



Nepal: Private Sector-Led Mini-Grid Energy Access Project (P149239)

SOUTH ASIA | Nepal | Energy & Extractives Global Practice |
 Recipient Executed Activities | Investment Project Financing | FY 2019 | Seq No: 7 | ARCHIVED on 30-Aug-2022 | ISR51047 |

Implementing Agencies: Alternative Energy Promotion Centre (AEPC), Nepal

Key Dates**Key Project Dates**

Bank Approval Date: 30-Jan-2019

Effectiveness Date: 30-Sep-2019

Planned Mid Term Review Date: 01-Aug-2021

Actual Mid-Term Review Date: 01-Feb-2022

Original Closing Date: 30-Apr-2023

Revised Closing Date: 30-Apr-2023

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The Project Development Objective (PDO) is to increase electricity generation capacity from renewable energy mini-grids in selected areas by mobilizing ESCOs.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

Yes

Board Approved Revised Project Development Objective (If project is formally restructured)

The PDO is to increase energy generation capacity from the renewable energy systems in selected areas by mobilizing private developers.

Components Table

Name

Component 1: Credit facility to support renewable mini-grid subprojects:(Cost \$5.26 M)

Component 2: Technical assistance to the mini-grid sector, ESCOs, private developers, PBs and project management support:(Cost \$1.26 M)

Component 3: Financing of investment for biogas subprojects:(Cost \$1.09 M)

Overall Ratings

| Name | Previous Rating | Current Rating |
|--------------------------------------|--|--|
| Progress towards achievement of PDO | <input type="checkbox"/> Moderately Satisfactory | <input type="checkbox"/> Moderately Satisfactory |
| Overall Implementation Progress (IP) | <input type="checkbox"/> Moderately Satisfactory | <input type="checkbox"/> Moderately Satisfactory |
| Overall Risk Rating | <input type="checkbox"/> Substantial | <input type="checkbox"/> Substantial |

Implementation Status and Key Decisions

The Project continued with the project preparatory works despite the impacts of third wave of COVID-19 in Nepal. The pipeline consists of five subprojects including two mini-hydro and three solar mini-grids. Out of the five, four sub-projects are at advanced stages of preparation; technical and safeguards studies. One of the solar minigrid project has finished preparatory studies, achieved financial closure and now will move ahead with construction. The Project Management Team (PMT) has essential institutional arrangements in place for project implementation, including the human resources with the necessary qualifications and skills to perform the needed project management functions.



The project has been conducting periodic consultations with the stakeholders during the preparation of sub-projects, and the project documents have been disclosed through appropriate channels, including the bank and the client websites. A ToR for undertaking a Consumer Feedback Survey under the citizen engagement initiative is being prepared and the survey is planned for this FY. The project was restructured to incorporate the new component, i.e. Biogas, which has been successfully implemented in the SREP-Biogas Project. The purpose of the restructuring is to enhance the project impact through adding a new technology.

Risks

Systematic Operations Risk-rating Tool

| Risk Category | Rating at Approval | Previous Rating | Current Rating |
|--|--------------------|-----------------|----------------|
| Political and Governance | Substantial | High | Substantial |
| Macroeconomic | Moderate | Substantial | Substantial |
| Sector Strategies and Policies | Substantial | Substantial | Substantial |
| Technical Design of Project or Program | Moderate | Moderate | Moderate |
| Institutional Capacity for Implementation and Sustainability | High | High | High |
| Fiduciary | Substantial | Substantial | Substantial |
| Environment and Social | Moderate | Moderate | Moderate |
| Stakeholders | Substantial | Substantial | Substantial |
| Other | -- | Substantial | Substantial |
| Overall | Substantial | Substantial | Substantial |

Results

PDO Indicators by Objectives / Outcomes

| | | | | |
|--|--|-------------------|------------------|-------------|
| To increase electricity generation capacity from RE mini-grids in selected areas by mobilizing ESCOs | | | | |
| ► Generation capacity of energy constructed or rehabilitated (Megawatt, Corporate) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | 0.00 | 0.00 | 0.00 | 2.56 |
| Date | 01-Mar-2019 | 30-Jun-2021 | 30-Jun-2021 | 30-Apr-2023 |
| Comments: | The delay in progress of indicator is due to risks outside the Project's control i.e. the COVID-19 pandemic. | | | |
| ► People provided with new or improved electricity service (Number, Corporate) | | | | |



| | Baseline | Actual (Previous) | Actual (Current) | End Target |
|--|--|-------------------|------------------|---------------|
| Value | 0.00 | 0.00 | 0.00 | 65,800.00 |
| Date | 01-Feb-2019 | 30-Jun-2021 | 30-Jun-2021 | 30-Apr-2023 |
| Comments: | The delay in progress of indicator is due to risks outside the Project's control i.e. the COVID-19 pandemic. | | | |
| ► Capital mobilized by private companies (Amount(USD), Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | 0.00 | 121,738.00 | 121,738.00 | 2,040,000.00 |
| Date | 01-Feb-2019 | 30-Jun-2021 | 30-Jun-2021 | 30-Apr-2023 |
| ► Total biogas output for thermal application (Cubic Meter(m3), Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | 15,372,614.00 | -- | 20,000,000.00 | 26,450,178.00 |
| Date | 31-Aug-2021 | -- | 17-Feb-2022 | 30-Apr-2023 |

Overall Comments

The project faced significant implementation delays due to government decision on subsidy arrangement for the subprojects under this Project. In addition, the Project was further delayed due to restrictions and economic downturn because of COVID-19 pandemic. Therefore, the update on the target values for several indicators in the result framework is not satisfactory as they are linked to subproject implementation.

