

Project Fact Sheet

Project Title	Replicating a Model of Credit and Vendor Financing of Solar Home Systems
Project Period	April 19, 2010 to June 30, 2011
Donor	AEPC/ESAP
Project Background	<p>Rural Electrification through SHS typically involves high capital investment and low operating and maintenance costs. Due to the high initial cost of SHS, the majority of rural households remain deprived of SHS. To lower the initial cost to users, the government provides subsidy for SHS installations.</p> <p>Poor households in rural areas still cannot afford SHS, even with existing government subsidies. However, AEPC has recently discontinued the subsidy for SHS due to the shortage of subsidy fund for the systems which has added to the challenge of implementing the project. Due to the stoppage of subsidy fund, the partner LFIs are facing a new challenge to put a strategy in place to promote SHS in the targeted areas. Hence, all the consortium partners are working on developing a strategy to pilot a market based financing model without a subsidy mechanism.</p> <p>Access to credit is therefore vital in order to reach households able to afford SHS only with credit. The discontinuation of government subsidies further increases the importance of credit. Grassroots-level Local Financial Institutions (LFIs) can play an important role in providing access to credit to the poor. Yet LFIs are constrained by limited financial and technical capacity to finance SHSs, and have been unable to access commercial sources of funds.</p>
Projective Objective	Replicate the pilot viable model of building capacities of LFIs and credit financing of SHS to increase access and affordability of rural poor
Activities/Components	<p>Preliminary Activities:</p> <ul style="list-style-type: none"> ▪ Prepare implementation schedule and working approach ▪ Meeting with partner banks and orientation workshop to partner banks ▪ District and LFI selection ▪ Document collection from partner LFIs ▪ Appointment of local mobilizers <p>Project Based Activities</p> <ul style="list-style-type: none"> ▪ Orientation workshops for LFIs ▪ Business Plan Trainings ▪ TOT on SHS Marketing Trainings ▪ Capacity Enhancement Trainings ▪ Account Trainings ▪ Vendor Financing Interaction Workshops ▪ Carpet Approach Workshops ▪ Prepared Credit Financing and Vendor Financing Manuals ▪ Training Materials Design <p>Monitoring and Follow up activities:</p> <ul style="list-style-type: none"> ▪ Continuous monitoring of loan, coordination with Partner banks, LFIs and solar companies. ▪ Continuous interaction and coordination with partner banks, solar companies, and LFIs

<p>Accomplishments</p>	<ul style="list-style-type: none"> ▪ Installed 5,921 SHSs in project districts against the target of 4,000 (1000 was for pilot project and 3,000 for the replication project). ▪ Approximately 30,000 individuals have a better alternative to the kerosene wick lamps. ▪ Increased linkages and established business relationship with Banks. Six bank viz. CEDBL, BOK, CTBN, Ace, HBL, and NCB provided wholesale loan to Eight LFIs. ▪ Around NRs.10.46 million loan approved by the commercial/development banks, of which NRs. 7.02 million is disbursed. All the LFIs are making timely installment payment. ▪ The partner LFIs disbursed around NRs. 41.40 million loans for SHS sector, of which around NRs. 29.23 million was collected on time. ▪ 100% loan repayment status of the Wholesale Loan provided to LFIs; and more than 98% loan repayment status of LFI loan provided to their members. ▪ 326 participants from partner LFIs participated in different training program. ▪ Partner LFIs successfully developed the business plan for their organization. ▪ Increased membership, share capital, lending portfolio, and saving movements. ▪ Increased awareness among the members on SHS, ICS and increased access to clean energy. ▪ LFIs adopted credit documents, forms and formats, loan monitoring format and other documents prepared by the project.
-------------------------------	---