



Funded by:



Coordinated and
Implemented by:



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Micro Hydro Debt Fund



CONTEXT

Alternative Energy Promotion Centre (AEPC) is working together with Energising Development (EnDev) Nepal which is implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ) to improve the access of clean energy to the rural population through the development of Micro Hydro Debt Fund (MHDF). Currently, the fund is placed at NMB Bank for its administration. Credits follow banks internal regulations and processes, so the fund can be part of the current bank's portfolio of loans.

With AEPC support, projects are developed, and technical support is provided to rural community. Once the Detail Feasibility Study (DFS) of Micro Hydro Power Plant (MHP) is

completed and DFS is reviewed by Technical Review Committee (TRC), financial estimations are made. During this process some communities are unable to manage the necessary up-front financial resources to cover their required contribution under the GoN subsidy scheme. MHDF targets to support such projects. Communities can apply to a credit with a low interest rate from MHDF partner bank and close their financial needs.

MHDF supported 30 MHPs with cumulative capacity of 1,313 kW have been established. These sites are supplying electricity services to 11,957 rural households (HHs), 207 social institutions (SIs) and 395 Micro, Small and Medium Enterprise (MSMEs).

OBJECTIVE

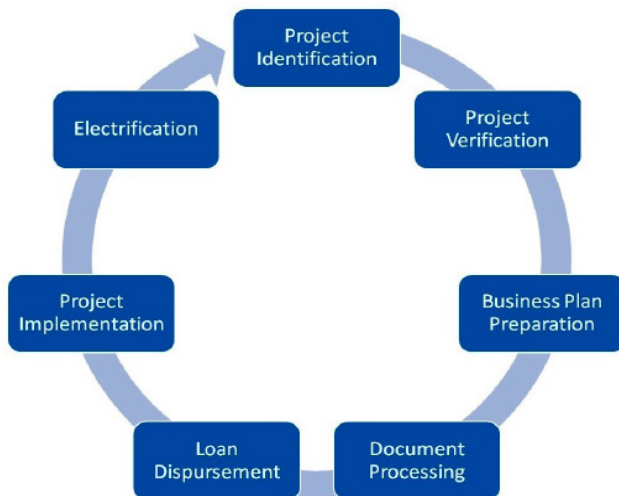
The intervention aims to improve access to energy to rural population

by providing credit financing support and bringing the private sector into financing schemes. Besides providing financial support this fund will demonstrate that lending to the rural micro-hydro sector can be profitable and managed by financial institutions as a commercially sustainable business.

REQUIRED DOCUMENTS FOR LOAN PROCESSING FOR BANK FOR NEW MICRO HYDRO SITES

1. Users committee constitution.
 2. Water right certificate.
 3. Land Ownership Certificate where the powerhouse is located.
 4. Detailed Feasibility Study Report
 5. Final Approval Letter issued by AEPC
 6. Firm Registration Certificate
 7. PAN Certificate
 8. Insurance of the MHPs
 9. Public audit report and registered audit report (for MHPs whose work
10. Detailed cost estimate and work schedule of remaining works
 11. Business plan report
 12. Mass meeting decisions for availing loan and tariff fixation
 13. Board minute for availing loan and also to specify power attorney for signing the legal documents
 14. Board minute for operating the bank account
 15. Commitment letter from users committee + beneficiary households + local level government representatives about the loan and its repayment
 16. Self-declaration letter indicating no conflict with beneficiaries, within the users committee and between beneficiaries and user committee.
 17. Citizenship certificates of User Committee members.
 18. Three passport size photographs of each user committee members.
 19. Three generation details, full address and contact number of user committee members.

MHDF project implementation cycle



Support under MHDF