Intermediate Results Indicators by Components

| Component 1: Credit Facility to Support Renewable Energy Mini-grid Subprojects | | | | |
|--|--|-------------------|------------------|-------------|
| ► Number of new mini-grid subprojects supported by the project (Number, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | 0.00 | 0.00 | 0.00 | 5.00 |
| Date | 01-Feb-2019 | 30-Jun-2021 | 30-Jun-2021 | 30-Apr-2023 |
| Comments: | The delay in progress of indicator is due to risks outside the Project's control i.e. the COVID-19 pandemic. | | | |
| ► Net greenhouse gas emissions (Tons/year, Corporate) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |



| | | | | |
|--|--|-------------------|------------------|-------------|
| Value | 0.00 | 0.00 | 0.00 | 29,486.86 |
| Date | 01-Feb-2019 | 30-Jun-2021 | 30-Jun-2021 | 30-Apr-2023 |
| ► Number of businesses provided with new or improved electricity service (Number, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | 0.00 | 0.00 | 0.00 | 50.00 |
| Date | 01-Feb-2019 | 30-Jun-2021 | 30-Jun-2021 | 30-Apr-2023 |
| Comments: | The delay in progress of indicator is due to risks outside the Project's control i.e. the COVID-19 pandemic. | | | |
| ► Number of women businesses provided with new or improved electricity service (Number, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | 0.00 | 0.00 | 0.00 | 12.00 |
| Date | 01-Feb-2019 | 30-Jun-2021 | 30-Jun-2021 | 30-Apr-2023 |
| Comments: | The delay in progress of indicator is due to risks outside the Project's control i.e. the COVID-19 pandemic. | | | |
| ► Number of households provided with new or improved electricity service (Number, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | 0.00 | 0.00 | 0.00 | 2,080.00 |
| Date | 01-Feb-2019 | 30-Jun-2021 | 30-Jun-2021 | 30-Apr-2023 |
| Comments: | The delay in progress of indicator is due to risks outside the Project's control i.e. the COVID-19 pandemic. | | | |
| ► Annual electricity output from renewable energy (Gigawatt-hour (GWh), Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | 0.00 | 0.00 | 0.00 | 4.80 |
| Date | 01-Feb-2019 | 26-Apr-2021 | 26-Apr-2021 | 30-Apr-2023 |
| Comments: | The delay in progress of indicator is due to risks outside the Project's control i.e. the COVID-19 pandemic. | | | |

Component 2: Technical Assistance to Mini-grid Sector, ESCOs, and PBs and Project Management Support

► People trained in project preparation and implementation (Number, Custom)

| | | | | |
|--|----------|-------------------|------------------|------------|
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
|--|----------|-------------------|------------------|------------|



| | | | | |
|--|-------------|-------------------|------------------|-------------|
| Value | 0.00 | 24.00 | 24.00 | 150.00 |
| Date | 01-Feb-2019 | 30-Jun-2021 | 30-Jun-2021 | 30-Apr-2023 |
| ► Number of women trained to engage in mini-grid sector (Number, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | 0.00 | 4.00 | 4.00 | 50.00 |
| Date | 01-Feb-2019 | 30-Jun-2021 | 30-Jun-2021 | 30-Apr-2023 |
| ► Consultations with citizens and consumer feedback surveys with publicly disclosed reports summarizing findings (Yes/No, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | No | Yes | Yes | Yes |
| Date | 01-Feb-2019 | 30-Jun-2021 | 30-Jun-2021 | 30-Apr-2023 |
| ► Specialist services procured for project implementation (Yes/No, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | No | No | No | Yes |
| Date | 01-Feb-2019 | 30-Jun-2021 | 30-Jun-2021 | 30-Apr-2023 |

Component 3: Financing of Investment for Biogas Sub-projects

| | | | | |
|--|-------------|-------------------|------------------|-------------|
| ► No. of off-grid generation plants created and operational by the project (Number, Custom) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | 193.00 | -- | 194.00 | 205.00 |
| Date | 31-Aug-2021 | -- | 17-Feb-2022 | 30-Apr-2023 |
| ► Net greenhouse gas (GHG) emissions (Metric tons/year, Corporate) | | | | |
| | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value | 0.00 | -- | 0.00 | 12,420.00 |
| Date | 31-Aug-2021 | -- | 17-Feb-2022 | 30-Apr-2023 |

Overall Comments



The project faced significant implementation delays due to government decision on subsidy provisions applicable for the subprojects under this Project. In addition, the Project was further delayed due to restrictions and economic downturn because of COVID-19 pandemic. Therefore, the update on the target values for several indicators in the result framework is not satisfactory as they are linked to subproject implementation.

