

Project Financing Requirements for the Nepali Power Sector

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Panelists: Uttar Kumar Shrestha, CEO, Butwal Power Company

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Upendra Poudyal, President, Nepal Bankers Association

William Pegues, Overseas Private Investment Corporation, USA

Yanki Ukyab, Investment Board of Nepal



MCC at a glance

- Singular focus

- Public-private Board

- No-year funding

- Competitive selection

- Country ownership

- Focus on results

- \$11 billion in compacts

- 27 countries; 60% Africa

- 60% infrastructure

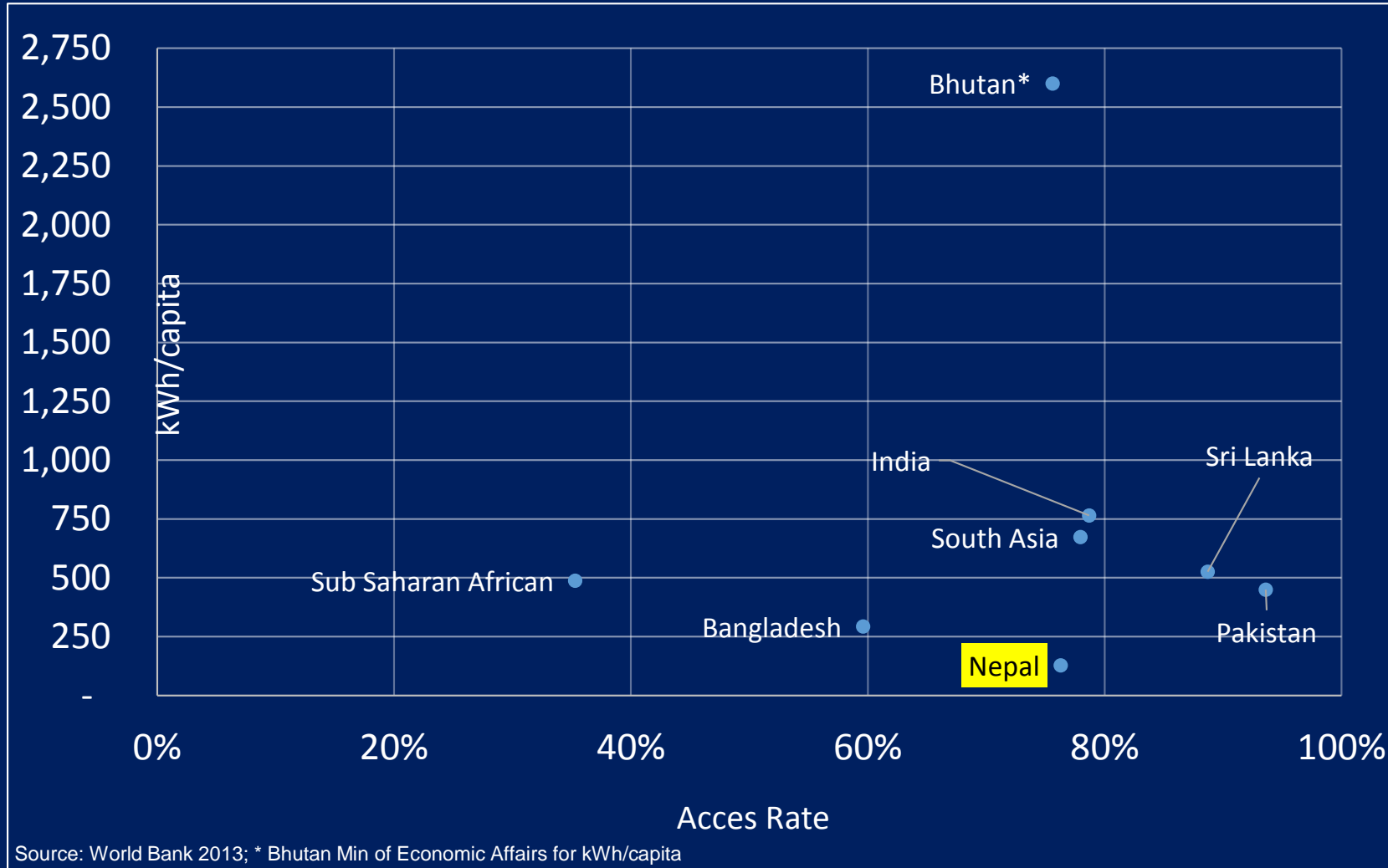
- Nepal first in South Asia to be eligible for compact

