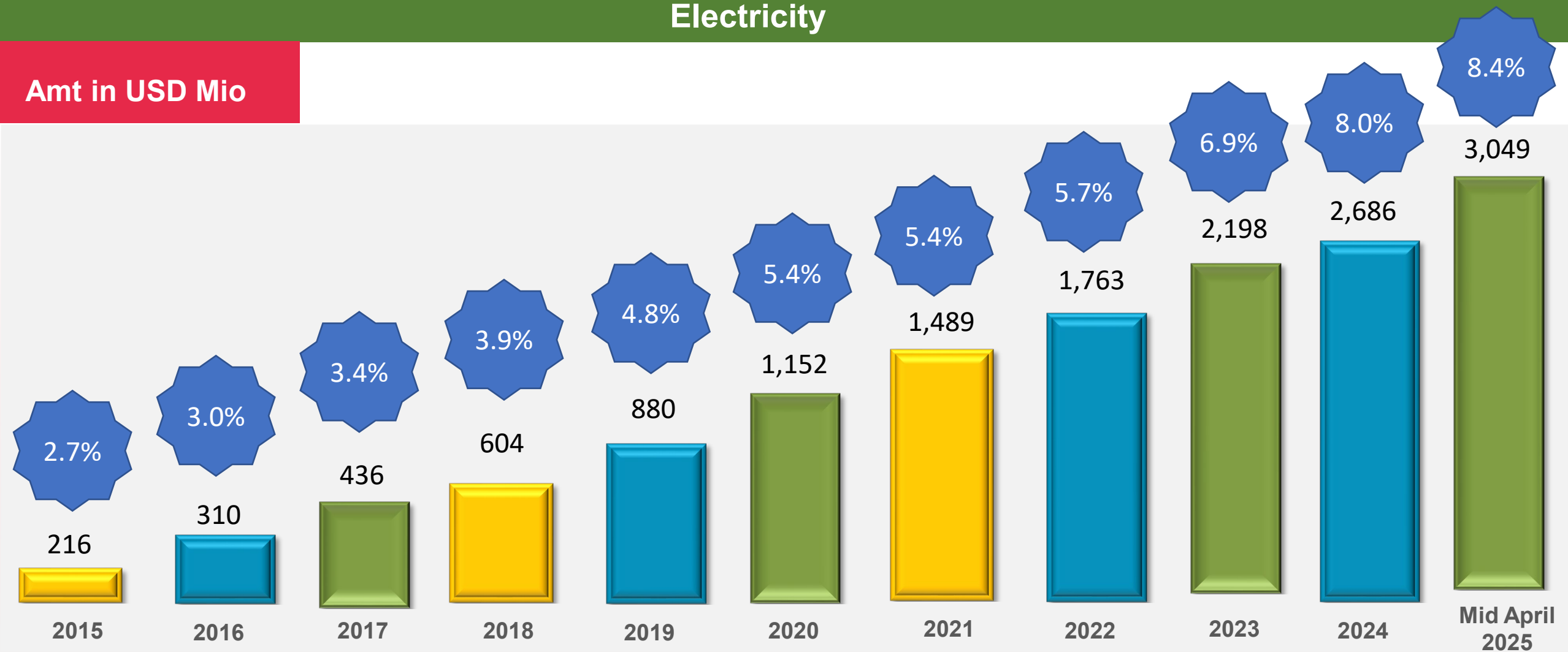
The private sector has taken the lead role in the Clean Energy Sector Development in Nepal

The private sector has emerged as a critical player in addressing funding voids in Nepal's clean energy development, driven by policy reforms and growing investment capacity

Private  
Sector  
Contribution  
2094.2 MW  
(60%)

# Increased Investment and Capacity : Commercial Bank's Portfolio and % of Total Portfolio in Electricity

Amt in USD Mio



Mid July

# Innovative Financing & Technical Mechanisms : By NMB Bank

**USD 1.4 million – Administration of Urban Solar Credit Fund and Roof Top Solar**

Financing under the rooftop solar interest subsidy mechanism

## Blended Financing



**USD 2.5 million – GIZ/RERA**

Financing in renewable energy and their productive uses

**USD 1 million – Practical Action**

Fund management for result based financing on improved cook stoves

**USD 0.4 million – Micro Hydro Debt Fund & Loan Guarantee Fund**

Financing micro hydro projects in off grid locations

**USD 0.7 million – Tallosera Hydro (ADB SASEC Project)**

Financing Saniveri Uttarganga Mini Hydro project (998 kW capacity)

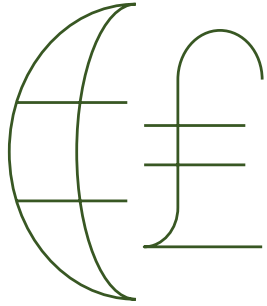
**USD 0.07 million – Mega Hydro & Engineering (ADB SASEC Project)**

Working capital support for the construction of Khatyad Khola Mini Hydro Sub-project, Mugu (500kw)

**USD 0.15 million – Fewa Construction (ADB SASEC Project)**

Working capital support for the construction of Chukeni Khola Mini Hydro Sub-project (998kw), located at Patrasi, Jumla

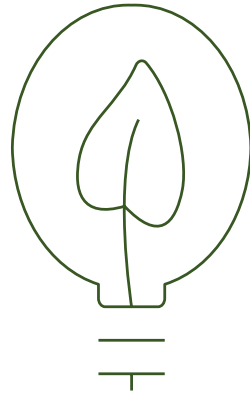
# Innovative Financing & Technical Mechanisms : By NMB Bank



