

Project Narrative

Long Project Title –

Increasing Access of Poor Nepali Communities to Biogas Technology to Strengthen Livelihoods and to Enhance Environment Management

Suggested Short Project Title –

Biogas Financing Project

Background/Why we're there –

Most of the Nepalese household energy needs are met from fuel wood from forests. With increasing population, a push for sustainable forest management through communities themselves and increased demands for cleaner and renewable forms of energy for lighting and cooking, biogas has been widely promoted in Nepal. However, of Nepal's estimated potential of 1.9 million biogas plants, only 200,000 have been installed so far. Therefore, there is a need for further promotion of this technology in Nepal. A key issue in its promotion is that biogas technology and its benefits must be accessible to the poor households. This issue remains a major challenge for overall renewable energy promotion in Nepal.

Despite government subsidies, biogas currently remains outside the reach of the majority of poorer households in Nepal. This is particularly because of lack of its promotion in more remote areas; and the inability of poorer households to afford up-front payment of its installation. The majority of current installations are in more affluent areas of Terai (Low land) and mid hills of Nepal. Access to biogas technology by poor households in remote areas of Nepal is limited as the cost of biogas plants escalates due to increased transportation costs to more remote and widely scattered settlements. Such subsistence-based rural communities lack disposable income to pay the upfront cost of biogas plant construction. Furthermore, with ever-decreasing government subsidy, there is immense requirement for affordable means of credit to such communities. By not being able to install biogas, these households lose out on several benefits so Winrock International has initiated this innovative scheme of financing biogas project through Federation of Community Forest Users, Nepal (FECOFUN) and promote different financing model of biogas in poor community of Nepal

Objectives –

To build capacity of the community users groups and microfinance institutions to work jointly for biogas promotion to benefit poor households and to benefit the environment

Activities/Components

Project Period: Project Period 3 years (August 2007 - July 2010)

Regions of Operations: Remote & Mid Hills of Nepal

Summary of Project Activities:

Activity Areas	Indicators of Success
1. National Capacity building	<ul style="list-style-type: none"> • A national FECOFUN strategy to work with microfinance institutions to strengthen CFUG households' livelihoods and environmental management will be developed and practiced • FECOFUN will have develop its capacity to promote biogas technology among its household members • 24 Biogas technology trainers will be developed through training of trainers • FECOFUN will develop its linkages with micro finance institutions and biogas companies
2. Piloting biogas promotion in at least 6 districts with FECOFUN	<ul style="list-style-type: none"> • 5000 biogas plants constructed through micro finance • At least 25,000 people have access to other modern energy technologies • At least four Saving & Credit cooperatives established • At least 200 jobs created in different process of biogas financing programs
3. Policy research and advocacy	<ul style="list-style-type: none"> • A national FECOFUN strategy to promote biogas • CFUGs or Savings and Credit Cooperatives promoted within CFUG members will access fund from AEPC or development/commercial banks for biogas financing • Amendment of Cooperative Act to allow legal community groups become a member of cooperative

Accomplishments/Results

- Federation of Community Forest Users, Nepal (FECOFUN) prepared a "Renewable Energy Promotion Strategy" (REPS), and endorsed it in its national working committee's meeting on August 06, 2008. This strategy is developed to promote biogas, solar and other renewable energy technologies (RETs) for better management of the forest and to improve the living condition of their member households. It is envisioned that RET promotion will be carried out through the primary community forest user groups (CFUGs).
- The project trained 24 members (11 women and 13 men) as trainers for the promotion of biogas and other RETs in six program districts. These trainers were taught different aspects of RETs and financing through seven days of intensive Training of Trainers (TOT) program.
- Various financing models have also been established as a foundation for the coming year. The financing models initiated through this project in the program area are;
 - Revolving Fund with the resources from CFUG's revenue
 - Partnership between MFIs and CFUGs
 - Mobilization of Biogas Credit Fund through FECOFUN and its member CFUGs
 - Linkage with Commercial/Development Banks

- In the Fiscal Year 2007/08¹, total of 833 biogas plants have been installed in 833 rural poor household from the six program districts². As a result of these installations over 4000 people now have access to clean cooking fuel. Out of which 350 plants were installed as direct facilitation of the project staff and rest were the indirect impact of the initiative. In addition to installation of high quality biogas plant, FECOFUN also worked to bring non functional plants back into operation. Most of the previously non functional plants are now back in operation; project district staffs have been mobilized to establish the database of each plant in the district, and report to concerned companies and Biogas Sector Partnership (BSP) for repair and maintenance.
- Members of FECOFUN have become aware about the Clean Development Mechanism concept and the Reduction in Emission from Deforestation and Degradation (REDD) mechanism. As Nepal has been selected as one of the recipient countries for the support to build the capacity on REDD mechanism from, role of FECOFUN needs to be increased to transfer the maximum benefits to the CFUG members. In this context, CDM orientation was organized to create the general awareness on carbon trade. A talk program was organized on REDD mechanism where Mr. Peter Riggs from Rockefeller Brothers Fund (RBF) shared his experiences from Indonesia on forestry and Carbon issues.

Problems:

All sites of this project are in remote mid hills of different parts of Nepal so frequent monitoring & evaluation of the project is little bit time consuming. Winrock can help to assign some other staffs to coordinate some of the event as per the need.

Lessons Learned [*Summarize positive lessons learned that could be applied in other similar projects*]:

This innovative concept of financing biogas through FECOFUN members has been tremendously successful in Nepal and has been achieving its almost of all target in time but project implementation is such remote and low penetration districts are very time & resource consuming so our we are limited to confined within the six districts

Publications

- Urjako Lagi Karja (Credit For Energy) Volume 7 & 8
- Ban Aawaj (Forest Voice) Monthly Magazine of FECOFUN
- Biogas Posters

¹ Fiscal year in Nepal is from mid July to Mid July.

² Dailekh, Surkhet, Salyan, Gorkha, Sindhupalchowk & Dolakha