- Nepal program to focus more on power with a smaller transport program

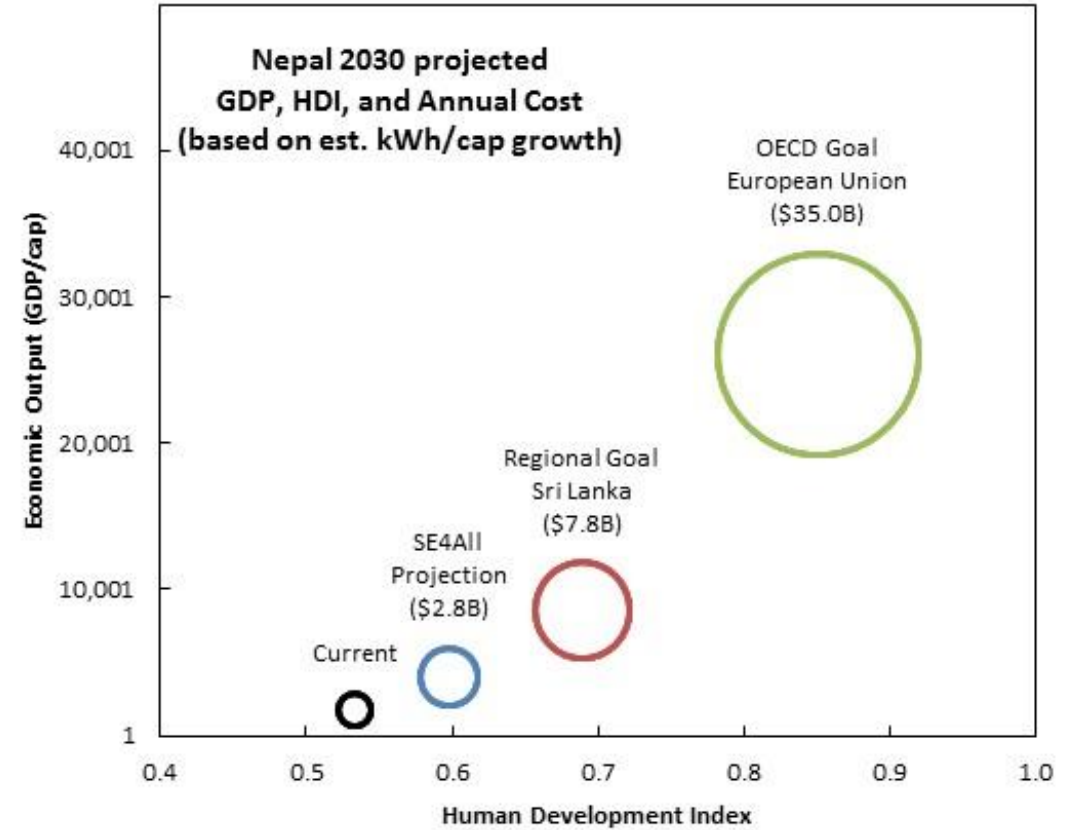
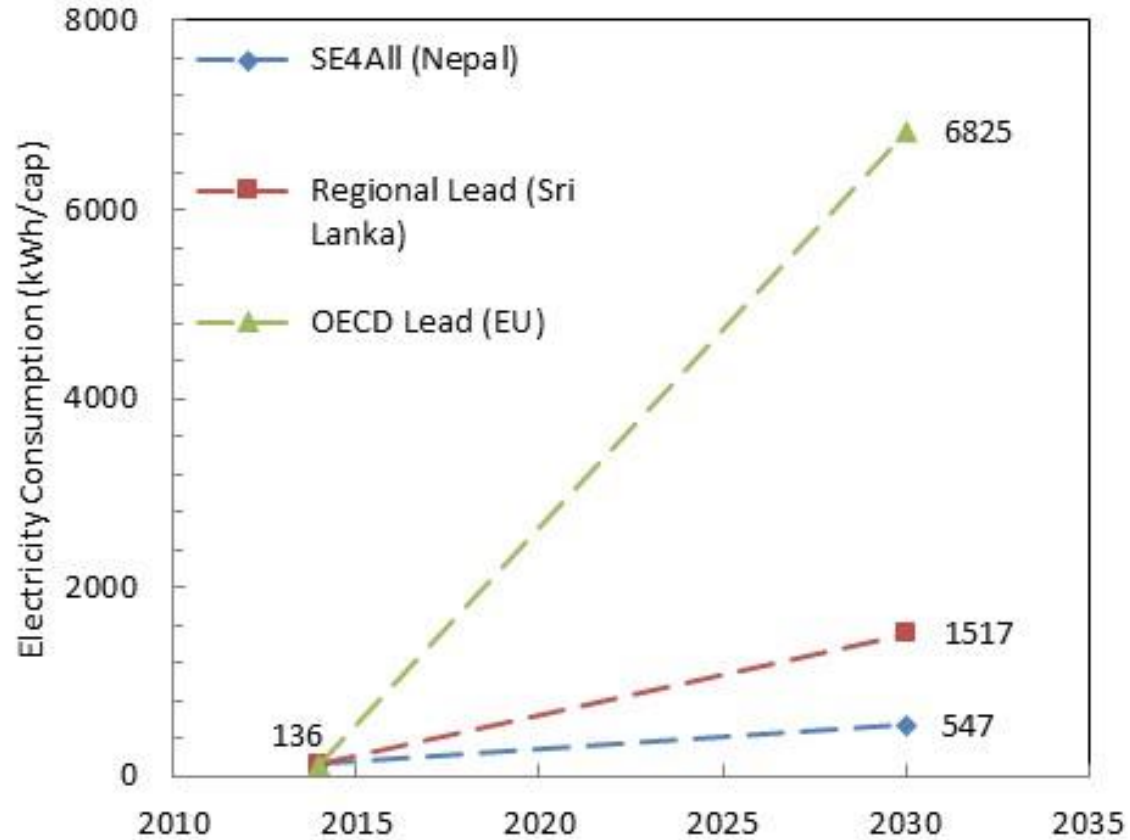
- Board presentation estimated for June 2017