The RF also reflects the restructuring and revised targets and addition of new indicators.

Performance-Based Conditions

Data on Financial Performance

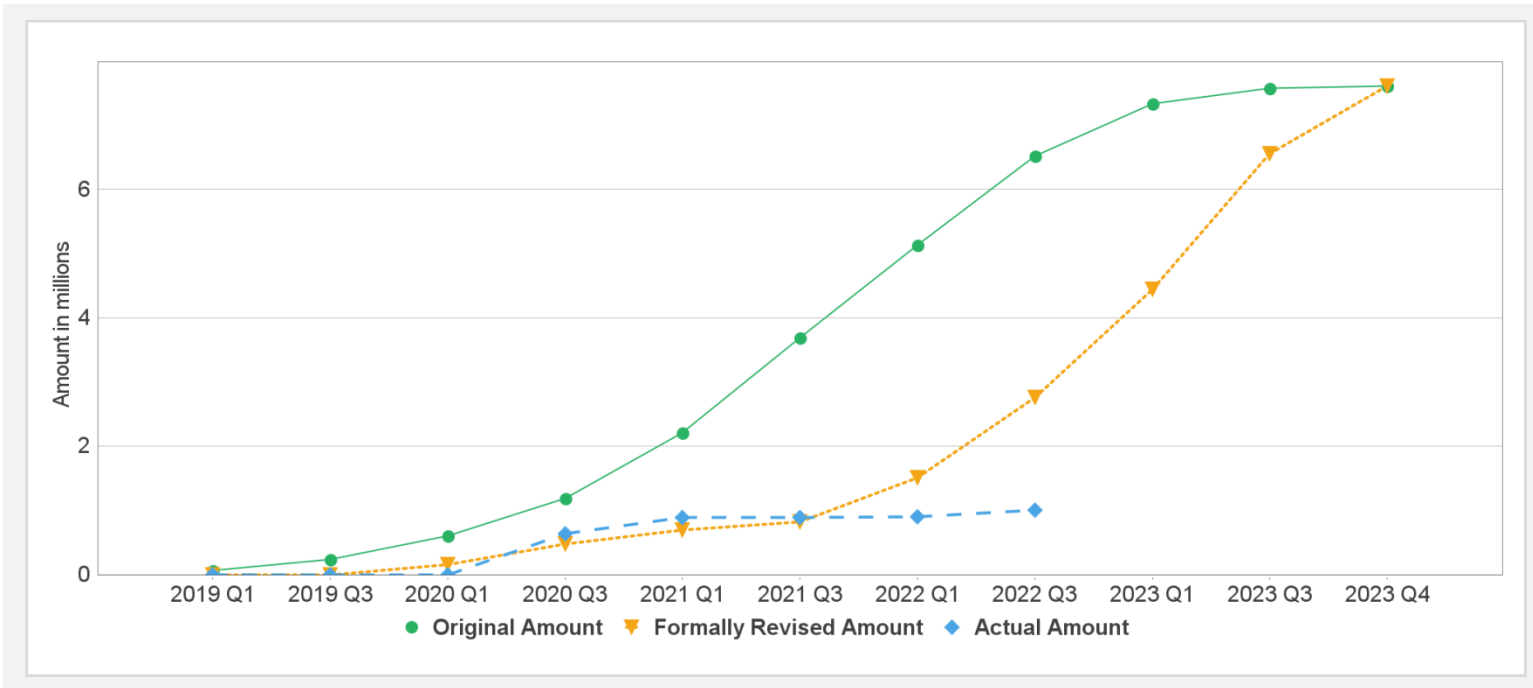
Disbursements (by loan)

| Project | Loan/Credit/TF | Status | Currency | Original | Revised | Cancelled | Disbursed | Undisbursed | % Disbursed |
|---------|----------------|-----------|----------|----------|---------|-----------|-----------|-------------|-------------|
| P149239 | TF-A8336 | Effective | USD | 2.00 | 2.00 | 0.00 | 0.00 | 2.00 | 0% |
| P149239 | TF-A8382 | Effective | USD | 5.61 | 5.61 | 0.00 | 1.25 | 4.36 | 22% |

Key Dates (by loan)

| Project | Loan/Credit/TF | Status | Approval Date | Signing Date | Effectiveness Date | Orig. Closing Date | Rev. Closing Date |
|---------|----------------|-----------|---------------|--------------|--------------------|--------------------|-------------------|
| P149239 | TF-A8336 | Effective | 30-Jan-2019 | 22-Apr-2019 | 30-Sep-2019 | 30-Apr-2023 | 30-Apr-2023 |
| P149239 | TF-A8382 | Effective | 30-Jan-2019 | 22-Apr-2019 | 30-Sep-2019 | 30-Apr-2023 | 30-Apr-2023 |

Cumulative Disbursements



Restructuring History

Level 2 Approved on 07-Jun-2022

Related Project(s)

There are no related projects.