



Perspectives of the Handling Bank under CREF

International Workshop on Best Practices and Business Opportunities for Energy Access Financing

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"The Bank for All"





The Handling Bank: Global IME Bank Ltd

- A national level 'A' Class Commercial Bank established in January, 2007 with the vision of becoming "The Bank for All"

Brief Highlights

Particulars	NPR	US\$ (1 US\$= 107 NPR)
Paid Up Capital and Reserves*	8,086,209	75,572
Total Assets *	78,247,333	731,283
Branch Coverage	90	
ATM Coverage	95	
Staff force	1,200	
Customer Base	Over 550,000	

**Note: Figures are in 1000's*

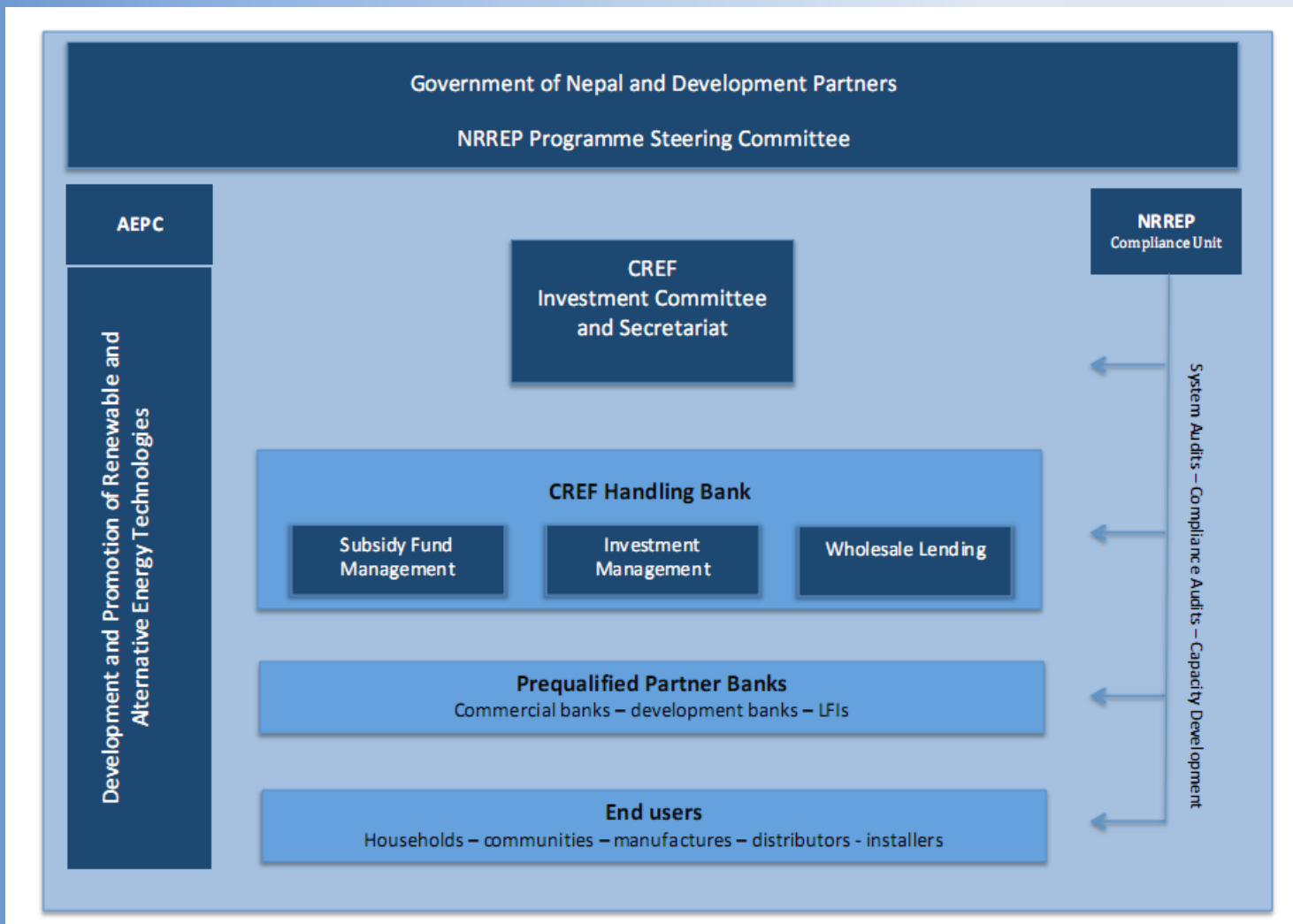


Network Coverage of Global IME Bank