## External Credit

Over USD 200 million

More than 10 DFIs



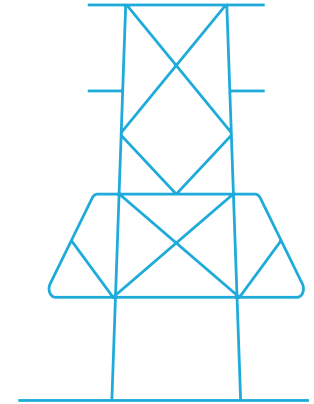
## Energy Bond

USD 50 million



## Green Bond

USD 60 million



## Power Bond

USD 40 million



## Technical Assistance & Capacity Building



Hydropower Due Diligence – FMO

E&S Advisory – FMO, BII & DEG Bank

Green Bond Issuance Support – GGN & PwC

Green Diagnostic Climate Advisory – IFC

Hydropower Sustainability Certification - IHA

MOBILIZING PRIVATE SECTOR CREDIT

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ACCESSING FOREIGN FUNDING

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BLENDED FINANCING

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ENERGY, POWER AND GREEN BONDS

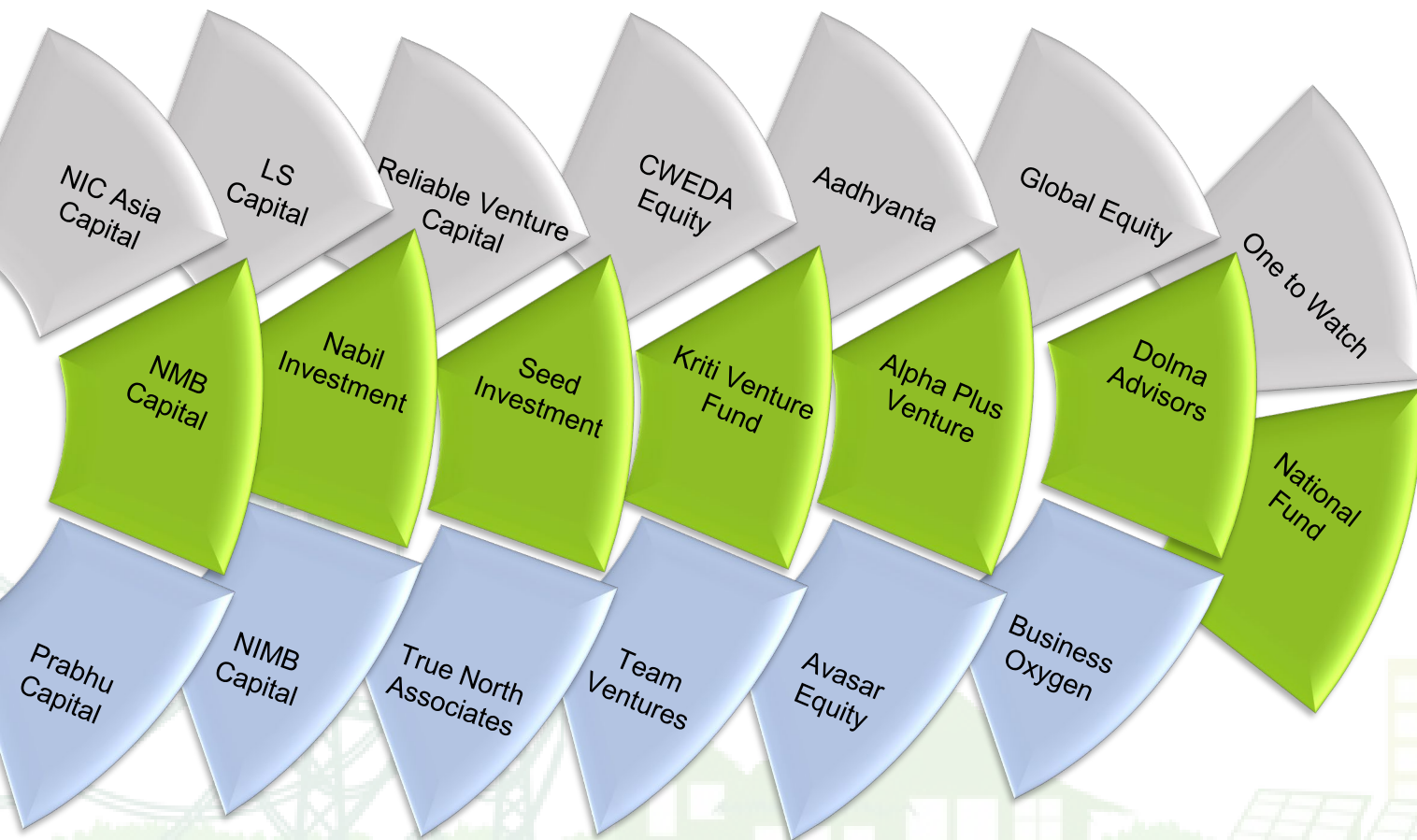
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Local/Foreign Investors



## Other Private Sector Initiatives: Leveraging FDI's



From 2012 to 2023, the Renewable Energy sector attracted the largest share of investment, making up 39.6% of the total USD 101 million invested during that period

Source: Market Snapshot Volume II, Nepal Private Equity Association

# Thank You!



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