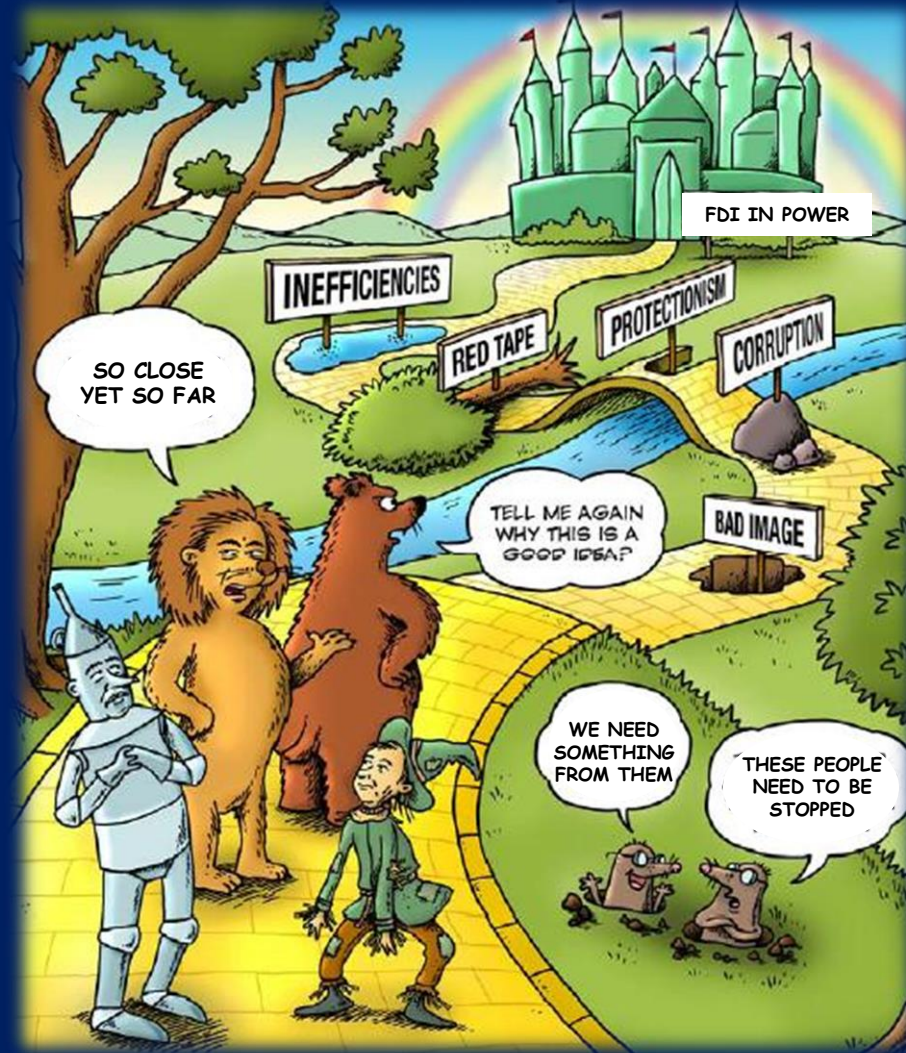
Electricity access rate looks good on paper, but supply is inadequate