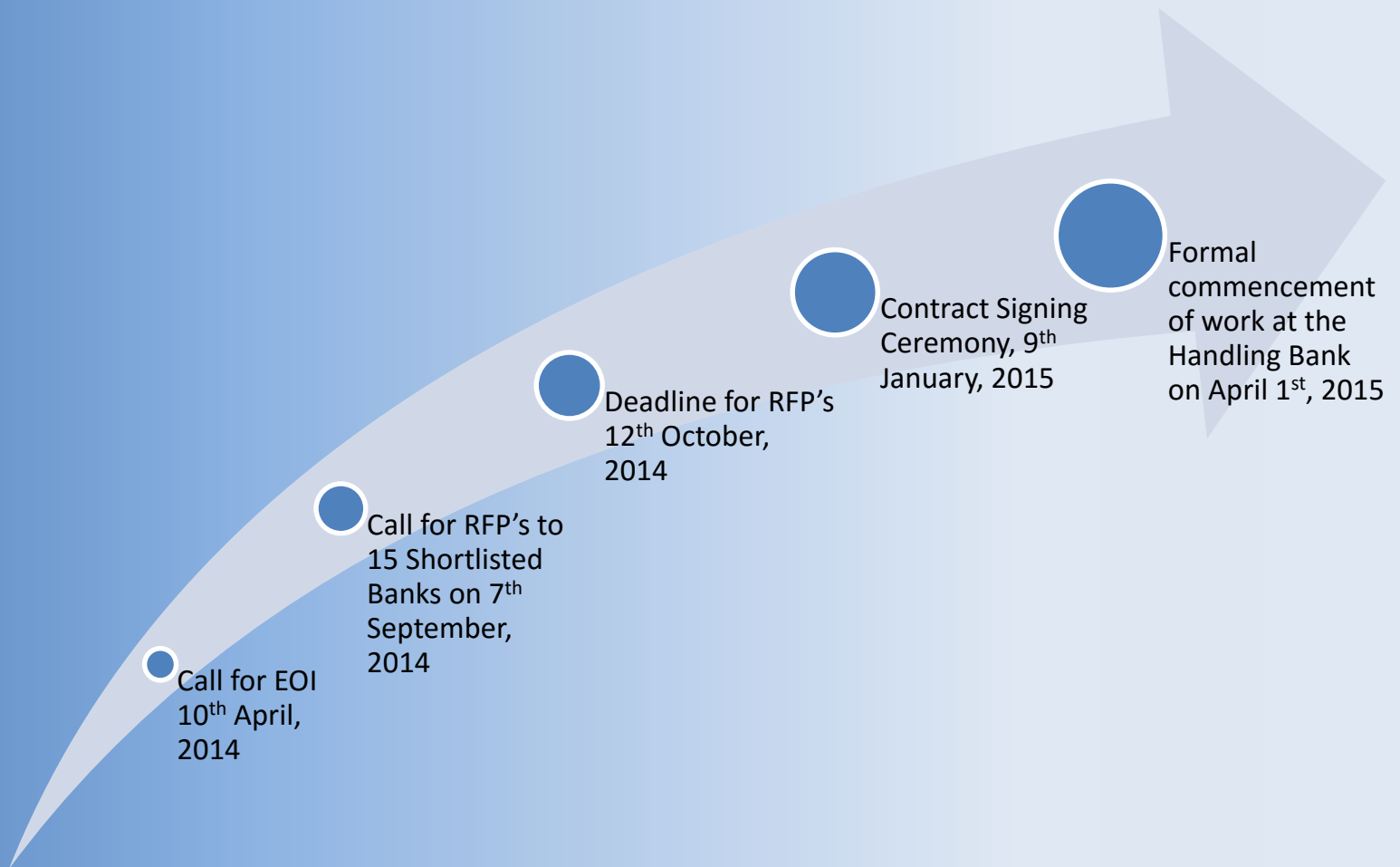


The CREF Financial Intermediation Mechanism



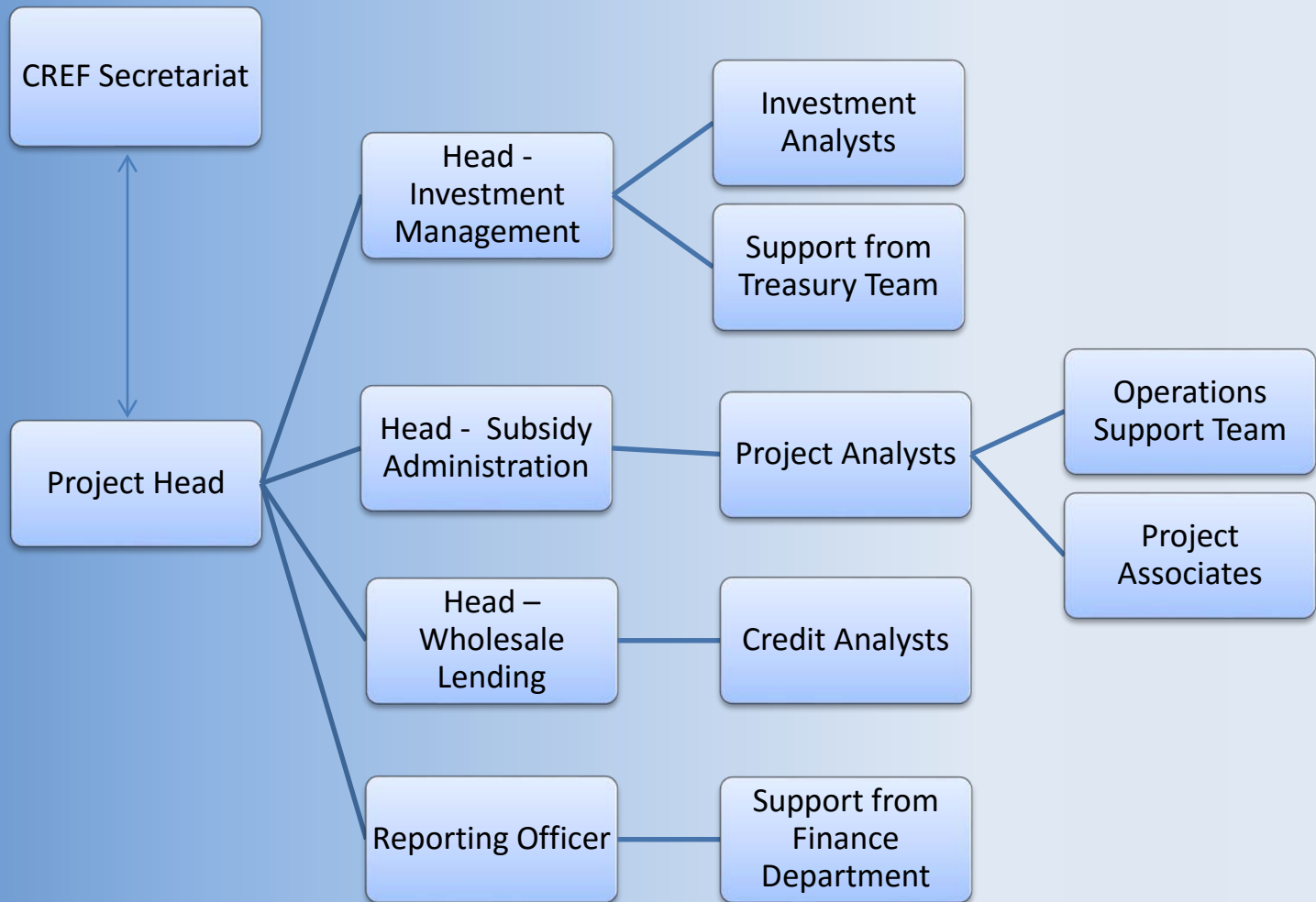


Timeline: Competitive Bidding Process





Structure : Handling Bank





The Handling Bank's Mandate

Investment Management

- Management of Idle Funds
- Through Interest Bearing Investment Account
- Managed via lower risk investments