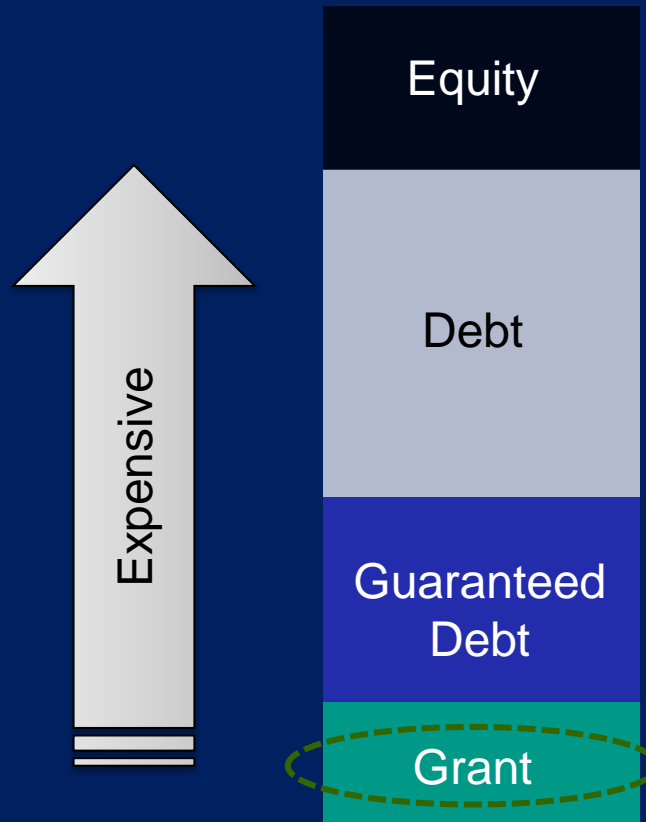
Power sector's capital needs are beyond public sector's capacity



But business environment is a challenge for foreign investment



Grants can help make projects viable, but are not always available



Nepal's unique project financing requirements

<ul style="list-style-type: none">• RoR vs. storage• Domestic vs export markets	<ul style="list-style-type: none">• Suboptimal remittances• Domestic vs foreign investors	<ul style="list-style-type: none">• Off-taker creditworthiness• Take-or-pay vs take-and-pay
<ul style="list-style-type: none">• “Free shares”• Evolving federal system	<ul style="list-style-type: none">• Rapidly changing sector landscape• Need for political risk insurance	<ul style="list-style-type: none">• Complementary investments in institutions and infrastructure• Hydro-dominated system