Subsidy Administration

- Administration and management of subsidy disbursement for all RETS promoted by AEPC
- As governed by GoN's Subsidy Policies & Delivery Mechanisms
- Disbursed through Subsidy Accounts

Wholesale Lending

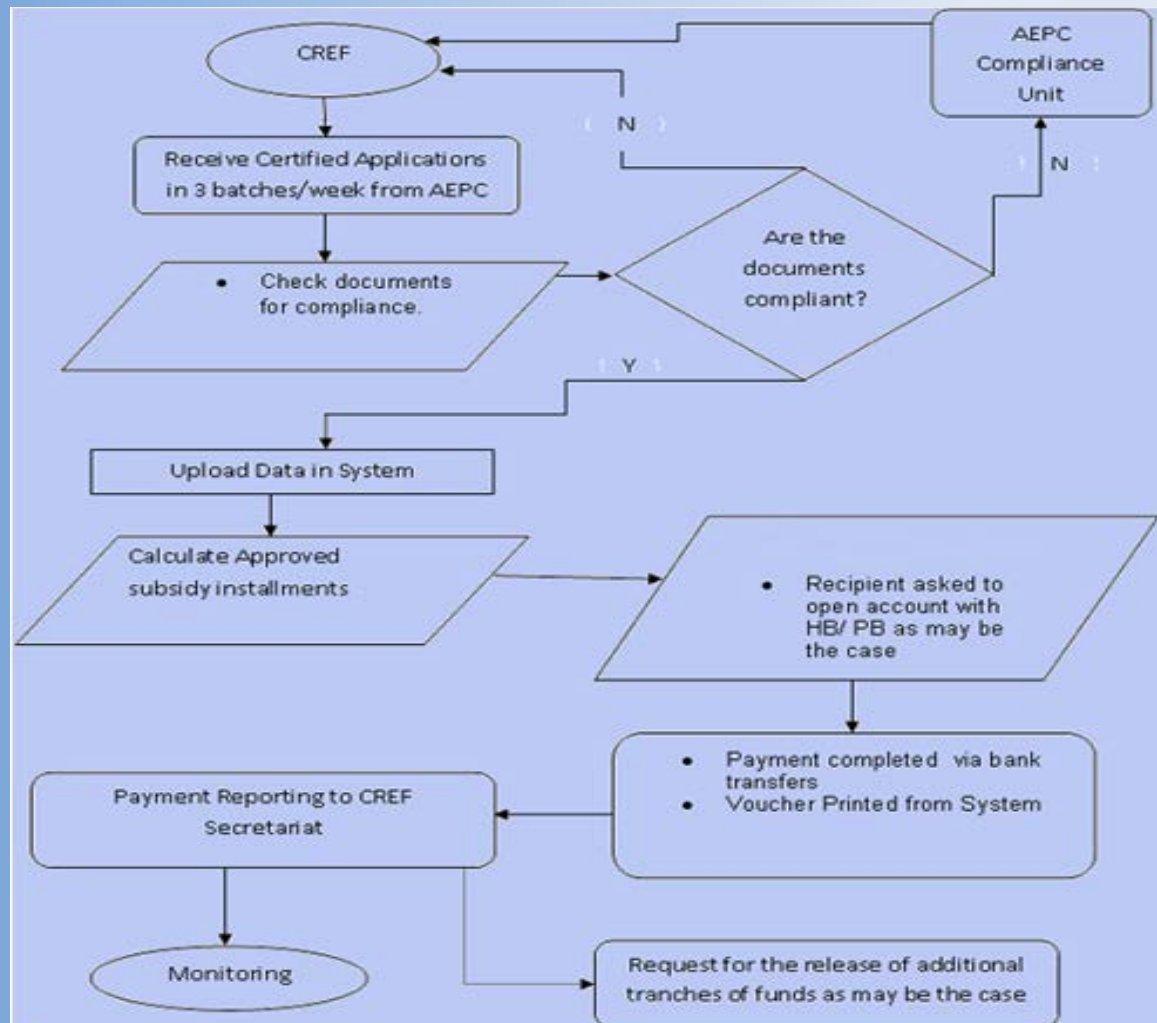
- Wholesale lending to Partner Banks
- Refinancing in a Replenishment/Single Loan Basis
- Disbursed via Electronic Means

Notes:

- The Handling Bank does not incur Credit Risks
- Houses the CREF Secretariat
- Provides Investment Return as mentioned in the Financial Proposal
- Deputes specialized bank staff for executing the mandate as above
- Makes periodic reports as per the ToR.



Subsidy Administration Process at HB





Progress in Subsidy Administration

Systems Processed for Subsidy at HB as of 2nd QTR end FY 2015/16 #				
S.No.	Technology	Total Systems	Capacity	Units
1	Solar Home System (SHS)	43,230	1,089.93	Kilo Watt
2	Small Solar Home System (SSHS)	5,650	56.51	Kilo Watt
3	Household Biogas (HBG)	18,763	111,755.00	Metre Cube
4	Metallic Improved Cooking Stove (MICS)	3,438	N/A	Numbers
5	Micro Hydro/ Pico Hydro Projects (MHP)	193*	4,495.00	Kw
6	Institutional Biogas (INSBG)	15	300.00	Metre Cube
7	Rural Solar Drinking Water Project (RSDWP)	11*	23.42	Kilo Watt
8	Productive End Use (PEU)	476	N/A	Numbers
9	Improved Water Mill (IWM)	97	N/A	Numbers
<i>* Number of Projects at various stages of Instalments HB.</i>				
<i># A the end of 1st year of contractual period.</i>				



Credit & Investment Management

Credit Management

- Lending at 0 % interest to the “Urban Solar Programme” to the tune of Rs. 8 Million till date.
- Full fledged function has not been initiated yet.
- Most Partner banks seem reluctant to invest on the RET sector as most of them are new to the sector and those with experience have several issues.

Investment Management

- Investment being managed through specialised unit in lower risk assets.
- Investment Yield of 2.54% on CREF Funds till date.
- The Investment Yield is high considering the current liquidity situation in the domestic market.



Challenges

- Document Management
 - Archiving & Storage
 - Erratic Arrivals
 - Certification form concerned authorities
- Eradication of Duplication of Work
- Ambiguities in Subsidy Policies & Subsidy Delivery Mechanisms
- Large number of Pre Qualified Companies
- Dormancy of the credit function
- Structural Bottlenecks/Procedural gap between AEPC & HB
- Ambiguities regarding breakdown of responsibilities between AEPC and the HB.



Recommendations

- Document Management
 - Digitize
 - Outsource Archiving
 - Establish a work flow for proper certification
- Credit
 - Establish a Credit Guarantee Fund
 - Train Banks on new funding modalities
 - Work in coordination with local development authorities.
- Ambiguities in SDM's and SP's can be addressed in the upcoming document
- Meetings between AEPC, CREF Secretariat and the Handling Bank must be regularized along with interaction with PQ's to minimize structural bottlenecks and duplication of work.
- Regulator
 - Regulations encouraging RE sector
- Curtail the number PQ's to a lesser number of quality companies.



Recommendations for SE4all

- Phasing out of subsidy via subsidized credit.
- Using of Interest Accrued on CREF Funds as a Guarantee Fund. ***This interest must be made tax free.***
- Encourage installation of RETS with Tax Benefits
- Promote Net Metering
- Installation of Mini Grids
- Evacuate Energy through Nation Grid Connectivity